

Base Prospectus dated 28 September 2021



**FNM S.p.A.**

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

## **€1,000,000,000 Euro Medium Term Note Programme**

Under this €1,000,000,000 Euro Medium Term Note Programme (the “**Programme**”), FNM S.p.A. (the “**Issuer**” or “**FNM**” and, together with its subsidiaries, the “**FNM Group**” or the “**Group**”) may from time to time issue notes (the “**Notes**”) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €1,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

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

**An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see “Risk Factors” beginning on page 18.**

This Base Prospectus has been approved as a base prospectus by the *Central Bank of Ireland* (the “**Central Bank**”), as competent authority under Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). The Central Bank only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of either the Issuer or the quality of the Notes that are the subject of this Base Prospectus and investors should make their own assessment as to the suitability of investing in the Notes. Such approval relates only to the Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2014/65/EU (as amended, “**MiFID II**”) and/or which are to be offered to the public in any member state of the European Economic Area (the “**EEA**”). The Issuer may request the Central Bank to provide competent authorities in additional host Member States within the EEA with a Notification.

Application has also been made to The Irish Stock Exchange plc trading as Euronext Dublin for Notes issued under the Programme to be admitted to trading on Euronext Dublin’s regulated market (“**Euronext Dublin**”) and to be listed on the Official List of Euronext Dublin. Euronext Dublin’s regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU). The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets (including in other Member States within the EEA) as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under “*Terms and Conditions of the Notes*”) of Notes will be set out in a final terms document (the “**Final Terms**”) which, with respect to Notes to be listed on the Official List of Euronext Dublin, will be filed with the Central Bank. Copies of Final Terms in relation to Notes to be listed on Euronext Dublin will also be published on the website of Euronext Dublin (<https://live.euronext.com/>). Copies of Final Terms in relation to Notes to be listed on other or further stock exchanges or markets (including in other Member States within the EEA) will be filed, notified and published in accordance with applicable law and regulation provisions. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market. The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a Drawdown Prospectus (as defined below), if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

This Base Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date in relation to Notes which are to be admitted to trading on a regulated market in the EEA. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid.

The Issuer has been rated “Baa3 outlook stable” by Moody’s Investors Service España, S.A. (“**Moody’s**”) and “BBB- outlook stable” by Fitch Ratings Ireland Limited (“**Fitch**”). The Programme has been rated “Baa3 outlook stable” by Moody’s and “BBB- outlook stable” by Fitch. Each of Moody’s and Fitch is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the “**EU CRA Regulation**”). As such each of Moody’s and Fitch is included in the list of credit ratings agencies published by the European Securities and Markets Authority on its website (at <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the EU CRA Regulation. Notes issued under the Programme may be rated or unrated by any one or more of the rating agencies referred to above. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms and will not necessarily be the same as the rating assigned to the Programme by the relevant rating agency. Whether or not a rating in relation to any Tranche of Notes will be treated as having been issued by a credit rating agency established in the EU and registered under the EU CRA Regulation, or by a credit rating agency established in the United Kingdom (the “**UK**”) and registered under Regulation (EC) No 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”) (the “**UK CRA Regulation**”) and, together with the EU CRA Regulation, the relevant “**CRA Regulation**”) will be disclosed in the relevant Final Terms. **A security rating and an issuer’s corporate rating are not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.**

The Notes have not been, and will not be, registered under the United States Securities Act of 1933 (as amended, the “**Securities Act**”) and are subject to United States tax law requirements. The Notes are being offered outside the United States by the Managers (as defined in “*Subscription and Sale*”) in accordance with Regulation S under the Securities Act (“**Regulation S**”), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Amounts payable under the Notes may be calculated by reference to an index or a combination of indices and amounts payable on floating rate notes issued under the Programme may, in certain circumstances, be determined in part by reference to such indices, each as specified in the relevant Final Terms. Any such index may constitute a benchmark for the purposes of the Benchmark Regulation (Regulation (EU) 2016/1011) (the “**EU Benchmark Regulation**”). If any such index does constitute such a benchmark the applicable Final Terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (“**ESMA**”) pursuant to article 36 of the EU Benchmark Regulation. Not every index will fall within the scope of the EU Benchmark Regulation.

***Arrangers***

**BNP Paribas**

**IMI – Intesa Sanpaolo**

**J.P. Morgan**

***Dealers***

**BNP Paribas**

**Equita**

**IMI – Intesa Sanpaolo**

**J.P. Morgan**

The date of this Base Prospectus is 28 September 2021

## IMPORTANT INFORMATION

This Base Prospectus comprises a base prospectus for the purposes of Article 8 of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”).

Each Tranche (as defined herein) of Notes will be issued on the terms set out herein under “*Terms and Conditions of the Notes*” (the “**Conditions**”) as completed by a document specific to such Tranche called final terms (the “**Final Terms**”) or in a separate prospectus specific to such Tranche (the “**Drawdown Prospectus**”) as described under “*Final Terms and Drawdown Prospectuses*” below.

The Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms or Drawdown Prospectus for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer the information contained in this Base Prospectus is in accordance with the facts as at the date of this Base Prospectus and does not omit anything likely to affect the import of such information.

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

Copies of Final Terms or Drawdown Prospectus will be available from the registered office of the Issuer and on its website at <https://www.fnmgroup.it/en/il-gruppo-fnm-in-borsa> and will also be available at the specified office set out below of each of the Paying Agents (as defined below).

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

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

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

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

Other than in relation to the documents which are deemed to be incorporated by reference (see “*Documents Incorporated by Reference*”), the information on the websites to which this Base Prospectus refers does not form part of this Base Prospectus and has not been scrutinised or approved by the Central Bank.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and its Group. Each recipient

of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and the FNM Group and of the rights attaching to the relevant Notes and reach its own view, based upon its own judgment and upon advice from such financial, legal and tax advisers as it has deemed necessary, prior to making any investment decision. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.

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

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

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

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

This Base Prospectus has been prepared on the basis that any offer of Notes in any Member State of the EEA (each, a Relevant State) will be made pursuant to an exemption under the Prospectus Regulation and any offer of Notes in the UK will be made pursuant to an exemption under Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the EUWA (the “**UK Prospectus Regulation**”) from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant State or in the UK of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by final terms in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation (or the UK Prospectus Regulation, as the case may be) or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation (or the UK Prospectus Regulation, as the

case may be), in each case, in relation to such offer. Neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

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

### **The Notes may not be a suitable investment for all investors**

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

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

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

### **Calculation Agent**

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

**PRIIPs/IMPORTANT – PROHIBITION OF SALES TO – EEA RETAIL INVESTORS** – The Notes, or Drawdown Prospectus, as the case may be are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97, as amended or superseded (the Insurance Distribution Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document

required by Regulation (EU) No 1286/2014, as amended (the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**PRIIPs/IMPORTANT – PROHIBITION OF SALES TO – UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**MIFID II PRODUCT GOVERNANCE/TARGET MARKET** – The Final Terms, or Drawdown Prospectus, as the case may be, in respect of any Notes will include a legend entitled “**MiFID II product governance**” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

**UK MiFIR PRODUCT GOVERNANCE / TARGET MARKET** – The Final Terms or Drawdown Prospectus, as the case may be, in respect of any Notes will include a legend entitled “**UK MiFIR product governance**” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

**SALES TO CANADIAN INVESTORS** – The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant

Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Base Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes. In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the “**EU CRA Regulation**”) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the EU CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances and UK regulated investors are restricted under Regulation (EC) No 1060/2009 as it forms part of UK domestic law by virtue of the EUWA (the “**UK CRA Regulation**” and, together with the EU CRA Regulation, the relevant “**CRA Regulation**”) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the UK and registered under the UK CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances. Such general restriction will also apply in the case of credit ratings issued by non-EU or non-UK credit rating agencies, unless the relevant credit ratings are endorsed by an EU or UK registered credit rating agency or the relevant non-EU (or non-UK) rating agency is certified in accordance with the relevant CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by the ESMA on its website in accordance with the relevant CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. If the status of the rating agency rating the Notes changes, European and UK regulated investors may no longer be able to use the rating for regulatory purposes and the Notes may have a different regulatory treatment. This may result in European and UK regulated investors selling the Notes which may have an impact on the value of the Notes. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus. See also “*Risk Factors – Risks relating to the market generally – Credit ratings assigned to the Issuer or any Notes may not reflect all the risks associated with an investment in those Notes*”.

## PRESENTATION OF INFORMATION

All references in this document to *euro* and € refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

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

## FORWARD-LOOKING STATEMENTS

This Base Prospectus may contain forward-looking statements, including (without limitation) statements identified by the use of terminology such as “aim”, “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “future”, “help”, “intend”, “may”, “plan”, “project”, “shall”, “should”, “will”, “would” or the negative or other variations thereof as well as other statements regarding matters that are not historical fact.

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

## **INDUSTRY AND MARKET DATA**

Information regarding markets, market size, market share, market position, growth rates and other industry data pertaining to the Group's business contained in this Base Prospectus consists of estimates based on data reports compiled by professional organisations and analysts, on data from other external sources, and on the Issuer's knowledge of its sales and markets. In many cases, there is no readily available external information (whether from trade associations, government bodies or other organisations) to validate market-related analyses and estimates, requiring the Issuer to rely on internally developed estimates. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by this information. While the Issuer has compiled, extracted and, to the best of its knowledge, correctly reproduced market or other industry data from external sources, including third parties or industry or general publications, neither the Issuer nor the Dealers have independently verified that data. The Issuer cannot assure investors of the accuracy and completeness of, and takes no responsibility for, such data other than the responsibility for the correct and accurate reproduction thereof. The information in this Base Prospectus has been accurately reproduced and no facts have been omitted that would render the reproduced information inaccurate or misleading. However, information regarding the sectors and markets in which the Group operates may not be available for certain periods and, accordingly, such information may not be current as of the date of this Base Prospectus. All sources of such information have been identified where such information is used. Similarly, while the Issuer believes such information to be reliable and believes its internal estimates to be reasonable and confirms all information to be up to date on the date of approval of this Base Prospectus, it has not been verified by any independent sources. Undue reliance should therefore not be placed on such information. See also "*Forward-Looking Statements*", above.

## **STABILISATION**

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no



later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

## DRAWDOWN PROSPECTUS

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

## PROGRAMME LIMIT

The maximum aggregate principal amount of Notes outstanding under the Programme will not exceed €1,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into euro at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement)). The maximum aggregate principal amount of Notes which may be outstanding under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under “*Subscription and Sale*”.

## PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The Group’s unaudited pro forma consolidated statement of comprehensive income for the year ended 31 December 2020 is incorporated by reference in this Base Prospectus. The unaudited pro forma consolidated statement of comprehensive income for the year ended 31 December 2020 was prepared to represent retroactively the main effects of the acquisition of a total of 96% of the share capital of Milano Serravalle – Milano Tangenziali S.p.A. (“**MISE**”) which transaction was completed on 26 February 2021 (see “*Information about the Issuer and the Group – Recent developments –MISE Acquisitions*”) and the unsecured bridge facility used to finance the above-mentioned acquisition (see “*Information about the Issuer and the Group – Material Financings of the Group*”), on the Group’s consolidated statement of comprehensive income for the year ended 31 December 2020, as if it had taken place, on 1 January 2020.

The unaudited pro forma consolidated statement of comprehensive income for the year ended 31 December 2020 addresses a hypothetical situation and are for illustrative purposes only and, therefore, are not intended to represent or to be indicative of the actual consolidated results of operations or financial position that the FNM Group and MISE (together the “**Combined Group**”) would have reported had the above mentioned transactions been completed as of the date presented, and is not, and should not be taken as, representative of the Combined Group’s future consolidated financial position or results of operations, nor does it purport to project the Combined Group’s financial position as of any future date or results of operations for any future period and should not be used for such purpose.

PricewaterhouseCoopers S.p.A. (“**PwC**”) issued a report (the “**Pro Forma Report**”) on the Group’s unaudited pro forma consolidated statement of comprehensive income for the year ended 31 December 2020 in accordance with Prospectus Regulation. See “*Factors that may affect the Issuer’s ability to fulfil its obligations under Notes issued under the Programme – Risks relating to the Group’s financial information – The Group’s pro forma and historical financial information may not be representative of its future results of operations and financial condition*”.

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

## ALTERNATIVE PERFORMANCE MEASURES

This Base Prospectus and the documents incorporated by reference herein contain certain alternative performance measures (the so-called “**APMs**”) which are different from the IFRS-EU financial indicators adopted by the Group and set forth in the audited consolidated annual financial statements of FNM as at and for the financial years ended, respectively, 31 December 2020 and 31 December 2019 and the unaudited interim consolidated results of FNM as at and for the six months ended 30 June 2021.

Such APMs are obtained directly from the audited consolidated annual financial statements of FNM as at and for the financial year ended, respectively, 31 December 2020 and 31 December 2019 and the unaudited interim consolidated results of FNM as at and for the six months ended 30 June 2021 and the Issuer believes that these are useful to present more efficiently the results and the financial performance of the FNM Group. In particular, such indicators are included under the section concerning the analysis of the operating results and investments, as well as under the section concerning the analysis of the financial structure and investments of the above mentioned documents. See section “Glossary of terms and Alternative Performance indicators use” of Management Report of Consolidated annual financial statements as at 31 December 2020 and 31 December 2019 and 30 June 2021.

On 3 December 2015, the *Commissione per le Società e la Borsa* (CONSOB, the Italian Stock Exchange Commission) issued Communication No. 92543/15 that acknowledged the Guidelines issued on 3 October 2015 by the European Securities and Markets Authority (ESMA) concerning the presentation of APMs disclosed in regulated information and prospectuses published as from 3 July 2016 (the “**Guidelines**”). These Guidelines – which update the previous CESR Recommendation (CESR/05-178b) – are aimed at promoting the usefulness and transparency of APMs in order to improve their comparability, reliability and comprehensibility. In addition, ESMA also published a Questions and Answers (Q&A) document on the Guidelines, last updated on 30 October 2017, to promote common supervisory approaches and practices in the application of the Guidelines.

In line with the Guidelines, the definitions, contents, basis of calculation and criteria used to construct the APMs adopted by FNM are described below.

**EBITDA:** it represents the earnings for the year before income taxes, of the other financial income and expenses, of depreciation, amortisation and impairments of non-current assets. The Group also provides an indication of the incidence of EBITDA on net sales. The calculation of EBITDA carried out by the Group allows to compare the operating results with those of other companies, excluding any effects deriving from financial and tax components and from depreciation and amortisation, which may vary from company to company for reasons not correlated with the general operating performance.

**EBITDA %:** it represents the percentage of EBITDA over total revenues.

**Adjusted EBITDA:** it is represented by EBITDA as identified above, excluding non-ordinary expenses and income, such as:

- (i) income and expenses deriving from restructuring, reorganisation and business combinations;
- (ii) income and expenses not directly referred to the ordinary performance of the business, clearly identified;
- (iii) in addition to any income and expenses deriving from non-ordinary events and significant transactions as defined by Consob DEM6064293 communication of 28 July 2006.

**Adjusted EBITDA %:** it represents the percentage of Adjusted EBITDA over total revenues.

**EBIT:** it represents the earnings for the year before the income deriving from sold/disposed assets, income taxes, financial income and expenses and the result of the companies measured at equity.

**Net Working Capital:** it includes current assets (excluding cash and cash equivalents and the current financial assets included in the net financial position), and current liabilities (excluding the current financial liabilities included in the net financial position).

**Net Invested Capital:** it is equal to the algebraic sum of fixed capital, which includes non-current assets and non-current liabilities (excluding the non-current financial liabilities included in the net financial position) and of net working capital.

**NFP (Net Financial Position):** it includes cash and cash equivalents, current financial assets and current financial liabilities.

**Adjusted NFP:** it is represented by the net financial position as identified above, excluding the impacts of the timeline of the collections of the contributions on financial investments for the renewal of the railway rolling stock and of the related payments made to suppliers, recognised in accordance with IFRIC 12.

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## OVERVIEW OF THE PROGRAMME

*The following overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) No. 2019/980 supplementing the Prospectus Regulation. The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions set out below, in which event a Drawdown Prospectus (as defined above) will be published.*

Words and expressions defined in “*Form of the Notes*” and “*Terms and Conditions of the Notes*” herein shall have the same meanings in this overview.

<b>Issuer</b>	FNM S.p.A.
<b>Issuer Legal Entity Identifier (LEI)</b>	815600AB6FA8AADC8739
<b>Risk Factors</b>	<p>There are certain factors that may affect the Issuer’s ability to fulfil its obligations under Notes issued under the Programme. These are set out under “<i>Risk Factors</i>” below and include, among others, risks relating to the business activities and industries of the Issuer and the Group, risk factors relating to Merger &amp; Acquisition transactions, risks relating to the Group’s financial information, risks relating to macroeconomic and political conditions, credit and liquidity risks and legal, administrative, regulatory and IT risks. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under “<i>Risk Factors</i>” and include, among others, certain risks relating to the structure of a particular Series of Notes and certain market risks. Prospective Noteholders should consider carefully all information contained in this Base Prospectus (including, without limitation, any documents incorporated by reference herein and any supplement hereto) and reach their own views, based upon their own judgment and upon advice from such financial, tax and legal advisers they have deemed necessary, before making any investment decision.</p>
<b>Description</b>	Euro Medium Term Note Programme.
<b>Arrangers</b>	BNP Paribas Intesa Sanpaolo S.p.A. J.P. Morgan AG
<b>Dealers</b>	BNP Paribas Equita SIM S.p.A. Intesa Sanpaolo S.p.A. J.P. Morgan AG

	and any other Dealers appointed in accordance with the Programme Agreement.
<b>Fiscal Agent and Paying Agent</b>	The Bank of New York Mellon, London Branch
<b>Programme Size</b>	The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed €1,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement). The Issuer may increase the amount of the Programme, from time to time, in accordance with the terms of the Programme Agreement.
<b>Distribution</b>	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
<b>Certain Restrictions</b>	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “ <i>Subscription and Sale</i> ”).
<b>Currencies</b>	Subject to any applicable legal or regulatory restrictions, any currency agreed between the Issuer and the relevant Dealer.
<b>Maturities</b>	The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to a minimum maturity of 12 months and one day, unless a higher minimum maturity is prescribed by applicable law.
<b>Issue Price</b>	Notes may be issued at an issue price which is at par or at a discount to, or premium over, par. The Issue Price will be specified in the applicable Final Terms.
<b>Form of Notes</b>	The Notes will be issued in bearer form as described in “ <i>Form of the Notes</i> ”.
<b>Interest</b>	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or a combination thereof and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.
<b>Fixed Rate Notes</b>	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
<b>Floating Rate Notes</b>	Floating Rate Notes will bear interest at a rate determined: <ul style="list-style-type: none"> <li>(a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the</li> </ul>

International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or

- (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
- (c) on such other basis as may be agreed between the Issuer and the relevant Dealer.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.

**Other provisions in relation to Floating Rate Notes**

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.

The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the applicable Final Terms.

**Benchmark discontinuation**

On the occurrence of a Benchmark Event, the Issuer may (subject to certain conditions and following consultation with an Independent Adviser) determine a Successor Rate, failing which an Alternative Rate and, in either case, an Adjustment Spread, if any, and any Benchmark Amendments (each term as defined in the Conditions) in accordance with Condition 4.4 of the Terms and Conditions of the Notes.

**Zero Coupon Notes**

Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

**Redemption**

The applicable Final Terms will indicate either that (i) the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default); or (ii) such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer. See “*Substantial Purchase Event*”, “*Issuer Maturity Par Call*” and “*Relevant Event Put*” below.

Other than, if any, in respect of Zero Coupon Notes, no Series of Notes will be redeemed below its principal amount under any circumstances.

**Denomination of Notes**

The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by applicable laws and regulations, and save that the minimum denomination of each Note admitted to trading on a regulated market within the EEA will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

**Substantial Purchase Event (Clean-Up Call)**

The applicable Final Terms may provide that, upon the occurrence of a Substantial Purchase Event (as described below), Notes will be redeemable in whole at the option of the Issuer (so called “*Clean-Up Call*”) upon giving notice to the Noteholders at their principal amount, together with any accrued and unpaid interest up to (but excluding) the date of redemption.

A Substantial Purchase Event shall be deemed to have occurred if at any time 20 per cent. or less of the aggregate principal amount of the Notes of the relevant Series originally issued (which for these purposes shall include any further Notes of the same Series issued subsequently) remains outstanding.

**Issuer Maturity Par Call**

The applicable Final Terms may provide that the Issuer has an Issuer Maturity Par Call. See Condition 6.5 (*Redemption at the option of the Issuer (Issuer Maturity Par Call)*).

**Relevant Event Put**

The applicable Final Terms may provide that, upon the occurrence of a Relevant Event Put Event (as described below), Notes will be redeemable in whole at the option of the Noteholders upon giving notice to the Issuer on a date or dates specified prior to their stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer and specified in the applicable Final Terms.

A Relevant Event Put Event will be deemed to have occurred if: (a) a Relevant Event (as described below) occurs; (b) within a certain time of the occurrence of the Relevant Event, a Rating Event (as defined in Condition 6.6) occurs; and (c) in making the relevant decision relating to the Rating Event, the relevant Rating Agency announces publicly or confirms in writing to the Issuer that such decision resulted, in whole or in part, from the occurrence of the Relevant Event.

A Relevant Event shall be deemed to occur if any of: (i) a Change of Control, or (ii) a Concession Event occurs.



A Change of Control shall be deemed to occur if more than 50% of the voting rights exercisable at a general meeting of the Issuer is acquired by any Person or Persons (other than Reference Shareholders, as defined in Condition 6.6) acting in concert.

A Concession Event shall be deemed to occur if at any time one or more of the Concessions (as defined in Condition 6.6) granted to the Issuer or to any of its Principal Subsidiaries is terminated or revoked prior to the original stated expiry date and such termination or revocation becomes effective in accordance with its terms, and such Concessions that are terminated or revoked (as the case may be) prior to the original stated expiry date as set out above constitute, taken together, the whole or a substantial part of the Group's business, as defined in Condition 9.1, provided that the *prorogatio* regime to which a Concession may be subject to between its expiry at the relevant stated termination or revocation date falling prior to the original stated expiry date and the extension, renewal or new award of such Concession will not constitute a Concession Event. See further "*Information about the Issuer and the Group – Material Contracts of the Group*" for a description of the Concessions and the applicable concession regime.

#### **Taxation**

All payments in respect of the Notes will be made without withholding or deduction for or on account of any taxes imposed by or on behalf of any Tax Jurisdiction as provided in Condition 7. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 7, be required to pay additional amounts to cover the amounts so deducted.

#### **Negative Pledge**

The terms of the Notes will contain a negative pledge provision as further described in Condition 3.

#### **Cross Default**

The terms of the Notes will contain a cross default provision as further described in Condition 9.

#### **Status of the Notes**

The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 2 (*Negative Pledge*)) unsecured obligations of the Issuer and rank *pari passu* among themselves and with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding, save for certain obligations required to be preferred by applicable law.

#### **Rating**

The Programme has been rated "Baa3 outlook stable" by Moody's Investors Service España, S.A. ("**Moody's**") and "BBB- outlook stable" by Fitch Ratings Ireland Limited ("**Fitch**"). Each of Moody's and Fitch is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the "**EU CRA**").

**Regulation**”). As such each of Moody’s and Fitch is included in the list of credit ratings agencies published by the European Securities and Markets Authority on its website (at <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the EU CRA Regulation. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation unless the Notes issued under the Programme are be rated or unrated (1) by any one or more of the rating agencies referred to above or (2) by a credit rating agency established in the EEA , or (3) by a credit rating agency which is not established in the EEA but will be endorsed by a CRA which is established in the EEA and registered under the relevant CRA Regulation or (4) by a credit rating agency which is not established in the EEA but which is certified under the relevant CRA Regulation will be disclosed in the relevant Final Terms. Similarly, in general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the UK and registered under the UK CRA Regulation unless the Notes issued under the Programme are rated or unrated (1) by a credit rating agency established in the UK and registered (or which has applied for registration and not been refused) under the EU CRA Regulation or Regulation (EC) No 1060/2009 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**UK CRA Regulation**” and, together with the EU CRA Regulation, the “**CRA Regulation**”), or (2) by a credit rating agency which is not established in the EEA or in the UK but will be endorsed by a CRA which is established in the UK and registered under the relevant CRA Regulation or (3) by a credit rating agency which is not established in the UK but which is certified under the relevant CRA Regulation will be disclosed in the relevant Final Terms. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms and will not necessarily be the same as the rating assigned to the Programme by the relevant rating agency. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Listing, approval and admission to trading**

Application has been made to the Central Bank to approve this document as a base prospectus attesting that this document has been drawn up in accordance with the Prospectus Regulation and any applicable Irish laws and regulations.

Application has also been made to the Irish Stock Exchange plc trading as Euronext Dublin for Notes issued under the Programme to be admitted to trading on the Euronext Dublin's regulated market and to be listed on Euronext Dublin.

Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued.

The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

### **Governing Law**

The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law. Condition 14 (*Meetings of Noteholders*) and the provisions of the Agency Agreement concerning the meetings of Noteholders and the appointment of a Noteholders' Representative in respect of the Notes are subject to compliance with the laws of the Republic of Italy.

### **Selling Restrictions**

There are restrictions on the offer, sale and transfer of the Notes in the United States, Canada, the EEA (including the Republic of Italy), the UK, Switzerland and Japan and such other restrictions as may be required or applied in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale*", below.

### **United States Selling Restrictions**

Regulation S, Category 2.

The Notes will be issued in compliance with U.S. Treas. Reg. § 1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the Code)) (TEFRA D) unless (i) the relevant Final Terms states that the Notes are issued in compliance with U.S. Treas. Reg. § 1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) (TEFRA C) or (ii) the Notes are issued other than in compliance with TEFRA D or TEFRA C but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

### **Clearing Systems**

Clearstream, Luxembourg / Euroclear.

## RISK FACTORS

*The following factors may affect FNM's ability to fulfil its obligations under the Notes issued under the Programme. Some of these factors are contingencies which may or may not occur.*

*In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

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

*The order in which the risk factors are presented below is not intended to be indicative either of the relative likelihood that each risk will materialise or of the magnitude of their potential impact on the business, financial condition and results of operations of the Issuer and the Group.*

*Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus, including any document incorporated by reference, and reach their own views, based upon their own judgment and upon advice from such financial, legal and tax advisers as they have deemed necessary, prior to making any investment decision. Words and expressions defined in the "Terms and Conditions of the Notes", "Information about the Issuer and the Group" and "Regulation" or elsewhere in this Base Prospectus have the same meanings in this section.*

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

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

#### **1. *Risks relating to the business activities and industries of the Issuer and the Group***

*The Group's ability to successfully execute its 2021-2025 strategic plan and implement its strategy is not assured*

In September 2021, the Issuer presented the 2021-2025 FNM Group strategic plan (the "**Plan**") which contains the strategic guidelines and growth objectives of the Group for the relevant period, as well as some information with regards to the Group's expected results of operations. For further information, see also "*Information about the Issuer and the Group – Strategy*".

The Plan and the projections contained therein are based on a series of critical assumptions. The Group may not succeed in implementing the Plan in full or in part or within the envisaged time frames. In addition, in the event that one or more of the Plan's underlying assumptions proves incorrect (including, without limitation assumptions relating to an increase in revenues and development of new business segments) or events evolve differently than as contemplated in the Plan (including because of events affecting the Group that may not be foreseeable or quantifiable, in whole or in part, as of the date hereof such as the COVID-19 pandemic (see "*Risks associated with the COVID-19 pandemic*" below)), the anticipated events and results of operations indicated in the Plan (and in this Base Prospectus) could differ from actual events and results of operations.

The Group's future growth, profitability and cash flows depend upon its ability to implement its strategy successfully. There can be no assurance that the Group can successfully achieve any or all

of its strategic initiatives in the manner or time period that it expects. Further, achieving these objectives will require investments which may result in short-term costs without generating any current net revenues and, therefore, may be dilutive to the Group's earnings, at least in the short term. Moreover, if the Group's strategic initiatives do not generate the expected benefits in a timely manner, the Issuer may face liquidity pressures in the medium term and throughout the implementation period of the strategic initiatives as a result of the associated investments required.

In addition, the business carried out by FNM Autoservizi S.p.A. and ATV S.p.A. depends on the deed of concessions and public service contracts entered into with the relevant local public transport or local public authorities and the relevant tender procedures to be launched by the relevant authorities for the awarding of the services, which may be postponed and may not be successful. For further information, see also "*Information about the Issuer and the Group – Material Contracts of the Group – FNM Autoservizi*" and "*Information about the Issuer and the Group – Material Contracts of the Group – A.T.V.*".

Any failure by the Group to execute the Plan and implement its strategy successfully could have a material adverse effect on the Group's business, financial condition and results of operations, which could, in turn, adversely affect the ability of the Issuer to fulfil its respective obligations under the Notes.

*Risks relating to the Group's relationship with the relevant Italian and/or local governmental bodies*

The nature of FNM's business, as a contractor for activities of public interest, implies that, in addition to the risks connected with the terms of renewal upon the expiry of agreements, including granting of the Deed of Concession FN, Deed of Concession MISE and Deed of Concession APL which regulate, respectively, rail infrastructure development, motorway infrastructure management and public road transport services, FNM bears the risks associated with its special relationship with the relevant local governmental bodies. For further information, see also "*Information about the Issuer and the Group – Material Contracts of the Group*". FNM's results of operation and financial condition, including investment plans to finance the relevant business areas of the Group, may be adversely affected by the failure to extend upon expiry any long standing agreements or concessions with Italian and/or local governmental bodies. Similarly, FNM's results of operations and financial condition may be adversely affected by any changes in law or regulation in FNM's areas of business adopted by the Italian government, the local governmental bodies and the transport authority. Part of FNM's debt is serviced by State transfers arising from specific State laws.

The Italian state influences the Issuer's operations through its various departments and policies and FNM's independent regulators determine the criteria for infrastructure charges (on road and rail) and path allocation (on rail) and defines tender schemes to award public service contracts. Given the importance of the Italian motorway, local public transport and railway sector to the national economy, the Italian state and/or local governmental bodies could require the Issuer to take actions (within the European regulatory framework) designed to serve the public interest in Italy which may not necessarily be designed to maximise FNM's profits and could have a material adverse effect on the Group's business, financial condition and results of operations.

*The Group does not control certain of its joint ventures*

The Group has, and will continue to have, a number of strategic joint ventures and partnerships in which it holds an interest. For example, the Group holds a 50% ownership stake in Trenord S.r.l. ("**Trenord**").

There can be no assurance that the arrangements will be successful and/or achieve their planned objectives. The performance of such operations in which the Group does not have a controlling interest will depend on the financial and strategic support of the other shareholders. Such other

shareholders may make ill-informed or inadequate management decisions, or may fail to supply or be unwilling to supply the required operational, strategic and financial resources, which could materially adversely affect these operations. If any of these strategic partners were to encounter financial difficulties, change their business strategies or no longer be willing to participate in these strategic partnerships and joint ventures, the business, financial condition and results of operations could be materially adversely affected. Moreover, in some of these businesses, the Group may not have the power to control the payment of dividends or other distributions. As a result even if the business is performing well, the Group may not receive payment of its share of any profits. Finally, there could be circumstances in which the Group may wish or be required to acquire the ownership interests of its partners, and there can be no assurance that it will have access to the funds necessary to do so, on commercially reasonable terms or at all.

The realisation of any of these risks could have a material adverse effect on the Group's business, financial condition and results of operations, which could, in turn, adversely affect the ability of the Issuer to fulfil its respective obligations under the Notes.

#### *Operational risks*

The Group faces a number of operational risks which specifically relate to contractual risks, supply chain risks, employment law-related risks and risks relating to dispute resolution, which are all associated with the activities it carries out in relation to the leasing of rolling stock to subsidiaries, as well as to third parties, each operating in the local public transport and freight transport sectors. For example, major operational risks may arise from the Group's failure to comply with the contractual timetables and functional specifications of new rolling stock being delivered by its third-party manufacturers and suppliers. In particular, the Group is exposed to risks connected with any failure by such third-party manufacturers and suppliers to meet specified deadlines and quality standards. The Group is also exposed to the risks associated to potential difficulties in maintaining its relationships with third-party manufacturers and suppliers or in replacing them on an effective or timely basis if its contractual arrangements with them are terminated.

The use of manufacturers and suppliers also exposes the Group to the risk under Italian employment laws that the employees of such third parties may seek payment from the Group of amounts in respect of wage or social security differentials in relation to the activities carried out by them on behalf of the Group in executing such arrangements.

The Group constantly monitors the different issues reported on important job orders that have generated disputes, in particular operational difficulties and significant service disruptions that have arisen in rare cases. The general crisis of the credit markets also affected railway sub-suppliers, thus creating, in some cases, increased pressure on the manufacturers which are also small/medium businesses. There can be no assurance that the above-mentioned risks will not lead to operational difficulties that may have an adverse effect on the Group's business and results of operations.

#### *Major accidents, derailment or other incidents*

The Group's infrastructure operation may be adversely affected by many factors, including accidents, derailments, the breakdown or failure of equipment or processes, natural disasters, terrorist attacks or sabotage. A major rail accident, derailment or other incident involving the Group's operations could result in damage to or loss of the Group's infrastructure and may also disrupt the Group's services, which could give rise to potential claims by counterparties, injured passengers and others. The Group carries insurance that would cover such events (see "*Information about the Issuer and the Group – Insurance*"). A significant event would cause the Group to incur additional expenses (if not covered by relevant insurance) and the Group may not be able to rebuild or repair its infrastructure or restore operations in a timely fashion. Accordingly, a major accident,

derailment or other incident involving the Group's operations could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

In addition, train or vehicle crashes or similar incidents could impact general passenger confidence and lead to a reduced demand for train or vehicle travel adversely impacting Group's results. Furthermore, the Group might suffer from reputational damage (and associated losses) derived from a train or vehicle crash or similar incidents. The adverse consequences of such events, and the threat of such events, could include reduced demand for train or vehicle travel, limitations on the availability of insurance coverage and increased costs associated with security precautions.

*The Group depends on the experience and expertise of its senior management team and certain key employees*

The Group's success largely depends on the ability of its senior executives and other members of management to effectively manage the Group's organisation and individual areas of its businesses. In particular, the Group relies upon managers who have strategic expertise, and upon specialised persons, such as those in charge of products or process engineering, who have highly specialised skillsets and an accumulation of experience. In the event of loss of services of any key employees, it is difficult to predict with any certainty that the Group will quickly be able to replace these individuals with persons of equivalent experience and capabilities. Accordingly, the Group's ability to retain the key members of its senior management team and specialised employees, as well as to recruit suitably qualified new executives will be a key factor in its future success.

If any of the risks described above were to materialise, it could have a material adverse effect on the Group's business, financial condition and results of operations, which could, in turn, adversely affect the ability of the Issuer to fulfil its obligations under the Notes or cause the market price of the Notes to decline.

*Changes to taxation or the interpretation or application of tax laws could have an adverse impact on our results of operations and financial condition, particularly if applied retrospectively.*

The Group's business is subject to various taxes, which include, among others, IRES, IRAP, VAT, registration tax and other indirect taxes and benefit from exemption from taxation on certain items of income. This exposes the Group to the risk the overall tax burden that it suffers may increase in the future as a result of changes to tax laws or the interpretation thereof, also on a retroactive basis.

In addition, tax laws are complex and subject to subjective evaluations and interpretative decisions, and the Group may be subject to tax audits aimed at assessing its compliance with direct and indirect taxes. The tax authorities may not agree with the Group's interpretation of—or with the positions it has taken or intend to take on—tax laws applicable to its ordinary activities and extraordinary transactions. In case of objections by the tax authorities to its interpretations, the Group could face long tax proceedings that could result in the payment of sanctions and its business, results of operations, and financial condition could be materially adversely affected.

*As primarily a holding company, FNM depends on the earnings and cash flows of its operating subsidiaries, which may not be sufficient to meet its debt service obligations*

FNM S.p.A. is the parent company of the Group. Primarily it acts as a rolling stock company (Ro.S.Co.), purchasing and leasing rolling stock to its subsidiaries, Trenord and DB Cargo Italia S.r.l. (“**DB Cargo Italia**”), provides administrative services to its subsidiaries and manages its real estate assets.

In addition, its earnings and cash flows also depend on earnings and cash flows of and dividends and distributions from, its operating subsidiaries, of which MISE is the most prominent, to pay expenses and to meet its debt service obligations including the payment of interests and repayment

of principal on Notes issued by it under the Programme. Significant cash or cash equivalent balances may be held from time to time at FNM's operating subsidiaries. Some of these operating subsidiaries, including MISE, will also have debt outstanding or may be subject to acquisition agreements that impose restrictions on such operating subsidiaries' ability to pay dividends, but these restrictions are not expected to be significant in the context of FNM's overall liquidity. If earnings and cash flows of its operating subsidiaries are substantially reduced, FNM may not be in a position to meet its operational needs or to meet interest payment or principal redemption obligations in respect of Notes issued by it under the Programme.

2. ***Risk factors relating to Merger & Acquisition transactions***

*Risks relating to the shareholding indirectly held in APL*

The Issuer indirectly holds, through MISE, 36.7% of the share capital of Autostrada Pedemontana Lombarda S.p.A. ("**APL**"), the concessionaire company for the design, construction and management of the Autostrada Pedemontana Lombarda motorway between Dalmine, Como, Varese, Valico di Gaggiolo and related works (the "**APL Project**"). For further information, see also "*Information about the Issuer and the Group – Recent Developments – MISE Acquisition*".

MISE's shareholding in APL has been pledged for APL's obligations towards the APL lenders (the "**APL Lenders**") under a bridge loan agreement (the "**Bridge Loan Agreement Bis**"), under the terms and conditions set out in the relevant deed of pledge of APL shares ("**APL Shares Deed of Pledge**").

The Issuer is therefore exposed to the risk that, in the event one of the events of default provided in the APL Shares Deed of Pledge, the APL Lenders under the Bridge Loan Agreement Bis may enforce their pledge under the APL Shares Deed of Pledge, with the consequent loss of MISE's shareholding in APL's share capital.

Among the contractual relationships remaining in force between APL and MISE, there are two shareholder loans granted by MISE to APL for a total nominal amount of EUR 150,000,000 (the "**MISE-APL Shareholder Loans**"), the repayment of which is subordinated with respect to the amounts owed by APL to the APL Lenders under the terms of the Bridge Loan Agreement Bis and with respect to which MISE has the right to request the conversion of such loan into APL's share capital or into a reserve for future capital increase. The occurrence of an event of default under the Bridge Loan Agreement Bis could therefore entail the risk for MISE of non-repayment, in whole or in part, by APL of the MISE-APL Shareholder Loans (without prejudice to MISE's right to request the conversion of such financing into capital).

As of the date of this Base Prospectus, the tenders for the selection of the general contractor for the construction of sections B2 and C of the APL Project and the relevant financing entities are being completed. APL is expected to assume obligations for the APL Project under the APL concession agreement (the "**APL Concession Agreement**"). Construction of the APL Project is subject to the risks inherent in any large construction project, including delay and cost overruns whether as a result of adverse weather conditions, floods, landslides and subsidence, earthquakes, fires or other natural disasters, the discovery of archaeological sites or unexploded ordnance, increased labour, material and equipment costs due to scarcity or higher than anticipated inflation during the construction period, or latent defects in designs, materials or existing or new structures.

The APL Project is a new-build road with a relatively large number of associated civil structures. Although most of the construction is currently believed to be relatively straightforward in nature, there are some moderately complicated design/engineering characteristics with respect to a number of structures, in particular the natural tunnels and the viaduct over the Adda river. Specific technical challenges, include the construction of some artificial tunnels with the "Milan method" which



consists in firstly creating the lateral diaphragms and the upper slab and then excavating the tunnel, the development of which is equal to over 30% of the overall development of drawn, may be faced.

In addition, the relevant authorities may request interruption or suspension of construction works because of unexpected archaeological finds during those works. Also, residents and local communities may oppose construction of the APL Project in the form of protests and/or public opposition to the expropriation of the land needed for such developments (also known as “not-in-my-backyard” or “NIMBY” protests). The occurrence of any actions by authorities or NIMBY protests could lead to significant delays, increases in investment costs and potentially legal proceedings.

Failure to complete construction of APL Project according to the relevant schedule could have a negative impact on the Issuer and the Group’s business, financial condition and results of operations and their ability to meet payment obligations under the Notes and could constitute an event of default under the terms of the Bridge Loan Agreement Bis as well as could constitute a further factor of uncertainty with respect to APL’s repayment of the MISE-APL Shareholder Loans.

*The Group may be subject to risks in connection with any potential acquisition*

The Issuer has completed or established a number of significant acquisitions or joint ventures in the past and periodically evaluates acquisitions of companies, entering into new joint ventures and other strategic investments or transactions based on the assessment of how such strategic acquisitions may appear to fit within its overall business strategy. Such assessments are inherently uncertain and are subject to a number of assumptions concerning profitability, growth, interest rates and company valuations. As such, there can be no assurance that its assessments of and assumptions regarding acquisition opportunities will prove to be correct, and actual developments may differ significantly from the expectations of the Issuer. To the extent that the Group is successful in making acquisitions or establishing joint ventures, it may need to expend substantial amounts of cash, incur additional debt or assume loss-making divisions. Acquisitions or joint ventures may also involve a number of other risks, including unexpected losses of key employees of the acquired or established operations; extraordinary or unexpected legal, regulatory, contractual and other costs; difficulties in integrating the financial, technological and management standards, processes, procedures and controls of the acquired or established businesses with those of the Group’s existing operations; challenges in managing the increased scope, geographic diversity and complexity of its operations; mitigating contingent and/or assumed liabilities; the possible loss of customers and/or suppliers; and control issues in relation to acquisitions through joint ventures and other arrangements where it does not exercise sole control. The Group may not realise the anticipated cost savings, synergies, future earnings or other benefits that it intends to achieve from acquisitions or joint ventures. There is no guarantee that any future acquisition or joint venture will yield benefits that are sufficient to justify the expenses incurred or to be incurred by the Group in completing such acquisition or joint venture. Furthermore, any future acquisition or joint venture may not be as successful as the acquisitions or joint ventures that have been completed in the past. Following the acquisitions of the establishment of a joint venture, the process of integrating operations could also cause an interruption of, or loss of momentum in, the activities of the business of the Issuer and the Group. If the Group’s senior management fail to effectively manage the integration process, or if any significant business activities are interrupted as a result of the integration process, it could have a material adverse effect on the Group’s business, financial condition, results of operation or prospects.

The success of each individual transaction will therefore depend on the Group’s ability to effectively generate the synergies, which may arise out of, from time to time, the integration of (i) the Group’s business and the relevant target, (ii) internal procedures, (iii) resources, and (iv) information flow management systems, in addition to the risks and uncertainties that usually occur in the context of

similar extraordinary transactions and which mainly involve commercial, financial and, in certain cases, also corporate governance aspects, as well as relating to the management of employees, operating systems and, more generally, the Group's activities following the transaction.

There is no guarantee that these synergies will actually be achieved to the expected extent and/or that the integration process will not be longer, more complex and/or more costly than expected, with potential adverse effects on the Group's business, financial position and results of operations or prospects.

For instance, FNM completed the acquisition of 96% of the share capital of Milano Serravalle – Milano Tangenziali S.p.A. (“MISE”), the Italian concessionaire company for the design, construction and management of the A7 Serravalle-Milan Motorway and the North, East and West Milan Ring Roads pursuant to the relevant deed of concession, through two transactions: (i) on 29 July 2020, FNM acquired 13.6% of the share capital of MISE, the stake directly and indirectly held by ASTM S.p.A. in MISE, following the completion of the MISE Acquisitions (See “*Information about the Issuer and the Group – Recent Developments –MISE Acquisitions*”).

If the Issuer cannot successfully complete the integration of MISE in its Group, it may incur higher than expected costs and not realise all the anticipated benefits of the MISE Acquisitions, the impact of which could have a material adverse effect on the Group's business, financial condition, results of operation or prospects.

The process of integrating operations could also cause an interruption of, or loss of momentum in, the activities of the business of the Issuer and the Group. If its senior management is not able to effectively manage the integration process, or if any significant business activities are interrupted as a result of the integration process, it could have a material adverse effect on the Group's business, financial condition, results of operation or prospects.

The FNM Group intends to further develop the transport and mobility services in order to build an integrated platform with the aim to connect urban and transport networks physically and digitally. Therefore the Issuer may consider to further expand and strengthen its market position in strategically selected markets, also considering suitable opportunities for the acquisition of existing entities or group of companies (see “*Description of the Issuer - Strategy*”).

The realisation of any of these risks, alone or in combination, could have a material adverse effect on the Group's business, financial condition and results of operations, which could, in turn, adversely affect the ability of the Issuer to fulfil its obligations under the Notes or cause the market price of the Notes to decline. Pursuing this strategy may also lead the Group to increase its indebtedness in order to fund extraordinary transactions (see “*Credit and liquidity risks*” below).

### 3. ***Risks relating to the Group's financial information***

*The Group's pro forma and historical financial information may not be representative of its future results of operations and financial condition*

The Group's unaudited pro forma consolidated statement of comprehensive income for the year ended 31 December 2020, incorporated by reference in this Base Prospectus, was prepared to represent retroactively the main effects of the MISE Acquisition (see “*Information about the Issuer and the Group – Recent Developments –MISE Acquisitions*”) on the Group's consolidated statement of comprehensive income for the year then ended, as if it had taken place on 1 January 2020.

The unaudited pro forma consolidated statement of comprehensive income for the year ended 31 December 2020 addresses a hypothetical situation and is for illustrative purposes only and, therefore, are not intended to represent or to be indicative of the actual consolidated results of operations that the FNM Group and MISE (together the “**Combined Group**”) would have reported

had the above mentioned transactions taken place on 1 January 2020. In particular, the pro forma financial information is provided to reflect retroactively the effects of subsequent transactions and, despite the use of commonly accepted rules and the consideration of reasonable assumptions, there are certain limitations directly related to the nature of pro forma information. For this reason, in the case the transaction would have actually occurred on the assumed dates, not necessarily the effects would have been the same as shown in the unaudited pro forma consolidated statement of comprehensive income for the year ended 31 December 2020.

In addition, the unaudited pro forma consolidated statement of comprehensive income for the year ended 31 December 2020 does not reflect forward-looking information and are not intended to present the expected future results of the FNM Group, given that it has been prepared solely for the purposes of illustrating the identifiable and objectively measurable effects of the transactions, applied to historical financial information. As such, Investors should not place undue reliance on the unaudited pro forma consolidated statement of comprehensive income for the year ended 31 December 2020.

*The Group may be subject to a deferral or to a limitation of the deduction of interest expense, including interest expense in respect of the Notes in Italy.*

Current tax legislation in Italy (Article 96 of Italian Presidential Decree No. 917 of December 22, 1986, as amended and restated) allows, for IRES purposes, for the full tax deductibility of interest expenses incurred by a company in each fiscal year up to the amount of the interest income of the same fiscal year, as evidenced by the relevant annual financial statements. A further deduction of interest expenses in excess of this amount is allowed up to a threshold of 30% of fiscal EBITDA (i.e., *risultato operativo lordo della gestione caratteristica*) (“**ROL**”). The amount of ROL and of interest income exceeding the interest expenses not used for the deduction of the amount of interest expenses in a fiscal year can be carried forward respectively for the following five fiscal years and without time limits. Interest expenses not deducted in a relevant fiscal year can be carried forward to the following fiscal years and deducted, provided that and to the extent that, in such fiscal years, the amount of interest expenses that exceeds interest income is lower than 30% of ROL. The carried forward ROL, determined according to accounting rules under the previously applicable limitation provision could be offset only with interest expenses incurred on loans granted before 17 June 2016, to the extent that their maturity and their total amount committed have not been changed as of that date. In the case of a tax group, interest expenses not deducted by an entity within the tax group due to lack of ROL can be deducted at the tax unity level, within the limit of the excess of ROL of the other companies within the tax group. This 30% threshold applies to the Italian resident subsidiaries of the Issuer.

Italian Legislative Decree n. 142 of November 29, 2018, enacting the EU anti-tax avoidance package was published in the Italian official gazette on December 28, 2018. The Italian ATAD Decree transposes EU Directive 2016/1164 (ATAD 1) – as amended by EU Directive 2017/952 (ATAD 2) – into the Italian legal system, providing rules against the erosion of taxable bases in the internal market and the shifting of profits out of the Italian market. Such rules are aimed at tackling double deduction or “deduction without inclusion” (deduction of a negative income component in one country, such as interest expenses under the Notes, without any taxation in the other country) due to a different characterization of financial instruments, payments, entities, and permanent establishments in various countries. The rules apply to mismatches occurring between taxpayers considered to be associated enterprises or arising in the context of a structured arrangement between two non-associated taxpayers.

The Italian tax authorities have in certain instances totally or partially limited the deductibility of the interest expenses arising in connection with certain acquisition financing, refinancing of

previous acquisitions' indebtedness, dividend recapitalizations or other transactions with shareholders (such as transfer of shares intragroup). This position has been taken by arguing that the actual beneficiary of the transaction which generated the interest expense was not the acquiring entity, but its shareholders. Moreover, in circumstances where the Italian company deducting the interest expenses accrued on the aforementioned transactions was controlled by a non-Italian-resident entity, the Italian tax authorities argued that such interest expense should have been re-charged at arm's length to the non-Italian-resident shareholders. To date, tax courts have not ruled in a consistent way with respect to these cases, although there is jurisprudence in favour of the taxpayer's position. The Italian tax authorities have recently ruled that the deduction of interest expenses arising from indebtedness, incurred with third parties in the context of the acquisition transactions, should not be denied when such acquisitions are genuinely held.

In addition, there can be no assurance that in the case of a tax audit, the relevant tax authorities would not try to challenge the deductibility of interest expenses arising in connection with the component of any financing used, in whole or in part, to refinance an outstanding loan or debt, when the terms and conditions of the refinancing transaction appear less favourable than the ones of the previous financing transaction. In particular, in such circumstances, the relevant tax authorities could argue that the interest expenses arising from such financing does not relate to the business of the borrowing entity (as the relevant transaction is deemed as "anti-economic" and as such not compliant with the "inherence" principle set out under Italian tax law).

Moreover, (i) any future changes in Italian tax laws or in their interpretation or application (including any future limitation on the use of the ROL of the Issuer and its Italian resident subsidiaries), or (ii) the tax treatment of interest expenses arising from any indebtedness, including the Notes, the failure to satisfy the applicable legal requirements relating to the deductibility of interest expenses or (iii) a change in the interpretation and application by Italian tax authorities of Italian tax laws may result in the Group's inability to fully deduct our interest expenses, which may have an adverse effect on our financial condition. Risks relating to macroeconomic and political conditions

#### *Risks associated with the COVID-19 pandemic*

The recent outbreak of a new coronavirus (named COVID-19 ("**COVID-19**")) that was first detected in China in December 2019, was declared a pandemic by the World Health Organization (WHO) on 11 March 2020. This pandemic has had, and may continue to have for an unforeseeable period of time, significant health, social and economic consequences worldwide.

In addition to the worsening of the global macroeconomic scenario and the risk of deterioration of the credit profile of a considerable number of countries (including Italy), the above-mentioned pandemic has led to significant slowdowns in many business activities due to the significant adverse impact on global supply chains, tourism revenues, commodity prices, capital flows and demand, and financial markets. Restrictions and quarantines introduced to date have led to social and economic shocks in multiple business segments, including those in which the Group operates, with potentially long-lasting effects. Containment measures may also result in business disruptions, and affect the financial conditions, of the Group's suppliers, customers and counterparties. All these factors may have an adverse impact on the Group's business operations, its funding and liquidity as well as the market value of its assets.

The ultimate severity and related consequences of COVID-19 is causing significant uncertainty in both domestic and global financial markets and could have an impact on the business environment as well as on the legal, tax and regulatory framework (particularly further to certain legislative measures adopted by national governments) and will continue to have significant and persistent consequences for a long time to come both in the economic and social spheres.

The effects arising from COVID-19 on the FNM Group, whose rolling stock rental and rail infrastructure management businesses were not substantially impacted by COVID-19, mainly relate to the management of motorway infrastructure, road transport and Trenord.

COVID-19 may cause, in addition to a deterioration in the macroeconomic scenario, slowdowns in the Group's activities, resulting from measures issued by national and regional authorities, unavailability of personnel, difficulties encountered by customers in using collective mobility services, discontinuity in the supply chain, with negative impacts on the results of Group companies.

MISE's revenues in the motorway sector consist of the collection of tolls charged to users of the motorway network and the collection of royalties from the sale of goods and services at the service areas located along the motorway network. However, there is no unconditional right in favour of MISE to collect tolls and to receive guaranteed cash flows. Variations in traffic and the resulting effects on MISE's revenues therefore represent a risk borne by MISE, without prejudice to the possibility of requesting the MIT to rebalance the PEF for reasons of force majeure.

Traffic volumes depend on a number of factors, including, among others, (i) the quality and convenience of the toll-free road network, (ii) travel times on this network, (iii) the quality and state of maintenance of the motorway network, (iv) the economic situation and the increase in the cost of fuel in Italy (v) environmental legislation (which could include measures to limit the use of motor vehicles in order to reduce atmospheric pollution), (vi) weather conditions, and (vii) the existence of alternative means of transport to road transport.

In this regard, starting from March 2020, due to COVID-19 and the adoption by national and local authorities of measures to contain the pandemic aimed at limiting the mobility of people and goods (lock-down), there has been a significant decrease in traffic volumes on the motorway sections managed by MISE, with a consequent reduction in revenues from tolls.

Similarly, the revenues generated from the collection of royalties paid to MISE on the sale of fuels and on refreshment and market services underwent a marked reduction due to the aforementioned measures to contain the Covid-19 epidemic emergency, which considerably reduced the influx and activities of the service areas.

The evolution of COVID-19 and the duration of the containment measures taken by national and local authorities is still unpredictable. Therefore, it cannot be excluded that, in the future, traffic volumes along the motorway network managed by MISE may further decrease due to the continuation of the COVID-19, with a consequent significant negative impact on the activity and on the economic and financial situation of MISE and, as a consequence, of the FNM Group.

As of the date of this Base Prospectus, it is not possible for the Group to reliably calculate any further impact which COVID-19 may continue to have on its targets for the remainder of 2021 and beyond, however the potential further impact of COVID-19 on the Group's facilities, suppliers and customers and therefore on its operations are highly uncertain and cannot be predicted, including the scope and duration of the pandemic (affected, in turn, also by developments relating to variants of the virus and roll-out of the vaccines) and the effectiveness of the economic stimulus package put in place. Such potential effects may continue to adversely impact the demand for the Group's products and the cost, production, sales and financial performance of its operations, which could, in turn, adversely affect the ability of the Issuer to fulfil their respective obligations under the Notes or cause the market price of the Notes to decline.

In addition, COVID-19 has exacerbated the volatility of the markets and has had a materially adverse impact on the global supply chain. In carrying out its activities, the Group is exposed to the risk that a sudden surge of contagions may lead to further lockdowns that can impact the profitability. While the Group is continuing to monitor and assess the evolution of the pandemic

and its macroeconomic effects, significant uncertainty remains around the ultimate severity of the COVID-19 outbreak.

*Macroeconomic and political risks which may affect the business of the Issuer and the Group*

The European sovereign debt crisis had in the past, and could in the future have, an impact on the financial markets and economic conditions in Europe and worldwide. Factors such as deterioration of the economic conditions in Europe and in other parts of the world, particularly in the context of a resurgence of the sovereign debt crisis, the United Kingdom's decision to withdraw from the European Union ("**Brexit**"), geopolitical tensions and/or financial market volatility or a downgrading of those sovereigns to which the Group is exposed could all have a negative impact on the Issuer's financial condition, results of operations, cost of risk and may also have negative implications on the legal rights and obligations of commercial parties across all industries and in the services sector, including the business of the Issuer and the Group.

The possible withdrawal from the EU of any other EU Member State could also have far-reaching and unpredictable consequences for the financial markets and the real economy, resulting in, inter alia, financial market turbulences including a widening of spreads, which could adversely affect the Group's business and results of operations and financial position.

Furthermore, other geopolitical developments (including as regards the Recovery Plan and the pandemic emergency purchase programme) can all influence the economic outlook of Italy in particular and of the European Union as a whole as well as impact the local and global financial markets. Lingering market tensions as a result of adverse geopolitical developments might affect negatively the global economy and hamper the recovery of the euro area. Moreover, the tightening fiscal policy by some countries might weigh on households' disposable income and on corporate profits with negative implications for the FNM Group's business, results and financial position.

Any further deterioration, or delay in the recovery, of the Italian economy, and any downgrade of the Italian sovereign credit rating and its consequential impact on the financial markets, could have a material adverse effect on the FNM Group's business, in light of the FNM Group's significant exposure to the Italian economy. In addition, if any of the countries in which the FNM Group operates witnessed a significant deterioration in economic activity, the FNM Group's results of operations, business and financial condition would be materially and adversely affected.

*Downgrading of the Issuer's ratings*

The Issuer has the following ratings assigned to it: "Baa3 outlook stable" by Moody's and "BBB-outlook stable" by Fitch. Any significant deterioration or downgrading of those ratings may adversely affect the Issuer's access to alternative sources of funding and may increase the cost of funding, all of which could have an adverse effect on the Issuer's financial condition or results of operations.

4. ***Credit and liquidity risks***

*Liquidity and Financing risks*

The Group may not be able to raise the funds necessary to carry out its activities or refinance its existing indebtedness in the ordinary course of business and is exposed to liquidity risks.

The Group finances its cash needs in connection with its business principally through borrowings under new or existing committed and uncommitted credit facilities. These facilities may need to be renewed periodically. The Group may be unable to renew them on economically attractive terms,

which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is exposed to liquidity risks, including risks associated with the failure to refinance existing indebtedness, the risk that borrowing facilities are not available to meet cash requirements and the risk that its financial assets may not readily be converted to cash without loss of value.

In addition, the international credit crisis and the subsequent worsening of macroeconomic conditions have given rise to restricted access to credit, reduced liquidity in the financial markets and severe volatility in debt and equity markets. Failure to obtain necessary liquidity in a timely fashion may have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

#### *Interest Rate risks*

A significant proportion of the Issuer's indebtedness bears floating rate interest. A rise in interest rates would therefore increase the Issuer's borrowing costs which may have an impact on the Group's financial position and affect the Issuer's ability to fulfil its obligations under the Notes. The Issuer may utilise derivative instruments, including options and futures, to hedge against fluctuations in interest rates. For a variety of reasons, the Issuer may not elect to correlate its exposure and such hedging activity, leaving it exposed to interest rate variations. Conversely, the Issuer may enter into hedging transactions upon belief that rates are trending in a particular direction only to discover that rates exhibit the opposite behaviour; derivative transactions may be costly to unwind or may prevent the Issuer from realising gains from favourable interest rate environments. The occurrence of any such circumstances could have a material adverse effect on the Issuer's business, financial condition and results of operations.

#### *Procurement risks*

Procurement prices for commodities, energy and transport services may shift depending on the market situation. As such, it may not be possible (or may only be possible to a limited extent) to pass on higher costs to customers. Consequently, this could have a material adverse effect on the Issuer's business, financial condition and results of operations.

#### *Project risks*

The investments of the overall rail, public road and bus system require high amounts of capital expenditures and involve complex projects. Changes in the legal framework, delays in deliveries of such projects or technical adjustments during the frequently multi-year project terms can result in increasing costs. As such, changes listed above could lead to increased costs and/or have an adverse effect on the Issuer's business and results of operations.

### **5. *Legal, administrative, regulatory and IT risks***

#### *The Group is subject to risks from legal, administrative and arbitration proceedings*

The Group is, or may become, involved in a number of legal, administrative and arbitration proceedings (see "*Information about the Issuer and the Group – Legal Proceedings*"). These proceedings or potential proceedings could involve substantial claims for damages or other payments. Based on a judgment or a settlement agreement, the Group could be obligated to pay substantial damages or fines. The Group litigation costs and those of third parties (in relation to which it may have to indemnify such third parties) could also be significant. Provisions are made for legal and contractual risks after estimating the respective probability of occurrence. The actual utilisation of these provisions depends on whether the risks materialise to the extent set forth in the Group's current estimates. The realisation of any of these risks could have a material adverse effect

on the Group's business, financial condition and results of operations, which could, in turn, adversely affect the ability of the Issuer to fulfil its obligations under the Notes or cause the market price of the Notes to decline.

*The Group faces risks related to possible changes to national and/or local laws and regulations*

The Group is subject to different laws, regulations and standards applicable and must monitor regulatory developments in order to ensure that it complies with all applicable laws, regulations and standards, such as public services, public transport, environmental and social security and pensions laws and regulations.

Any changes to such laws, regulations and standards may require the Group to adapt its business. As such, new laws and regulations, the imposition of more stringent requirements, increasingly strict enforcement or new interpretations of existing laws and regulations may require the Group to modify its operations, which could have a material adverse effect on the Group's business, financial condition and results of operations and which could, in turn, adversely affect the ability of the Issuer to fulfil its obligations under the Notes or cause the market price of the Notes to decline.

*The Group is subject to extensive anti-corruption and antitrust laws and regulations and faces certain risks related to enterprise liability pursuant to Italian Legislative Decree No. 231/2001*

The Group's operations are subject to a number of national anti-corruption and antitrust or competition laws that apply to conduct its business. These anti-corruption laws prohibit improper payments in cash or anything of value to improperly influence government officials or other persons to obtain or retain business or gain a business advantage. Over the past several years there has been a substantial increase in the enforcement of anti-corruption and antitrust or competition laws.

The Issuer has adopted a compliance program designed to prevent the commission of the offences contemplated in Italian Legislative Decree No. 231/2001 ("**Compliance Program**") which governs enterprise liability under Italian law. (See "*Information about the Issuer and the Group – The Anti-Corruption Compliance System*"). Such offences include, among others, corruption crimes, fraud crimes (including accounting fraud), falsification crimes and corporate crimes. However, no Compliance Programs already adopted or to be adopted can guarantee the "zero" risk of commission by the Group companies of relevant offences or guarantee to be effective in shielding Group companies from related enterprise liabilities (including in relation to acts performed prior to the adoption of the Compliance Programs). In such a scenario, based on applicable Italian law, the affected Group company (whether or not located in Italy) could be exposed to enterprise liability in relation to certain crimes that may be committed by the Group's employees in the discharge of their corporate duties.

Despite the implementation of Anticorruption Policy ("*Politica Anticorruzione FNM*") and Code of Ethics ("*Codice Etico e di Comportamento del Gruppo FNM*"), the Group nevertheless risks being associated with fraudulent activity by one of its employees, agents or joint venture partners, even if these parties are not subject to the Group's control.

If any of the risks described above were to materialise, it could have a material adverse effect on the Group's business, financial condition and results of operations, which could, in turn, adversely affect the ability of the Issuer to fulfil its obligations under the Notes or cause the market price of the Notes to decline.

*IT risks, increased information technology security threats, more sophisticated computer crime, and changes in privacy laws could disrupt the Group's business*

The Group relies upon information technology systems and networks in connection with a variety of business activities to operate its business, including for coordination of scheduling and other



aspects of its railway operations as well as accounting, tracking cargo deliveries and numerous other functions, and it collects and stores sensitive data. Operating these information technology systems and networks, and processing and maintaining this data, in a secure manner, are critical to the Group's business operations and strategy. Hardware and software used by the Group may be damaged by human error, natural disaster, power loss and other events. Additionally, increased information technology security threats and more sophisticated computer crime pose a risk to the security of the Group's systems and networks and the confidentiality, availability and integrity of its data. Cybersecurity attacks could also include attacks targeting the security, integrity and/or reliability of the hardware and software installed in the Group's products.

While the Group actively manages information technology security risks within its control, there can be no assurance that the implemented safeguard measures or such actions will be sufficient to mitigate all potential risks to the Group's systems, networks and data.

A failure or breach in security could expose the Group and its customers, dealers and suppliers to risks of misuse of information or systems, the compromising of confidential information, loss of financial resources, manipulation and destruction of data, defective products, production downtimes and operations disruptions, which in turn could adversely affect the Group's reputation, competitive position, businesses and results of operations. Security breaches could also result in litigation, regulatory action, unauthorised release of confidential or otherwise protected information and corruption of data, as well as higher operational and other costs of implementing further data protection measures. In addition, as security threats continue to evolve the Group may need to invest additional resources to protect the security of its systems.

In addition, the Group is subject to the regulations governing the protection, collection and processing of personal data in the jurisdictions in which it operates. The Group is exposed to the risk that the data could be damaged or lost, or removed, disclosed or processed (data breach) for purposes other than those authorized by the customer, including by unauthorised parties (such as third parties or the Group's employees). Further, the regulatory framework for privacy and security issues worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future.

The General Data Protection Regulation (EU Regulation No. 2016/679; the "**GDPR**") repealed the Data Protection Directive (95/46/EC) and is aimed at providing a consistent and harmonised regulatory framework for the processing of personal data within the European Union. The GDPR was adopted in 2016 and has applied since 25 May 2018. The Italian government approved Legislative Decree No. 101 of 10 August 2018 for the purpose of harmonising the existing legal framework with the new GDPR provisions and implementing those requirements addressed to Member States. The GDPR applies whenever personal data (i.e., any information directly or indirectly related to an identified or identifiable natural person) is processed within the European Union and, additionally, where personal data is processed outside the European Union in relation to: (i) the offer of goods or services to individuals in the European Union, or (ii) the monitoring of behaviour if taken place within the European Union; therefore, the GDPR applies even to organisations processing personal data in the European Union even if they have no presence within the EU.

Broadly, the changes introduced by the GDPR include the following areas: (i) a single regulation across the EU; (ii) increased enforcement powers for the data protection Authorities with the ability to impose fines of up to 4% of global annual turnover (or up to 2% for breach of certain provisions); (iii) the introduction of a new EU-wide advisory body, the European Data Protection Board, replacing the Article 29 of the Data Protection Directive (95/46/EC) Working Party; (iv) a single lead supervisory Authority for handling issues connected with data processing operations performed in multiple jurisdictions of the EU; (v) the introduction of new principles, such as the principle of

accountability; (vi) the obligation, under certain circumstances, to appoint an independent data protection officer; (vii) new rights for individuals, including the “right to be forgotten” and the right to data portability; and (viii) provisions for mandatory data breach notification to the Supervisory Authorities and, in certain cases, the affected individuals.

The changes introduced by the GDPR (and any future integrations and amendments) have important impacts on FNM Group, as a result of, *inter alia*, an increase in compliance costs and obligations.

The Group is exposed to the risk of being involved in claims brought by individuals whose data have been processed, for damages caused by (i) the breach of rules relating to data protection or (ii) incorrect processing of such protected data. Failure to comply or maintain compliance with GDPR rules or to adapt the Group’s risk management structure to comply with GDPR prescriptions could cause considerable harm to the Group and its reputation and may result in regulatory fines and litigation, which could have a material adverse effect on the Group’s business, financial condition, results of operations or prospects.

The possible destruction, damage or loss of customer, employee or third party data, as well as its removal, unauthorised processing or disclosure, would have a negative impact on the Group’s business and reputation, and could subject it to fines, with consequent negative effects on its business, results of operations or financial condition, and any inability to adequately address privacy and security concerns or comply with applicable privacy and data security laws, rules and regulations could have a material adverse effect on the Group’s business, financial condition and results of operations, which could, in turn, adversely affect the ability of the Issuer to fulfil its obligations under the Notes or cause the market price of the Notes to decline. In addition, changes to such regulation could impose more stringent sanctions for violations, could have a negative impact on the Group’s business insofar as they lead it to incur additional compliance costs.

## **FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME**

### **1. *Risks related to the structure of a particular issue of Notes under the Programme***

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

#### *Risks relating to Relevant Event Put Event*

A Relevant Event Put Event (as such term is defined in Condition 6.6 (*Redemption at the option of Noteholders (Investor Put/Relevant Event Put)*)) of the Issuer may activate the right of Noteholders to require the Issuer to redeem the Notes if, at the time such Relevant Event occurs, there is also a downgrade in the credit rating assigned to the Notes, all as described in more detail in Condition 6.6 (*Redemption at the option of Noteholders (Investor Put/Relevant Event Put)*). If the Notes are unrated at the time of the Relevant Event, the Noteholders’ Put Option is exercisable immediately upon the Relevant Event occurring, in accordance with the procedures set out in Condition 6.6 (*Redemption at the option of Noteholders (Investor Put/Relevant Event Put)*).

#### *Notes subject to optional redemption by the Issuer*

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

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

In addition, with respect to the Substantial Purchase Event (Clean-up Call) (Condition 6.4), if a Substantial Purchase Event is specified in the relevant Final Terms as being applicable and a Substantial Purchase Event occurs, there is no obligation on the Issuer to inform investors if and when 80 per cent. or more of original aggregate principal amount of the relevant Tranche of Notes has been redeemed or is about to be redeemed, and the Issuer's right to redeem will exist notwithstanding that immediately prior to the serving of a notice in respect of the exercise of the Clean-up Call the Notes may have been trading significantly above par, thus potentially resulting in a loss of capital invested.

#### *Redemption for tax reasons*

Unless in the case of any particular Tranche of Notes the relevant Final Terms specifies otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Italy or certain other relevant jurisdictions or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

#### *Notes issued at a substantial discount or premium*

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

#### *EU reform of "benchmarks" (including EURIBOR and other interest rate index and equity, commodity and foreign exchange rate indices)*

The Euro Interbank Offered Rate ("EURIBOR") and other indices which are deemed "benchmarks" ("**Benchmarks**") are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such Benchmarks to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence or any other consequential changes to Benchmarks as a result of EU, UK, or any other proposals for reform or other initiatives or investigations, or any further uncertainty in relation to the timing and manner of implementation of such changes could have a material adverse effect on any Notes linked to a Benchmark.

Key international reforms of Benchmarks include IOSCO's proposed Principles for Financial Benchmarks (July 2013) (the "**IOSCO Benchmark Principles**") and the EU Benchmark Regulation. The EU Benchmark Regulation as it forms part of UK domestic law by virtue of the EUWA (the "**UK Benchmark Regulation**") applies to the provision of Benchmarks and the use of a Benchmark in the UK. Similarly it prohibits the use in the UK by UK supervised entities of Benchmarks of administrators that are not authorised by the UK Financial Conduct Authority (the

“FCA”) or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

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

On 17 May 2016, the Council of the European Union adopted the EU Benchmark Regulation. The EU Benchmark Regulation was published in the Official Journal on 29 June 2016 and entered into force on 30 June 2016. Subject to various transitional provisions, the EU Benchmark Regulation applies from 1 January 2018, except that the regime for “critical” Benchmarks has applied from 30 June 2016 and certain amendments to Regulation (EU) No 596/2014 (the “**Market Abuse Regulation**”) have applied from 3 July 2016. Subject to the transitional provisions set out in Article 51 of the EU Benchmark Regulation, the EU Benchmark Regulation would apply to “contributors”, “administrators” and “users of” Benchmarks in the EU, and would, among other things, (i) require benchmark administrators to be authorised (or, if non-EU-based, to be subject to an equivalent regulatory regime) and to comply with extensive requirements in relation to the administration of Benchmarks and (ii) ban the use of Benchmarks of unauthorised administrators. The scope of the EU Benchmark Regulation is wide and, in addition to applying to so-called “critical benchmark” indices such as EURIBOR, could also potentially apply to many other interest rate indices, as well as equity, commodity and foreign exchange rate indices and other indices (including “proprietary” indices or strategies) which are referenced in listed financial instruments (including listed Notes), financial contracts and investment funds. In a press release of 25 February 2019, the Commission announced that a political agreement has been reached to extend the transitional period under the EU Benchmark Regulation for two years for critical benchmarks and third country benchmarks. Accordingly, providers of critical benchmarks (such as EURIBOR) have until 31 December 2023 to comply with the new EU Benchmark Regulation requirements. It is expected that the European Parliament and Council will now move to formally adopt appropriate legislative measures to give effect to this extension.

The EU Benchmark Regulation and/or the UK Benchmark Regulation, as applicable, could also have a material impact on any Notes linked to an index based on a Benchmark, including in any of the following circumstances: (i) an index which is a Benchmark may not be used as such if its administrator does not obtain appropriate EU/UK authorisations or is based in a non-EU/UK jurisdiction, as applicable, which (subject to any applicable transitional provisions) does not have equivalent regulation. In such event, depending on the particular Benchmark and the applicable terms of the Notes, the Notes could be delisted (if listed), adjusted, redeemed prior to the maturity or otherwise impacted; and (ii) the methodology or other terms of the Benchmark related to a series of Notes could be changed in order to comply with the terms of the EU Benchmark Regulation and/or the UK Benchmark Regulation, and such changes could have the effect of reducing or increasing the rate or level of the Benchmark or of affecting the volatility of the published rate or level, and could lead to adjustments to the terms of the Notes, including Calculation Agent determination of the rate or level by reference to such sources the Issuer (acting in good faith and in consultation with an Independent Adviser) determines appropriate in accordance with standard market practice.

Any of the international, national or other reforms (or proposals for reform) or the general increased regulatory scrutiny of Benchmarks could increase the costs and risks of administering or otherwise participating in the setting of a Benchmark and complying with any such regulations or requirements.

It is not possible to predict with certainty whether, and to what extent a Benchmark will continue to be supported going forwards. This may cause certain Benchmarks to perform differently than they have done in the past, and may have other consequences which cannot be predicted. The reform of EURIBOR to adopt a hybrid methodology and to provide a fallback by reference to a euro risk-free rate (based on a euro overnight risk-free rate as adjusted by a methodology to create a term rate), or the elimination of any other Benchmark, or changes in the manner of administration of any Benchmark, could require an adjustment to the conditions of the Notes or result in other consequences in respect of any Notes referencing such Benchmarks.

Such factors may have the effect of discouraging market participants from continuing to administer or participate in certain Benchmarks, triggering changes in the rules or methodologies used in certain Benchmarks or leading to the disappearance of certain Benchmarks. An example of such proposals for benchmark reform is the announcement, on 27 July 2017, by the Chief Executive of the United Kingdom Financial Conduct Authority (“FCA”), which regulates LIBOR, that it did not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. In a further speech on 12 July 2018, the FCA emphasised that market participants should not rely on the continued publication of LIBOR after the end of 2021. Furthermore, On 29 November 2017, the Bank of England and the FCA announced that, from January 2018, its Working Group on Sterling Risk-Free Rates has been mandated with implementing a broad-based transition to the Sterling Overnight Index Average (“SONIA”) over the next four years across sterling bond, loan derivative markets, so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021, while the Federal Reserve’s Alternative Reference Rates Committee has recommended SOFR (the Secured Overnight Financing Rate) as the US replacement benchmark for LIBOR. Separate workstreams have also been developed in Europe over recent years to reform EURIBOR using a hybrid methodology and to provide fallback by reference to a euro risk-free rate (based on a euro overnight risk-free rate as adjusted by a methodology to create a term rate). On 13 September 2018, the working group on euro risk-free rates recommended Euro Short-term Rate (“€STR”) as the new risk-free rate. €STR was published by the European Central Bank (the “ECB”) on 2 October 2019. In addition, on 21 January 2019, the euro risk-free rate working group published a set of guiding principles for fallback provisions in new euro denominated cash products (including bonds) and on 6 November 2019 such working group issued high-level recommendations for fallback provisions in contracts referencing EURIBOR, which include a recommendation that market participants incorporate fallback provisions in all new financial instruments and contracts referencing EURIBOR.

Furthermore, in order to address systemic risk, on 2 February 2021 the Council of the European Union approved the final text of the Regulation (EU) 2021/168 amending the Regulation (EU) 2016/1011 as regards the exemption of certain third-country spot foreign exchange Benchmarks and the designation of replacements for certain Benchmarks in cessation, and amending Regulation (EU) No 648/2012. The new framework delegates the European Commission to designate a replacement for Benchmarks qualified as critical under the Regulation 2016/2011, where the cessation or wind-down of such a Benchmark might significantly disrupt the functioning of financial markets within the European Union. In particular, the designation of a replacement for a Benchmark should apply to any contract and any financial instrument as defined in MiFID II that

is subject to the law of a relevant state. In addition, with respect to supervised entities, Regulation (EU) 2021/168 extends the transitional period for the use of third-country Benchmarks until 2023 and the Commission may further extend this period until 2025 by a delegated act to be passed before 15 July 2023. On 10 February 2021 the Council of the European Union adopted the Regulation (EU) 2021/168 that was published in the Official Journal on 12 February 2021 and entered into force on the following day.

Investors should be aware that if a Benchmark were discontinued or otherwise unavailable, the rate of interest on Floating Rate Notes which are linked to or which reference such Benchmark will be determined for the relevant period in accordance with the fall-back provisions applicable to such Notes.

The “Terms and Conditions of the Notes” set out below provide for certain fallback arrangements in the event that a published Benchmark, including EURIBOR or other relevant reference rates (including, without limitation, mid-swap rates), or any page on which such Benchmark may be published (or any successor service) becomes unavailable. In particular, the relevant Terms and Conditions provide certain fallback arrangements in case a Benchmark Event otherwise occurs, including the possibility that the rate of interest could be set by reference to a successor rate or an alternative reference rate and that such successor rate or alternative reference rate may be adjusted (if required) in order to reduce or eliminate, to the fullest extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant Benchmark, all as determined by the Issuer (acting in good faith and in consultation with an Independent Adviser). However, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time.

*An Issuer may be unable to appoint an Independent Adviser or the Independent Adviser may not be able to determine a Successor Rate or Alternative Rate in accordance with the terms and conditions of the Notes.*

Where an Issuer is unable to appoint an Independent Adviser in a timely manner, or the Independent Adviser is unable, to determine a Successor Rate or Alternative Rate before the next Interest Determination Date, the Rate of Interest for the next succeeding Accrual Period will be the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event, or, where the Benchmark Event occurs before the first Interest Determination Date, the Rate of Interest will be the initial Rate of Interest.

Where an Issuer has been unable to appoint an Independent Adviser or, the Independent Adviser has failed, to determine a Successor Rate or Alternative Rate in respect of any given Interest Period, it will continue to attempt to appoint an Independent Adviser in a timely manner before the next succeeding Interest Determination Date and/or to determine a Successor Rate or Alternative Rate to apply the next succeeding and any subsequent Interest Periods, as necessary.

Applying the initial Rate of Interest, or the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event will result in Notes linked to or referencing the relevant benchmark performing differently (which may include payment of a lower Rate of Interest) than they would do if the relevant benchmark were to continue to apply, or if a Successor Rate or Alternative Rate could be determined.

If an Issuer is unable to appoint an Independent Adviser or, the Independent Adviser fails to determine a Successor Rate or Alternative Rate for the life of the relevant Notes, the initial Rate of Interest, or the Rate of Interest applicable as at the last preceding Interest Determination Date before

the occurrence of the Benchmark Event, will continue to apply to maturity. This will result in the Floating Rate Notes, in effect, becoming fixed rate Notes.

Where ISDA Determination is specified as the manner in which the Rate of Interest in respect of Floating Rate Notes is to be determined, the Conditions provide that the Rate of Interest in respect of the Notes shall be determined by reference to the relevant Floating Rate Option in the 2006 ISDA Definitions. Where the Floating Rate Option specified is an “IBOR” Floating Rate Option, the Rate of Interest may be determined by reference to the relevant screen rate or the rate determined on the basis of quotations from certain banks. If the relevant IBOR is permanently discontinued and the relevant screen rate or quotations from banks (as applicable) are not available, the operation of these provisions may lead to uncertainty as to the Rate of Interest that would be applicable, and may, adversely affect the value of, and return on, the Floating Rate Notes.

#### *Fixed/Floating Rate Notes*

Notes to which Condition 4.5 (*Change of Interest Basis*) applies may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on such Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

#### *Notes issued at a substantial discount or premium*

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

## **2. *Credit rating risks and risks which may affect the liquidity of the Notes***

#### *Credit ratings assigned to the Issuer or any Notes may not reflect all the risks associated with an investment in those Notes*

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

#### *Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued*

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

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

*An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell its Notes*

Notes may have no established trading market when issued, and one may never develop. If a market for the Notes 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.

### 3. ***Risks relating to Italian taxation***

*Reduction in liquidity of the Notes as a result of any delisting*

Application has been made for Notes issued under the Programme to be listed on the Official List of Euronext Dublin and admitted to trading on Euronext Dublin and Notes issued under the Programme may also be admitted to trading, listing and/or quotation by any other listing authority, stock exchange or quotation system (each, a “listing”), as specified in the relevant Final Terms. Such Notes may subsequently be delisted despite the best efforts of the Issuer to maintain such listing. 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, which could result in an adverse effect on the market value of Notes.

*Risks relating to the potential application of withholding tax*

The Issuer is organized under the laws of Italy and is Italian resident for tax purposes and therefore payments of principal and interest on the Notes and, in certain circumstances, any gain on the Notes, will be subject to Italian tax laws and regulations. All payments made by or on behalf of the Issuer in respect of the Notes will be made free and clear of withholding or deduction of Italian taxation, unless the withholding or deduction is required by law. In that event, subject to a number of exceptions, the Issuer will pay such additional amounts as will result in the holders of the Notes receiving such amounts as they would have received in respect of such Notes had no such withholding or deduction been required. The Issuer is not liable to pay any additional amounts to holders of the Notes under certain circumstances, including if any withholding or deduction is required pursuant to Italian Legislative Decree No. 239 of April 1, 1996 (“**Decree 239**”) or pursuant to Italian Legislative Decree No. 461 of November 21, 1997 (“**Decree 461**”) and any related implementing regulations, except, the case of Decree 239 or Decree 461, where the procedures required under Decree 239 or Decree 461 in order to benefit from an exemption have not been complied with due to the actions or omissions of the Issuer or its agents. In such circumstances,



where no additional amounts are due, investors subject to Italian withholding tax will only receive the net proceeds of their investment in the Notes.

Although the Issuer believes that, under current law, Italian withholding tax will not be imposed under Decree 239 or Decree 461 where the Notes are listed on a regulated market or multilateral trading facility upon issuance and a holder of Notes is resident for tax purposes, or an institutional investor not subject to tax set up, in a country or territory which allows for a satisfactory exchange of information with the Italian tax authorities as contained in the Italian Ministerial Decree of the Minister of Economy and Finance of September 4, 1996, as amended and, supplemented from time to time and replaced, (the “**White List**”), and such holder complies with certain certification requirements there is no assurance that this will be the case.

*No assurance can be given that the procedural requirements to apply the Italian tax regime provided by Decree 239 in respect of the Notes will be met by the relevant foreign intermediaries.*

The regime provided by Decree 239 and in particular the exemption from withholding tax, which is in principle granted to non-Italian resident holders of the Notes who are the beneficial owners of the proceeds from the Notes (or if the holders are institutional investors not subject to tax, even if they are not the beneficial owners of the Notes) and who are resident in a country or territory which allows for a satisfactory exchange of information with the Italian tax authorities as contained as at the date of this Base Prospectus in the White List, applies if certain procedural requirements and conditions set forth by Decree 239 (as amended or supplemented) and by the relevant application rules are met. It is not possible to assure that all non-Italian resident investors can claim the application of the withholding tax exemption where the relevant foreign intermediary fails to comply with the procedural rules set for the application of the exemption regime or fails to provide sufficient information to the relevant Italian tax authorities under the procedures set for applying the exemption regime

#### **4. *Legal risks relating to modifications of the Notes and changes in the law***

*The conditions of the Notes contain provisions which may permit their modification without the consent of all investors*

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

As provided under Article 2415, first paragraph, number 2, of the Italian Civil Code, the Noteholders may, by a Resolution passed by a specific majority, modify the Conditions of the Notes (these modifications may relate to, without limitation, the maturity of the Notes or the dates on which interest is payable on them; the principal amount of, or interest on, the Notes; or the currency of payment of the Notes).

These and other changes to the Conditions of the Notes may adversely impact Noteholders' rights and may adversely impact the market value of the Notes.

##### *Change of law*

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

after the date of this Base Prospectus, and any such change could impact the value of any Notes thereby affected.

*Legal investment considerations may restrict certain investments*

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

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Base Prospectus and have been filed with the Central Bank and Euronext Dublin shall be incorporated by reference in, and form part of, this Base Prospectus:

- (a) the audited consolidated annual financial statements of FNM as at and for the financial year ended 31 December 2020 (available at: <https://www.fnmgroup.it/documents/11605/438472/FY2020+Annual+Report/abe9493b-7d5f-4ef7-adad-aa9061f61cba>) including the information set out at the following pages, in particular:

Management Report (sections 1 to 21) ..... Pages 6 to 86

For the avoidance of doubt, section 22: “Management Outlook” of the Management Report is not incorporated by reference in nor shall be deemed to be a part of this Base Prospectus.

Glossary of terms and alternative performance indicators used..... Pages 89 to 90

Consolidated income statement ..... Page 94

Other consolidated comprehensive income ..... Page 95

Consolidated statement of financial position... Page 93

Consolidated statement of cash flows ..... Page 96

Statement of changes in consolidated shareholders' equity ..... Page 95

Notes to the consolidated financial statements ..... Pages 97 to 182

Independent auditor's report..... Pages 184 to 192

- (b) the audited consolidated annual financial statements of FNM as at and for the financial year ended 31 December 2019 (available at: <https://www.fnmgroup.it/documents/11605/379775/FY2019+Annual+Report/115f3784-ed66-4a40-85f5-b0d85f259c30>) including the information set out at the following pages, in particular:

Management Report (sections 1 to 17)..... Pages 11 to 72

For the avoidance of doubt, section 18: “Management Outlook” of the Management Report is not incorporated by reference in nor shall be deemed to be a part of this Base Prospectus.

Glossary of terms and alternative performance indicators used..... Pages 75 to 76

Consolidated income statement ..... Page 80

Other consolidated comprehensive income ..... Page 81

Consolidated financial statement ..... Page 79

Consolidated statement of cash flows ..... Page 82

Statement of changes in consolidated shareholders' equity ..... Page 81

Notes to the consolidated financial statements ..... Pages 83 to 161

Independent auditor's report..... Pages 233 to 237

- (c) the unaudited interim consolidated results of FNM as at and for the six months ended 30 June 2021 (available at <https://www.fnmgroup.it/documents/11605/495355/Consolidated+Interim+Financial+Statement+at+June+30%2C+2021/3e20ae20-4f98-4d31-826d-e3f734d5769a>) including the information set out at the following pages, in particular:

The following sections of the Management Report to the consolidated condensed interim financial statements:

- 4.3 Reclassified Statement of Financial Position	Pages 24 to 29
- 5.1 Railway Infrastructure Management	Pages 29 to 31
- 5.2 Rosco & Services	Pages 31 to 32
- 5.3 Road Passenger Transport	Pages 33 to 36

For the avoidance of doubt, none of the other sections of the Management Report are incorporated by reference in nor shall be deemed to be a part of this Base Prospectus.

Glossary of terms and alternative performance indicators used.....	Pages 50 to 51
Consolidated income statement.....	Page 54
Other consolidated comprehensive income .....	Page 55
Consolidated statement of financial position...	Page 53
Consolidated statement of cash flows .....	Page 56
Changes in consolidated shareholders' equity .	Page 55
Notes to the consolidated condensed interim financial statements .....	Pages 57 to 103
Review report on consolidated condensed interim financial statements.....	Pages 105 to 106

- (d) the unaudited pro forma consolidated statement of comprehensive income for the year ended 31 December 2020 (available at: <https://www.fnmgroup.it/documents/11605/495355/Unaudited+pro+forma+consolidated+statement+of+comprehensive+income++at+31+December+2020+of+FNM/951971b3-44a8-4c4c-8ead-ba207068d76e>) including the information set out at the following pages, in particular:

Whole document.....	Pages 1 to 11
Independent auditor's report.....	Pages 12 to 14

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

Any information contained in any of the documents specified herein which is not incorporated by reference in this Base Prospectus is either not relevant to investors or is covered elsewhere in this Base Prospectus (in line with Article 19(1) of Prospectus Regulation.

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the Central Bank in accordance with Article 23 of the Prospectus Regulation. Statements contained in any

such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus will be available for inspection at the registered office of the Issuer and at the specified office of the Paying Agent for the time being in London, and will be published on the website of the Issuer at <https://www.fnmgroup.it/en/il-gruppo-fnm-in-borsa>.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus and are either not relevant for the investor or covered in another part of this Base Prospectus.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes.

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

## FORM OF THE NOTES

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

- (a) if the Global Notes are intended to be issued in new global note (“**NGN**”) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the “**Common Safekeeper**”) for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”); and
- (b) if the Global Notes are not intended to be issued in NGN Form, be delivered on or prior to the original issue date of the Tranche to a common depository (the “**Common Depository**”) for, Euroclear and Clearstream, Luxembourg.

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

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

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

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

The applicable Final Terms will specify that a Temporary Global Note or a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, interest coupons and talons attached upon either (a) not less than 60 days’ written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Temporary Global Note or Permanent Global Note) to the Paying Agent as described therein or (b) only upon the occurrence of

an Exchange Event or (c) at any time at the request of the Issuer. For these purposes, “**Exchange Event**” means that (i) an Event of Default (as defined in Condition 9) has occurred and is continuing, or (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Temporary Global Note or Permanent Global Note) may give notice to the Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Paying Agent. At the same time, holders of interests in such Temporary Global Note or Permanent Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg on and subject to the terms of a deed of covenant (the “**Deed of Covenant**”) dated 28 September 2021 and executed by the Issuer.

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

“ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.”

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

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

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

## **FINAL TERMS AND DRAWDOWN PROSPECTUS**

In this section the expression “necessary information” means, in relation to any Tranche of the Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes and the reasons for the issuance and its impact on the issuer. In relation to the different types of Notes which may be issued under the Programme the Issuer has included in this Base Prospectus all of the necessary information except for information relating to the Notes which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Base Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the relevant Final Terms or in a Drawdown Prospectus.

For a Tranche of Notes which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, complete this Base Prospectus and must be read in conjunction with this Base Prospectus.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Conditions described in the relevant Final Terms as completed to the extent described in the relevant Final Terms.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

Each Drawdown Prospectus will be constituted by a single document containing the necessary information relating to the Issuer and the relevant Notes.



## APPLICABLE FINAL TERMS

**PRIIPs/IMPORTANT – EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the “**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended (the “**MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97, as amended or superseded (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014, as amended (the PRIIPs Regulation) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**[PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

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

**UK MIFIR product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA (“**UK MiFIR**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.

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

[DATE]

**FNM S.p.A.**

*(incorporated with limited liability in the Republic of Italy)*

**Legal Entity Identifier (LEI): 815600AB6FA8AADC8739**

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

**under the €1,000,000,000**

**Euro Medium Term Note Programme**

## **PART A**

### **CONTRACTUAL TERMS**

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 28 September 2021 [and the supplement[s] to it dated [date] [and [date]] which [together] constitute[s] a base prospectus (together, the “**Base Prospectus**”) for the purposes of the Regulation (EU) 2017/1129, as amended (the “**Prospectus Regulation**”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 8 of the Prospectus Regulation and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus dated 28 September 2021. [The Base Prospectus is available for viewing on the website of Euronext Dublin at <https://live.euronext.com/>]]<sup>1</sup> and on the Issuer’s website at <https://www.fnmgroup.it/en/il-gruppo-fnm-in-borsa> and copies may be obtained from the registered offices of the Issuer and the specified office of the Paying Agents.

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

*[When adding any other information consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.]*

- |   |  |   |
|---|--|---|
| 1 | (i) Series Number:   | [•]   |
|   | (ii) Tranche Number:   | [•]   |
|   | (iii) Date on which the Notes will be consolidated and form a single Series: | The Notes will be consolidated and form a single Series with [ <i>identify earlier Tranches</i> ] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 26 below, which is expected to occur on or about [date]][Not Applicable] |
| 2 | Specified Currency or Currencies:  | [•]   |
| 3 | Aggregate Nominal Amount:  |   |

---

<sup>1</sup> To be included for listed Notes only.

	(a) Series:	
	(b) Tranche:	
4	Issue Price:	[●]% of the Aggregate Nominal Amount [plus accrued interest from <i>[insert date]</i> (if applicable)]
5	(i) Specified Denominations:	<p>[●]</p> <p><i>(N.B. Notes must have a minimum denomination of €100,000 (or its equivalent in any other currency))</i></p> <p><i>(Note – where multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed:</i></p> <p><i>“[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000].</i></p> <p><i>No Notes in definitive form will be issued with a denomination above [€199,000].”)</i></p>
	(ii) Calculation Amount:	[●]
6	(i) Issue Date:	[●]
	(ii) Interest Commencement Date:	<p>[[●]/Issue Date/Not Applicable]</p> <p><i>(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)</i></p>
	(iii) Trade Date	
7	Maturity Date:	<p><i>[Fixed rate – specify date/</i></p> <p><i>Floating rate – Interest Payment Date falling in or nearest to [specify month and year]]</i></p>
8	Interest Basis:	<p>[[●]% Fixed Rate]</p> <p>[[●] month [EURIBOR] +/- [●]% Floating Rate]</p> <p>[Fixed – Floating Rate]</p> <p>[Floating Rate – Fixed Rate]</p> <p>[Zero Coupon]</p> <p>(further particulars specified in paragraph[s] [13/14/15] below)</p>
9	Change of Interest Basis:	<p>[For the period from (and including) the Interest Commencement Date, up to (but excluding) <i>[date]</i> paragraph [13/14] applies and for the period from (and including) <i>[date]</i>, up to (and including) the Maturity Date, paragraph [13/14] applies]/[Not Applicable]</p>
10	Redemption/Payment Basis:	<p>Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [●]/[100] per cent. of their nominal amount.</p>
11	Put/Call Options:	<p>[Investor Put]</p> <p>[Relevant Event Put]</p>

- [Issuer Call]  
[Substantial Purchase Event]  
[Issuer Maturity Par Call]  
[(further particulars specified in paragraph[s]  
[19/20/21/22/23] below)]  
[Not Applicable]
- 12 [Date [competent corporate body]  
approval for issuance of Notes obtained: [] [●] registered with the Companies' Registry of [●]  
on [●]  
*(N.B. Only relevant where Board (or similar)  
authorisation is required for the particular tranche of  
Notes)*

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 13 Fixed Rate Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs  
of this paragraph)*
- (a) Rate(s) of Interest: [●]% per annum payable in arrear on each Interest  
Payment Date
- (b) Interest Payment Date(s): [●] in each year up to and including the Maturity Date]  
*(N.B. This will need to be amended in the case of long  
or short coupons)*
- (c) Fixed Coupon Amount(s): [●] per Calculation Amount  
*(Applicable to Notes in definitive  
form.)*
- (d) Broken Amount(s): [●] per Calculation Amount, payable on the Interest  
Payment Date falling [in/on] [●]  
*(Applicable to Notes in definitive  
form.)*
- (e) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (f) [Determination Date(s): [●] in each year  
*(Insert regular interest payment dates, ignoring issue  
date or maturity date in the case of a long or short first  
or last coupon.*  
*N.B. This will need to be amended in the case of  
regular interest payment dates which are not of equal  
duration*  
*N.B. Only relevant where Day Count Fraction is  
Actual/Actual (ICMA))]*
- 14 Floating Rate Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining  
subparagraphs of this paragraph)*
- (a) Specified Period(s)/Specified [●]  
Interest Payment Dates:

- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (c) Additional Business Centre(s): [●]
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Fiscal Agent): [*name*] shall be the Calculation Agent (*no need to specify if the Fiscal Agent is to perform this function*)]
- (f) Screen Rate Determination:
- Reference Rate and Relevant Financial Centre: Reference Rate: [●] month [EURIBOR]  
Relevant Financial Centre: [London/Brussels]
  - Interest Determination Date(s): [●]  
  
(*Second day on which the TARGET2 System is open prior to the start of each Interest Period*)
  - Relevant Screen Page: [●]  
  
(*If not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*)
- (g) ISDA Determination:
- Floating Rate Option: [●]
  - Designated Maturity: [●]
  - Reset Date: [●]  
  
(*In the case of a EURIBOR based option, the first day of the Interest Period*)
- (h) [Linear Interpolation: Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Specified Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)
- (i) Margin(s): [ +/- ] [●] % per annum
- (j) Minimum Rate of Interest: [●] % per annum
- (k) Maximum Rate of Interest: [●] % per annum
- (l) Day Count Fraction: [Actual/Actual (ISDA)]  
[Actual/Actual]  
[Actual/365 (Fixed)]  
[Actual/365 (Sterling)]  
[Actual/360]  
[30/360]  
[360/360]  
[Bond Basis]

		[30E/360]
		[Eurobond Basis]
		[30E/360 (ISDA)]
		<i>(See Condition 4 for alternatives)</i>
15	Fixed-Floating Rate Note Provisions	[Applicable/Not Applicable]
		[[●] per cent. Fixed Rate in respect of the Fixed Interest Period(s) ending on (but excluding) [●], then calculated in accordance with paragraph 14 above.]
16	Floating-Fixed Rate Note Provisions	[Applicable/Not Applicable]
		[[Floating Rate]] in respect of the Interest Period(s) ending on (but excluding) [●], then calculated in accordance with paragraph 13 above.]
17	Zero Coupon Note Provisions	[Applicable/Not Applicable]
		<i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
	(a) Accrual Yield:	[●]% per annum
	(b) Reference Price:	[●]
	(c) Day Count Fraction in relation to	[30/360]
	Early Redemption Amounts and	[Actual/360]
	late payment:	[Actual/365]

#### PROVISIONS RELATING TO REDEMPTION

18	Notice periods for Condition 6.2 <i>(Redemption and Purchase – Redemption for tax reasons):</i>	Minimum period: [30]/[●] days Maximum period: [60]/[●] days <i>(The minimum period shall be no less than 30 days and the maximum period shall be no more than 60 days')</i>
19	Issuer Call:	[Applicable/Not Applicable]
		<i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
	(a) Optional Redemption Date(s):	[●]
	(b) Optional Redemption Amount <i>(Either a specified amount or an election that redemption should be calculated as a Make-Whole Amount):</i>	[[●] per Calculation Amount]/[Make-Whole Amount]
	(c) Redemption Margin: <i>(Only applicable to Make-Whole Amount redemption)</i>	[[●] per cent.] [Not Applicable]
	(d) Reference Bond: <i>(Only applicable to Make-Whole Amount redemption)</i>	[insert applicable reference bond] [Not Applicable]
	(e) Reference Dealers:	[[●]] [Not Applicable]

*(Only applicable to Make-Whole Amount redemption)*

- (f) If redeemable in part:
- (i) Minimum Redemption Amount: [●]
- (ii) Maximum Redemption Amount: [●]
- (g) Notice periods:

Minimum period: [●] days  
Maximum period: [●] days

*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*

20 Substantial Purchase Event

[Applicable/Not Applicable]

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

- (a) Notice periods:

Minimum period: [ ] days  
Maximum period: [ ] days

*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*

21 Issuer Maturity Par Call

[Applicable/Not Applicable]

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

- (a) Optional Redemption Date(s):
- (b) Notice periods:

[●] / [any date that is 90 days prior to the Maturity Date to (but excluding) the Maturity Date]

Minimum period: [●] days  
Maximum period: [●] days

*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*

- 22 Investor Put: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Optional Redemption Date(s): [●]
- (b) Optional Redemption Amount: [●] per Calculation Amount
- (c) Notice periods: Minimum period: [ ] days  
Maximum period: [ ] days
- (d) Conditions for exercise: [Not Applicable]/*[Insert description of any conditions and/or circumstances which need to be satisfied prior to exercise of Investor Put]*
- 23 Relevant Event Put: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Optional Redemption Date(s): [●] days following the expiration of the Relevant Event Put Period
- (b) Optional Redemption Amount: [●] per Calculation Amount
- (c) Relevant Event Put Period: 60 days
- 24 Final Redemption Amount: [●] per Calculation Amount
- 25 Early Redemption Amount payable on redemption for taxation reasons or on event of default: [As set out in Condition 6.8]/[●] per Calculation Amount

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

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



		<i>issue by a Temporary Global Note exchangeable for definitive Notes.)</i>
	(b) [New Global Note:	[Yes][No]]
27	Additional Financial Centre(s) for Condition 5.5 ( <i>Payment Day</i> ):	[Not Applicable/give details]
		<i>(Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub-paragraph 14(c) relates)</i>
28	Talons for future Coupons to be attached to definitive Notes:	[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]
29	Redenomination applicable:	Redenomination [not] applicable
		<i>(If Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates))</i>

The Issuer accepts responsibility for the information contained in these Final Terms.

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

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

By:

***Duly authorised***

## PART B

### OTHER INFORMATION

#### 1 LISTING AND ADMISSION TO TRADING

- (a) Listing and Admission to trading [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the [Euronext Dublin and listing on Euronext Dublin] with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [Euronext Dublin's regulated market and listing on Euronext Dublin] with effect from [●].]<sup>2</sup> [Not Applicable.]  
*(When documenting a fungible issue need to indicate that original Notes are already admitted to trading.)*
- (b) Estimate of total expenses related to admission to trading: [[●] [Euronext Dublin] [and] [●]]<sup>3</sup> [Not Applicable]

#### 2 RATINGS

- Ratings: [The Notes to be issued [[have been][have not been]/[are expected to be]] rated *[insert details]* by *[insert the legal name of the relevant credit rating agency entity(ies)]*]:  
*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*  
*(Include brief explanation of rating if available)*
- Each of *[Insert the legal name of the relevant credit rating agency entity]* is established in [the European Union]/[the United Kingdom] and is registered under [Regulation (EC) No. 1060/2009 (as amended) (the “**EU CRA Regulation**”)]/[Regulation (EC) No 1060/2009 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**UK CRA Regulation**”)].
- [Each of *[defined terms]* is not established in [the European Union] / [the United Kingdom] and has not applied for registration under [Regulation (EC) No. 1060/2009 (as amended) (the “**EU CRA Regulation**”)]/[Regulation (EC) No 1060/2009 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**UK CRA Regulation**”)].]

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<sup>2</sup> To be included for listed Notes only.

<sup>3</sup> To be included for listed Notes only.

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[Each of *[defined terms]* is established in [the European Union] / [the United Kingdom] and has applied for registration under [Regulation (EU) No 1060/2009 (the “**EU CRA Regulation**”)]/[Regulation (EC) No 1060/2009 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**UK CRA Regulation**”)], although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.]

[Each of *[defined terms]* is not established in [the European Union] / [the United Kingdom] and has not applied for registration under [Regulation (EU) No 1060/2009 (the “**EU CRA Regulation**”)]/[Regulation (EC) No 1060/2009 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**UK CRA Regulation**”)] but the rating issued by it is endorsed by *[defined terms]* which is established in [the European Union] / [the United Kingdom] and [is registered under the [EU CRA Regulation]/[UK CRA Regulation]] [has applied for registration under the [EU CRA Regulation]/[UK CRA Regulation], although notification of the corresponding registration decision has not yet been provided by the relevant competent authority].]

[Each of *[defined terms]* is not established in [the European Union] / [the United Kingdom] and has not applied for registration under [Regulation (EU) No 1060/2009 (the “**EU CRA Regulation**”)]/[Regulation (EC) No 1060/2009 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**UK CRA Regulation**”)] but is certified in accordance with the [EU CRA Regulation] / [UK CRA Regulation].]

[Each of *[defined terms]* is not established in [the European Union] / [the United Kingdom] and is not certified under [Regulation (EU) No. 1060/2009 (the “**EU CRA Regulation**”)]/[Regulation (EC) No 1060/2009 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**UK CRA Regulation**”)] and the rating given by it is not endorsed by a Credit Rating Agency established in the European Union and registered under the [EU CRA Regulation]/[UK CRA Regulation]..]”

[Insert *legal name of particular credit rating agency entity providing rating*] is established in the [United Kingdom]/[insert] and is [registered with the Financial Conduct Authority in accordance with] / [the rating it has given to the Notes is endorsed by [UK-based credit rating agency] registered with the FCA in accordance with] / [certified under] [the UK Credit Rating Agencies Regulation, as amended by the Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019]]<sup>4</sup>

### 3 REASONS FOR THE OFFER – USE OF PROCEEDS AND ESTIMATED NET PROCEEDS

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

*(If “Other”, set out use of proceeds here)*

The estimated net proceeds, after deduction of commissions, fees and estimated expenses will be [•].

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

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

[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.)]

### 5 YIELD (*Fixed Rate Notes only*)

Indication of yield: [•]

### 6 HISTORIC INTEREST RATES (*Floating Rate Notes only*)

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

[Amounts payable under the Notes will be calculated by reference to EURIBOR which is provided by [•]. [As at [•], [•] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Regulation (EU) 2016/1011 (the “**Benchmarks Regulation**”).] [As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that as at [•] is not required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).]]

### 7 OPERATIONAL INFORMATION

(a) ISIN: [•]

(b) Common Code: [•]

(c) CFI: [[•]/As set out on the website of the

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<sup>4</sup> Insert for Notes which are admitted to trading on a regulated market within the EU and which have been assigned a rating.

- Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]
- (d) FISN: ☐/[As set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]  
*(If the CFI and/or FISN is not required, requested or available, it/they should be specified to be “Not Applicable”)*
- (e) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- (f) Delivery: Delivery [against/free of] payment
- (g) Names and addresses of additional Paying Agent(s) (if any): ☐
- (h) Deemed delivery of clearing system notices for the purposes of Condition 13: Any notice delivered to Noteholders through the clearing systems will be deemed to have been given on the [second] [business] day after the day on which it was given to Euroclear and Clearstream, Luxembourg.
- (i) Intended to be held in a manner which would allow Eurosystem eligibility: ☐ [Yes] ☐ [No]
- Yes: Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] *[include this text if “yes” selected in which case the Notes must be issued in NGN form]*
- [No: Note that whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be

## 8 DISTRIBUTION

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## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, complete the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to “Applicable Final Terms” for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.*

This Note is one of a Series (as defined below) of Notes issued by FNM S.p.A. (the “**Issuer**”) pursuant to an agency agreement dated 28 September 2021 (as amended or supplemented as at the relevant Issue Date, the “**Agency Agreement**”) between the Issuer, The Bank of New York Mellon as fiscal agent and the other agents named in it and with the benefit of a deed of covenant dated 28 September 2021 (as amended or supplemented as at the relevant Issue Date, the “**Deed of Covenant**”) executed by the Issuer in relation to the Notes. The fiscal agent, the paying agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Fiscal Agent**”, the “**Paying Agents**” (which expression shall include the Fiscal Agent) and the “**Calculation Agent(s)**”. The Noteholders (as defined below), the holders of the interest coupons (the “**Coupons**”) relating to interest bearing Notes and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) (the “**Couponholders**”) are bound by and are deemed to have notice of all of the provisions of the Agency Agreement and the Deed of Covenant applicable to them.

References herein to the “**Notes**” shall be references to the Notes of this Series and shall mean:

- (a) in relation to any Notes represented by a global Note (a “**Global Note**”), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note; and
- (c) any definitive Notes issued in exchange for a Global Note.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which complete these Terms and Conditions (the “**Conditions**”) and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, complete the Conditions for the purposes of this Note. References to the “**applicable Final Terms**” are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

As used herein, “**Tranche**” means Notes which are identical in all respects (including as to listing and admission to trading) and “**Series**” means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Paying Agents. Copies of the applicable Final Terms are available for viewing at the registered office of the Issuer and at the specified office of each of the Paying Agents and copies may be obtained from those offices save that, if this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Regulation, the applicable

Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of such Notes and identity. If the Notes are to be admitted to trading on the regulated market of Euronext Dublin, the applicable Final Terms will be published on the website of Euronext Dublin (<https://live.euronext.com/>). Otherwise, in case the Notes are to be admitted to trading on the regulated market of a further or other host Member States within the European Economic Area, the applicable Final Terms will be published in accordance with the laws and regulations applicable to such regulated market.

The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated, and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

## **1 Form, Denomination and Title**

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to the Notes and Coupons will pass by delivery. The Issuer and the Paying Agents will (except as otherwise required by law) deem and treat the bearer of any Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank S.A./N.V. (“**Euroclear**”) and/or Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Paying Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer and any Paying Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions “**Noteholder**” and “**holder of Notes**” and related expressions shall be construed accordingly.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Final Terms.



## 2 Status of the Notes

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

## 3 Negative Pledge

### 3.1 Negative Pledge

So long as any of the Notes remains outstanding, the Issuer will not, and will ensure that none of its Principal Subsidiaries (as defined below) will, create or have outstanding any mortgage, charge, lien, pledge or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction (each a “**Security Interest**”), other than a Permitted Encumbrance (as defined below), upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness (as defined below), unless the Issuer, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

- (a) all amounts payable by it under the Notes, the Coupons and the Conditions are secured by the Security Interest equally and rateably with the Relevant Indebtedness; or
- (b) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided as is approved by a Resolution (as defined in the Agency Agreement) of the Noteholders.

### 3.2 Interpretation

For the purposes of these Conditions:

- (a) “**Additional Financial Centre(s)**” means the city or cities specified as such in the relevant Final Terms;
- (b) “**Calculation Agent**” means (i) the Fiscal Agent or (ii) the Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;
- (c) “**Concession**” has the meaning ascribed to it under Condition 6.6.
- (d) “**Consolidated Assets**” means, with respect to any date, the consolidated total assets of the Group as reported in the most recently published audited annual consolidated financial statements of the Issuer;
- (e) “**Consolidated Revenues**” means, with respect to any date, the consolidated total revenues of the Group as reported in the most recently published audited annual consolidated financial statements of the Issuer;
- (f) “**Established Rate**” means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Union regulations) into euro established by the Council of the European Union pursuant to Article 140 of the Treaty;
- (g) “**euro**” means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;
- (h) “**Final Redemption Amount**” has the meaning given in the relevant Final Terms;

- (i) **“Group”** means the Issuer and its Subsidiaries;
- (j) **“Guarantee”** means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):
  - (i) any obligation to purchase such Indebtedness;
  - (ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;
  - (iii) any indemnity against the consequences of a default in the payment of such Indebtedness; and
  - (iv) any other agreement to be responsible for such Indebtedness;
- (k) **“Indebtedness”** means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:
  - (i) amounts raised by acceptance under any acceptance credit facility;
  - (ii) amounts raised under any note purchase facility;
  - (iii) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
  - (iv) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 90 days (other than any liability arising under contracts entered into by the Issuer (i) in relation to the purchase of trains and/or (ii) the development and/or maintenance of trains and railway networks, in each case, which have an agreed payment term in excess of 90 days); and
  - (v) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (l) **“Interest Determination Date”** has the meaning given in the relevant Final Terms;
- (m) **“Margin”** has the meaning given in the relevant Final Terms;
- (n) **“Maximum Rate of Interest”** has the meaning given in the relevant Final Terms;
- (o) **“Maximum Redemption Amount”** has the meaning given in the relevant Final Terms;
- (p) **“Minimum Rate of Interest”** has the meaning given in the relevant Final Terms;
- (q) **“Minimum Redemption Amount”** has the meaning given in the relevant Final Terms;
- (r) **“Permitted Encumbrance”** means:
  - (i) any Security Interest securing Relevant Indebtedness arising by operation of law (or agreement evidencing the same) in the ordinary course of business of the Issuer or any of its Subsidiaries which does not (either alone or together with any one or more other such Security Interests) materially impair the operation of such business prior to any enforcement of any such Security Interest or, as appropriate, Security Interests against the assets to which it or, as appropriate, they attach(es);
  - (ii) any Security Interest securing Relevant Indebtedness created by a company which becomes a Principal Subsidiary or any Security Interest over the shares/quotas of a company which becomes a Subsidiary of the Issuer or of a Principal Subsidiary in each

case after the Issue Date and where such Security Interest already existed at the time that company became a Principal Subsidiary or a Subsidiary of the Issuer or of a Principal Subsidiary, as the case may be (provided that such Security Interest was not created in contemplation of that company becoming a Principal Subsidiary or a Subsidiary of the Issuer or of a Principal Subsidiary, and the aggregate principal amount secured at the time of that company becoming a Principal Subsidiary or a Subsidiary of the Issuer or of a Principal Subsidiary is not subsequently increased and the Security Interest remains limited to all or part of the same property and assets that secured the Security Interest prior to the time of that company becoming a Principal Subsidiary or a Subsidiary of the Issuer or of a Principal Subsidiary);

- (iii) any Security Interest securing any Project Finance Indebtedness in the form of Relevant Indebtedness;
  - (iv) any Security Interest securing Relevant Indebtedness in existence on the Issue Date of the first tranche of the Notes of the relevant Series, provided that the principal amount secured by the Security Interest is not subsequently increased and the Security Interest remains limited to all or part of the same property and assets that originally secured the Security Interest;
  - (v) any Security Interest to secure Relevant Indebtedness upon, or with respect to, any present or future assets, receivables, remittances or payment rights of the Issuer or any of its Subsidiaries (the "**Charged Assets**") which is created pursuant to any securitisation or like arrangements whereby all or substantially all the payment obligations in respect of such Indebtedness are to be discharged solely from the Charged Assets; and
  - (vi) any Security Interest created in substitution of any Security Interest permitted under paragraphs (i) to (v) above over the same or substituted assets provided that (1) the principal amount secured by the substitute Security Interest does not exceed the principal amount outstanding and secured by the initial Security Interest and (2) in the case of substituted assets, the market value of the substituted assets as at the time of substitution does not exceed the market value of the assets replaced;
- (s) "**Permitted Reorganisation**" means any  *fusione*  or  *scissione*  (such expressions bearing the meanings ascribed to them by the laws of the Republic of Italy) or any other reconstruction, amalgamation, reorganisation, merger, consolidation, contribution in kind or restructuring or other similar arrangement, in each case:
- (i) on terms approved by a Resolution of the Noteholders; or
  - (ii) occurring by operation of law; or
  - (iii) in the case of a Principal Subsidiary, whilst solvent whereby all or a substantial part of its assets and undertaking are transferred to or otherwise vested in, the Issuer or another Principal Subsidiary (or a Subsidiary which, as a result of such transfer or vesting, become a Principal Subsidiary); or
  - (iv) in the case of the Issuer, whilst solvent whereby all or a substantial part of the assets and undertaking of the Issuer are transferred to an entity (such entity being, for the avoidance of doubt, prior to or immediately upon such transfer, a Subsidiary of the Issuer) and such entity (1) assumes or maintains (as the case may be) liability as principal debtor in respect of the Notes; (2) continues substantially to carry on the business of the Issuer; and (3) such transfer does not result in a Rating Downgrade;

- (t) **“Person”** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality or any of their successors or assignees;
- (u) **“Principal Subsidiary”** at any time shall mean a Subsidiary of the Issuer: (i) whose revenues (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent not less than 15% of the Consolidated Revenues or, as the case may be, Consolidated Assets of the Issuer and its consolidated Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited consolidated accounts of the Issuer and its consolidated Subsidiaries; or (ii) to which is transferred the whole or substantially the whole of the undertaking of a Subsidiary of the Issuer which immediately before the transfer is a Principal Subsidiary;
- (v) **“Project”** means the ownership, acquisition (in each case, in whole or in part), development, restructuring, leasing, maintenance and/or operation of an asset or assets, including, for the avoidance of doubt, any Concessions and the equity participations in a company holding such assets or projects.
- (w) **“Project Finance Indebtedness”** means any present or future, secured or unsecured, Indebtedness incurred to finance or refinance (in each case, in whole or in part) a Project, whereby (A) the claims of the relevant creditor(s) against the borrower with respect to such Indebtedness are limited to only (i) the amount of cash flow or net cash flow generated by and through the Project (including, for the avoidance of doubt, its assets and, where relevant, the Concession(s)) and/or (ii) the amount of proceeds deriving from the enforcement of any Security Interest taken over the Project (including, for the avoidance of doubt, any interest or equity participations in the relevant Person or Persons, directly and/or indirectly, holding and/or operating the relevant Project) to secure the Project Finance Indebtedness and/or (iii) other credit support (including, without limitation, completion guarantees and contingent equity obligations) customarily provided in support of such Indebtedness provided that the recourse is limited to a claim for damages for breach of an obligation (not being a payment obligation or an obligation to procure payment by another) by the person against whom such recourse is available; (B) the relevant creditor has no recourse whatsoever against any assets of any member of the Group other than the Project and the Security Interest taken over the Project to secure the Project Finance Indebtedness and the damages for breach of obligations, in each case referred to above. For the avoidance of doubt, the definition of Project Finance Indebtedness shall include also any bridge financing incurred in connection with a Project.
- (x) **“Rating Agency”** means any of Moody's Investors Service España, S.A. or Fitch Ratings Ireland Limited, or any of their successors;
- (y) **“Rating Downgrade”**, for the purpose of the definition of “Permitted Reorganisation” shall be deemed to occur if, at the time of any event included in the definition of “Permitted Reorganisation” the Notes carry from any Rating Agency either:
  - (A) an investment grade credit rating (BBB-/Baa3/BBB-, or equivalent, or better), and such rating from any Rating Agency assigning a credit rating to the Notes is within 90 days of the occurrence of the Permitted Reorganisation either downgraded to a non-investment grade credit rating (BB+/Ba1/BB+, or equivalent, or worse) or withdrawn and is not within such 90-day period subsequently (in the case of a downgrade) upgraded to an investment grade credit rating by such Rating Agency or (in the case of a withdrawal) replaced by an investment grade credit rating from any other Rating Agency; or

- (B) a non-investment grade credit rating (BB+/Ba1/BB+, or equivalent, or worse), and such rating from any Rating Agency assigning a credit rating to the Notes is within 90 days of the occurrence of the Permitted Reorganisation downgraded by one or more notches (for illustration, Ba1 to Ba2 being one notch) and is not within such 90-day period subsequently upgraded to its earlier credit rating or better by such Rating Agency; or
- (C) no credit rating, and no Rating Agency assigns within 90 days of the occurrence of the Permitted Reorganisation an investment grade credit rating to the Notes,

and, in the case of (A) and (B) above, in making the relevant decision(s) referred to above, the relevant Rating Agency announces publicly or confirms in writing to the Issuer that such decision(s) resulted, in whole or in part, from the occurrence of the transfer;

- (z) “**Reference Rate**” has the meaning given in the relevant Final Terms;
- (aa) “**Reference Shareholder**” means the Region of Lombardy or any consortium or company directly or indirectly controlled by such entities or authorities; for the purposes of this definition, (i) “**consortium**” means a consortium incorporated pursuant to Article 31 of Legislative Decree No. 267 of 18 August 2000, as amended and (ii) the concept of “**control**” shall be construed and interpreted in accordance with Article 2359, paragraphs 1 and 2, of the Italian Civil Code;
- (bb) “**Relevant Indebtedness**” means (i) any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities which are for the time being, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange, over-the counter or other securities market, and (ii) any guarantee or indemnity in respect of any indebtedness referred to under sub-paragraph (i) above;
- (cc) “**Relevant Jurisdiction**” means Italy or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes and Coupons;
- (dd) “**Specified Currency**” has the meaning given in the relevant Final Terms;
- (ee) “**Specified Interest Payment Date(s)**” has the meaning given in the relevant Final Terms;
- (ff) “**Subsidiary**” means, in respect of any Person (the “**first Person**”) at any particular time, any other Person (the “**second Person**”):
  - (a) whose affairs and policies the first Person controls or has the power to control, directly or indirectly, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
  - (b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;
- (gg) “**TARGET2 System**” means the Trans European Automated Real Time Gross Settlement Express Transfer (TARGET2) System;
- (hh) “**Treaty**” means the treaty on the functioning of the European Union, as amended; and
- (ii) “**Zero Coupon Note**” means a Note specified as such in the relevant Final Terms.

References to the Issuer in these Conditions, the Agency Agreement, the Deed of Covenant and the Global Notes is a reference to FNM S.p.A. or any of its universal successor and/or successor or assignee in the context of a Permitted Reorganisation.

## 4 Interest

### 4.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) either (i) the Interest Commencement Date or (ii) if a Change of Interest Basis is specified in the applicable Final Terms as being applicable, the date from which the Fixed Rate Note provisions are stated to apply, at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrears on the Interest Payment Date(s) in each year up to (and including) the Maturity Date or, where so specified in the applicable Final Terms, a Fixed Rate Note will bear interest, during its life, on the basis of different fixed Rate(s) of Interest indicated therein.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, “**Fixed Interest Period**” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date unless otherwise specified in the applicable Final Terms.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (a) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or
- (b) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding. The Calculation Agent shall cause the relevant amount of interest and the relevant Interest Payment Date to be notified to the Issuer, the Paying Agents and the Noteholders in accordance with Condition 14 (*Notices*) and, if the Notes are listed on a stock exchange and the rules of such exchange so requires, such exchange as soon as possible after their determination or calculation but in no event later than the fourth Business Day thereafter or, if earlier in the case of notification to the stock exchange, the time required by the rules of the relevant stock exchange.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest in accordance with this Condition 4.1:

- (a) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:
  - (i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest

Commencement Date) to (but excluding) the relevant payment date (the “**Accrual Period**”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(b) if “30/360” is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In the Conditions:

“**Determination Period**” means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

“**sub-unit**” means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

## **4.2 Interest on Floating Rate Notes**

(a) Interest Payment Dates

Each Floating Rate Note bears interest from (and including) either (i) the Interest Commencement Date or (ii) if a Change of Interest Basis is specified in the relevant Final Terms as being applicable, the date from which the Floating Rate Note provisions are stated to apply, and such interest will be payable in arrears on either:

(i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or

(ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an “**Interest Payment Date**”) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (or, as the case may be, the date from which the Floating Rate Note provisions are stated to apply).

Such interest will be payable in respect of each “**Interest Period**” (which expression shall, in the Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 4.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In the Conditions, “**Business Day**” means a day which is both:

- I a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Centre specified in the applicable Final Terms; and
- II either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (ii) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open.

(b) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable



Final Terms) the Margin (if any). For the purposes of this subparagraph (i), “**ISDA Rate**” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Paying Agent or the Calculation Agent under an interest rate swap transaction if the Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the “**ISDA Definitions**”) and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is a period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is as specified in the applicable Final Terms.

For the purposes of this subparagraph (i), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**” and “**Reset Date**” have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(ii) Screen Rate Determination for Floating Rate Notes

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

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being the Eurozone interbank offered rate “**EURIBOR**”) which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 am (Brussels time) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as being other than EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided hereon:

If the Relevant Screen Page is not available or, if sub-paragraph (A) above applies and no such offered quotation appears on the Relevant Screen Page, or, if sub-paragraph (B) above applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is EURIBOR, the principal Eurozone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the

Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Accrual Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.

If paragraph above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates per annum (expressed as a percentage), as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in , if the Reference Rate is EURIBOR, the Euro-zone inter-bank market plus or minus (as appropriate) the Margin (if any), or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Accrual Period).

For the purposes of this Condition “**Reference Banks**” means the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Issuer or as specified hereon.

(iii) Linear Interpolation

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

be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources the Issuer (acting in good faith and in consultation with an Independent Adviser) determines appropriate in accordance with standard market practice.

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

(c) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) Determination of Rate of Interest and calculation of Interest Amounts

The Calculation Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Calculation Agent will calculate the amount of interest (the **“Interest Amount”**) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (i) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (ii) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

**“Day Count Fraction”** means, in respect of the calculation of an amount of interest in accordance with this Condition 4.2:

- (i) if **“Actual/Actual (ISDA)”** or **“Actual/Actual”** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if **“Actual/365 (Fixed)”** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

- (iii) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{360 \times (Y_2 - Y_1) + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (vi) if “30E/360” or “Eurobond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{360 \times (Y_2 - Y_1) + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (vii) if “30E/360 (ISDA)” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{360 \times (Y_2 - Y_1) + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

- (e) Notification of Rate of Interest and Interest Amounts

The Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified by the Calculation Agent to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 13. For the purposes of this paragraph, the expression “**London Business Day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

- (f) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4.2, whether by the Paying Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default or manifest error) be binding on the Issuer, the Paying Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders and

Couponholders and (in the absence of wilful default) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Paying Agent or, if applicable, the Calculation Agent.

#### **4.3 Accrual of interest**

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of the date on which all amounts due in respect of such Note have been paid in accordance with Condition 5.

#### **4.4 Benchmark discontinuation**

If a Benchmark Event occurs in relation to an Original Reference Rate when any required Rate of Interest (or any component part thereof) remains to be determined on any Determination Date by reference to such Original Reference Rate, then the following provisions of this Condition 4.4 shall apply.

(a) **Independent Adviser**

The Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4.4(b)) by no later than five Business Days prior to the Determination Date relating to the next Determination Period for which the Rate of Interest (or any component part thereof) is to be determined by reference to the Original Reference Rate (the “**IA Determination Cut-off Date**”).

An Independent Adviser appointed pursuant to this Condition 4.4 shall act in good faith and in a commercially reasonable manner as an expert and in consultation with the Issuer. In the absence of fraud and gross negligence, the Independent Adviser shall have no liability whatsoever to the Fiscal Agent, the Paying Agents or the Noteholders for any determination made by it and for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 4.4.

If (i) the Issuer is unable to appoint an Independent Adviser; or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 4.4(a) and/or (in either case) the applicable Adjustment Spread, prior to the relevant IA Determination Cut-off Date in accordance with this Condition, the Issuer (acting in good faith and in a commercially reasonable manner) may determine a Successor Rate, failing which an Alternative Rate and, in either case, an Adjustment Spread, by no later than five Business Days prior to the Determination Date relating to the next Determination Period for which the Rate of Interest (or any component part thereof) is to be determined by reference to the Original Reference Rate. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 4.4(a).

(b) **Successor Rate or Alternative Rate**

If the Independent Adviser determines that:

- (i) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of

this Condition 5.4), with effect as from the date or, as the case may be, Interest Period, as specified in the notice delivered pursuant to Condition 4.4(e) below; or

- (ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 4.4), with effect as from the date or, as the case may be, Interest Period, as specified in the notice delivered pursuant to Condition 4.4(e) below.

(c) Adjustment Spread

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser or the Issuer (if required to determine a Successor Rate, failing which an Alternative Rate and, in either case, an Adjustment Spread, according to Condition 4.4(a)) is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread.

(d) Benchmark Amendments

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 4.4 and the Independent Adviser determines (i) that amendments to these Conditions and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4.4(e), without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

Notwithstanding any other provision of this Condition 4.4, the Calculation Agent or any Paying Agent is not obliged to concur with the Issuer or the Independent Adviser in respect of any changes or amendments as contemplated under this Condition 4.4 to which, in the sole opinion of the Calculation Agent or the relevant Paying Agent, as the case may be, would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Calculation Agent or the relevant Paying Agent (as applicable) in the Agency Agreement and/or these Conditions.

In connection with any such variation in accordance with this Condition 4.4(d), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Benchmark Amendments may comprise, by way of example, the following amendments: (A) amendments to the definition of “Original Reference Rate”; (B) amendments to the day-count fraction and the definitions of “Business Day”, “Interest Payment Date”, “Rate of Interest”, and/or “Interest Period” (including the determination whether the Alternative Rate will be determined in advance on or prior to the relevant Interest Period or in arrear on or prior to the end of the relevant Interest Period); and/or (C) any change to the business day convention.

(e) Notices etc

Any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4.4 will be notified promptly by the Issuer to the Fiscal Agent and, in accordance with Condition 13 (*Notices*), the Noteholders.

Such notice shall be irrevocable and shall specify (*inter alia*) the effective date of the Benchmark Amendments, if any.

No later than notifying the Fiscal Agent of the same, the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer:

- (i) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate and, (iii) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 4.4; and
- (ii) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread.

The Fiscal Agent shall display such certificate at its offices, for inspection by the Noteholders at all reasonable times during normal business hours. Each of the Fiscal Agent, the Calculation Agent and the Paying Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof.

The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Fiscal Agent's, the Calculation Agent's or the Paying Agent's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Fiscal Agent, the Calculation Agent, the Paying Agents and the Noteholders.

Notwithstanding any other provision of this Condition 4.4, if following the determination of any Successor Rate, Alternative Rate, Adjustment Spread or Benchmark Amendments (if any), in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 4.4, the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable (other than due to its own gross negligence, wilful default or fraud) to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, wilful default or fraud) shall not incur any liability for not doing so.

(f) Survival of Rate of Interest

Without prejudice to the obligations of the Issuer under Condition 4.4(a), (b), (c) and (d), the Original Reference Rate and the fallback provisions provided for in Condition 4.2 (*Interest on Floating Rate Notes*) will continue to apply unless and until a Benchmark Event has occurred.

(g) Definitions

For the purposes of this Condition 4.4, unless defined above:



**“Adjustment Spread”** means either (a) a spread (which may be positive, negative or zero), or (b) the formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);
- (ii) the Issuer determines, following consultation with the Independent Adviser, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Issuer determines that no such spread is customarily applied);
- (iii) the Issuer determines, following consultation with the Independent Adviser, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be).

**“Alternative Rate”** means an alternative benchmark or screen rate which the Issuer determines in accordance with Condition 4.4(b) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) for a commensurate interest period and in the same Specified Currency as the Notes and with an interest period of a comparable duration to the relevant Interest Period.

**“Benchmark Amendments”** has the meaning given to it in Condition 4.4(d).

**“Benchmark Event”** means:

- (i) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist or to be administered; or
- (ii) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (iii) a public statement by the administrator or the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (iv) a public statement by the administrator or the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences; or
- (v) it has or will prior to the next Interest Determination Date become unlawful for any Paying Agent, the Calculation Agent or the Issuer to calculate any payments due to be made to any Noteholder using the Original Reference Rate (including, without limitation, under the Benchmark Regulation (EU) 2016/1011, if applicable); or
- (vi) the making of a public statement by the supervisor of the administrator of the Original Reference Rate announcing that such Original Reference Rate is no longer

representative or may no longer be used, in each case in circumstances where the same shall be applicable to the Notes,

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (ii) and (iii) above on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of paragraph (iv) above, on the date of prohibition of use of the Original Reference Rate and (c) in the case of sub-paragraph (v) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Fiscal Agent, the Calculation Agent and the Paying Agents. For the avoidance of doubt, neither the Fiscal Agent, the Calculation Agent nor the Paying Agents shall have any responsibility for making such determination.

**“Independent Adviser”** means an independent financial institution of international repute or an independent financial adviser of recognised standing with appropriate expertise appointed by the Issuer at its own expense under Condition 4.4(a).

**“Original Reference Rate”** means the originally-specified benchmark or screen rate (as applicable) used to determine the relevant Rate of Interest (or any component part(s) thereof) in respect of any Interest Period(s) on the Notes, as specified in the applicable Final Terms (provided that if, following one or more Benchmark Events, such originally specified Reference Rate (or any Successor Rate or Alternative Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Rate and a Benchmark Event subsequently occurs in respect of such Successor Rate or Alternative Rate, the term “Original Reference Rate” shall include any such Successor Rate or Alternative Rate).

**“Relevant Nominating Body”** means, in respect of a benchmark or screen rate (as applicable):

- (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board, or any part thereof.

**“Successor Rate”** means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

#### **4.5 Change of Interest Basis**

If a Change of Interest Basis is specified hereon as applicable in the applicable Final Terms, the interest payable in respect of the Notes will be calculated in accordance with Condition 4.1 (*Interest on Fixed Rate Notes*) or Condition 4.2 (*Interest on Floating Rate Notes*), each applicable only for the relevant periods specified in the applicable Final Terms.

## 5 Payments

### 5.1 Method of payment

Subject as provided below:

- (a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, or other laws and regulations to which the Issuer or its respective Agents agree to be subject, and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations or agreements, but without prejudice to the provisions of Condition 7.

### 5.2 Presentation of definitive Notes and Coupons

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 5.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Fixed Rate Notes in definitive form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 7) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A “**Long Maturity Note**” is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest

Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

### **5.3 Payments in respect of Global Notes**

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes or otherwise in the manner specified in the relevant Global Note, where applicable against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note either by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

### **5.4 General provisions applicable to payments**

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

### **5.5 Payment Day**

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, “**Payment Day**” means any day which (subject to Condition 8) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (i) in the case of Notes in definitive form only, the relevant place of presentation;
  - (ii) each Additional Financial Centre specified in the applicable Final Terms; and

- (b) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (ii) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

## **5.6 Interpretation of principal and interest**

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 7;
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes;
- (e) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7.7); and
- (f) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 1.1.

## **6 Redemption and Purchase**

### **6.1 Redemption at maturity**

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount (which, subject to any purchase, cancellation, early redemption or repayment, expressed as the amount per Calculation Amount specified in the relevant Final Terms, is its nominal amount) in the relevant Specified Currency on the Maturity Date.

### **6.2 Redemption for tax reasons**

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

- (a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 7) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and
- (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Fiscal Agent a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 6.2 will be redeemed at their Early Redemption Amount referred to in Condition 6.7 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

### **6.3 Redemption at the option of the Issuer (Issuer Call)**

If Issuer Call is specified in the applicable Final Terms, the Issuer may, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date, as specified in the applicable Final Terms. Any such redemption of Notes shall be at their Optional Redemption Amount specified in the applicable Final Terms together with, if appropriate, interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) in the case of Redeemed Notes represented by a Global Note, not more than 60 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 not less than 30 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 6.3 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 13 at least five days prior to the Selection Date.

For the purposes of this Condition 6.3 only, the Optional Redemption Amount will either be the specified percentage of the nominal amount of the Notes stated in the applicable Final Terms or, if Make-Whole Amount is specified in the applicable Final Terms, will be an amount which is the higher of:

- (a) 100 per cent. of the principal amount of the Note to be redeemed; or
- (b) as determined by the Reference Dealers (as defined below), the sum of the then current values of the remaining scheduled payments of principal and interest (not including any interest accrued on the Notes to, but excluding, the Optional Redemption Date) discounted to the Optional Redemption Date on an annual basis (based on the actual number of days elapsed divided by 365 or (in the case of a leap year) by 366) at the Reference Bond Rate (as defined below) plus the Redemption Margin, plus, in each case, any interest accrued on the Notes to, but excluding, the Optional Redemption Date.

As used in this Condition 6.3:

"**Redemption Margin**" shall be as set out in the applicable Final Terms;

"**Reference Bond**" shall be as set out in the applicable Final Terms;

**“Reference Bond Rate”** means with respect to the Reference Dealers and the Optional Redemption Date, the average of the five quotations of the mid-market annual yield to maturity of the Reference Bond or, if the Reference Bond is no longer outstanding, a similar security in the reasonable judgment of the Reference Dealers at 11.00 a.m. London time on the third business day in London preceding the Optional Redemption Date quoted in writing to the Issuer by the Reference Dealers.

All Notes in respect of which any such notice is given under this Condition 6.3 shall be redeemed, or the Issuer’s option shall be exercised, on the date specified in such notice in accordance with this Condition 6.3.

Unless the Issuer defaults in payment of the redemption price, from and including any Optional Redemption Date interest will cease to accrue on the Notes called for redemption pursuant to this Condition 6.3; and

**“Reference Dealers”** shall be as set out in the applicable Final Terms.

#### **6.4 Redemption following a Substantial Purchase Event (Clean-Up Call)**

If a Substantial Purchase Event is specified in the Final Terms as being applicable and a Substantial Purchase Event has occurred, then the Issuer may at any time, subject to having given not less than 30 nor more than 60 days’ notice, in accordance with Condition 13, to the Noteholders (which notice shall be irrevocable), redeem the Notes comprising the relevant Series in whole, but not in part, in accordance with these Conditions at their principal amount, together with any accrued and unpaid interest up to (but excluding) the date of redemption.

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

A **“Substantial Purchase Event”** shall be deemed to have occurred if at any time 20 per cent. or less of the aggregate principal amount of the Notes of the relevant Series originally issued (which for these purposes shall include any further Notes of the same Series issued subsequently) remains outstanding.

#### **6.5 Redemption at the option of the Issuer (Issuer Maturity Par Call)**

If Issuer Maturity Par Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than 30 nor more than 60 days’ notice (or such other period of notice as is specified in the applicable Final Terms), in accordance with Condition 13, to the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem the Notes then outstanding in whole, but not in part, at any time during the period specified by the Issuer in the applicable Final Terms, at the Final Redemption Amount specified in the applicable Final Terms, together with any accrued and unpaid interest up to (but excluding) the date of redemption.

#### **6.6 Redemption at the option of the Noteholders (Investor Put/Relevant Event Put)**

If:

- (a) Investor Put is specified as applicable in the relevant Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 13 not less than 30 nor more than 60 days’ notice, upon the expiry of such notice, and/or
- (b) Relevant Event Put is specified as applicable in the relevant Final Terms, the Issuer shall promptly upon the Issuer becoming aware that a Relevant Event Put Event has occurred, and in any event within 14 days after the Issuer becoming aware of the occurrence of such Relevant Event Put Event, give a notice (a **“Relevant Event Put Event Notice”**) to the Noteholders in accordance with Condition 13 specifying the nature of the Relevant Event, following which,

upon the holder of any Note giving notice to the Issuer in accordance with Condition 13 during the Relevant Event Put Period (as defined below),

the Issuer will redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in the applicable Final Terms, together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Final Terms.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling, in the case of a Relevant Event Put only, within the period of 60 days after the date on which the Relevant Event Put Event Notice is given (the “**Relevant Event Put Period**”), a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a “**Put Notice**”) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within (in the case of a Relevant Event Put only), the Relevant Event Put Period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Note pursuant to this Condition 6.6 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 6.6.

A “**Relevant Event Put Event**” shall be deemed to occur if

- (i) any of (A) a Change of Control or (B) a Concession Event occurs (each, a “**Relevant Event**”); and
- (ii) at the time of the occurrence of the Relevant Event the Notes carry from any Rating Agency either:
  - (A) an investment grade credit rating (BBB-/Baa3/BBB-, or equivalent, or better), and such rating from any Rating Agency assigning a credit rating to the Notes is within 90 days of the occurrence of the Relevant Event either downgraded to a non-investment grade credit rating (BB+/Ba1/BB+, or equivalent, or worse) or withdrawn and is not within such 90-day period subsequently (in the case of a downgrade) upgraded to an investment grade credit rating by such Rating Agency or (in the case of a withdrawal) replaced by an investment grade credit rating from any other Rating Agency; or
  - (B) a non-investment grade credit rating (BB+/Ba1/BB+, or equivalent, or worse), and such rating from any Rating Agency assigning a credit rating to the Notes is within 90 days of the occurrence of the Relevant Event downgraded by one or more notches (for



illustration, Ba1 to Ba2 being one notch) and is not within such 90-day period subsequently upgraded to its earlier credit rating or better by such Rating Agency; or

- (C) no credit rating, and no Rating Agency assigns within 90 days of the occurrence of the Relevant Event an investment grade credit rating to the Notes

(each, a “**Rating Event**”), and

- (iii) in making the relevant decision(s) referred to above, the relevant Rating Agency announces publicly or confirms in writing to the Issuer that such decision(s) resulted, in whole or in part, from the occurrence of the Relevant Event.

A “**Change of Control**” shall be deemed to occur if more than 50 per cent. of the share capital of the Issuer and (i) more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer, or (ii) the power to appoint a majority of the board of directors of the Issuer or of any other equivalent governing body whether through the ownership of voting capital, by contract or otherwise, is acquired, directly or indirectly, by any Person (other than Reference Shareholder) acting in concert, pursuant to article 93 of Legislative Decree No. 58 of 1998.

“**acting in concert**” shall have the meaning ascribed thereto by Legislative Decree No. 58 of 24 February 1998 as subsequently amended and supplemented, and its implementing CONSOB regulations.

A “**Concession Event**” shall be deemed to occur if at any time one or more of the Concessions (as defined below) granted to the Issuer or to any of its Principal Subsidiaries is terminated or revoked prior to the original stated expiry date and such termination or revocation becomes effective in accordance with its terms, and such Concessions that are terminated or revoked (as the case may be) prior to the original stated expiry date as set out above constitute, taken together, the whole or a substantial part of the Group’s business, as defined in Condition 9.1, provided that the *prorogatio* regime to which a Concession may be subject to between its expiry at the relevant stated termination or revocation date falling prior to the original stated expiry date and the extension, renewal or new award of such Concession will not constitute a Concession Event.

“**Concessions**” means the Deed of Concession FN and the Deed of Concession MISE.

“**Deed of Concession FN**” means the deed of concession originally dated 18 March 2016 (as amended, restated, extended or renewed from time to time) through which Ferrovienord S.p.A. was granted the rights over the regional railway network.

“**Deed of Concession MISE**” means the deed of concession originally dated 1 August 2007 (as amended, restated, extended or renewed from time to time, including on 6 May 2010 and 2 March 2011) between Milano Serravalle – Milano Tangenziali S.p.A., as concessionaire, and ANAS S.p.A. (subsequently replaced by the Ministry of Infrastructure and Transport), as the grantor.

“**MISE**” means Milano Serravalle – Milano Tangenziali S.p.A.

## **6.7 Early Redemption Amounts**

For the purpose of Condition 6.2 above and Condition 9, each Note will be redeemed at its Early Redemption Amount (as defined below). The early redemption amount payable in respect of the Notes (the “**Early Redemption Amount**”) shall be calculated as follows:

- (a) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- (b) in the case of a Zero Coupon Note, at an amount (the “**Amortised Face Amount**”) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

**RP** means the Reference Price;

**AY** means the Accrual Yield expressed as a decimal; and

<sup>y</sup> is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the applicable Final Terms.

## **6.8 Purchases**

The Issuer or any of its Subsidiaries may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Where permitted by applicable law and regulation, all Notes purchased pursuant to this Condition 6.8 may be cancelled or held, reissued or resold at the discretion of the relevant purchaser.

## **6.9 Cancellation**

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 6.8 above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Paying Agent and cannot be reissued or resold.

## **6.10 Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 6.1, 6.2, 6.3, 6.4, 6.5 or 6.6 above or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 6.7 above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Paying Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13.

## **7 Taxation**

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

- (a) presented for payment in Italy; or
- (b) the holder of which is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note or Coupon; or
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 5.5); or
- (d) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union ; or
- (e) by, or on behalf of, a holder who is entitled to avoid such withholding or deduction in respect of such Note or Coupon by making a declaration or any other statement to the relevant tax authority, including, but not limited to, a declaration of residence or non-residence or other similar claim for exemption; or
- (f) in the event of payment to a non-Italian resident legal entity or a non-Italian resident individual, to the extent that interest or other amounts is paid to a non-Italian resident legal entity or a non-Italian resident individual which is resident in a country which does not allow for a satisfactory exchange of information with the Italian authorities (the so called White List); or
- (g) for or on account of *imposta sostitutiva* pursuant to Decree 239 and any related implementing regulations; and/or pursuant to Decree 461; or
- (h) in respect of Notes classified as atypical securities where such withholding or deduction is required under Law Decree No. 512 of 30 September 1983, as amended and supplemented from time to time; or
- (i) any combination of the items (a) through (h) above

As used herein:

- (i) “**Tax Jurisdiction**” means the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes and Coupons; and
- (ii) the “**Relevant Date**” means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13.

Notwithstanding any other provision of the Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any current or future regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a “**FATCA Withholding**”). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

## 8 Prescription

The Notes and Coupons will become void unless claims in respect of principal and/or interest are made within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 8 or Condition 5.2 or any Talon which would be void pursuant to Condition 5.2.

## 9 Events of Default and Enforcement

### 9.1 Events of Default

If any of the following events (each, an “**Event of Default**”) occurs and is continuing:

- (a) *Non-payment*: if default is made by the Issuer in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of 7 days in the case of principal and 14 days in the case of interest; or
- (b) *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes and such default remains unremedied for 30 days after written notice thereof, addressed to the Issuer by any Noteholder, has been delivered to the Issuer or to the specified office of the Paying Agents; or
- (c) *Cross-default of Issuer or Principal Subsidiary*:
  - (i) any Indebtedness (other than Project Finance Indebtedness) of the Issuer or any of its Principal Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period; or
  - (ii) any Indebtedness (other than Project Finance Indebtedness) of the Issuer or any of its Principal Subsidiaries becomes due and payable prior to its stated maturity otherwise than at the option of the Issuer or (as the case may be) the relevant Principal Subsidiary or (provided that no event of default, howsoever described, has occurred) any Person entitled to such Indebtedness; or
  - (iii) the Issuer or any of its Principal Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Indebtedness (other than Project Finance Indebtedness),  
  
provided that no such event shall constitute an event of default so long as and to the extent that the Issuer or the relevant Principal Subsidiary is contesting in a recognised court or before a competent arbitration panel having jurisdiction, in good faith, that the relevant Indebtedness or Guarantee of any Indebtedness shall be due or enforceable, as appropriate, and provided further that the amount of Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any Guarantee referred to in sub-paragraph (iii) above individually or in the aggregate exceeds €30,000,000 (or its equivalent in any other currency or currencies); or
- (d) *Unsatisfied judgment*: the Issuer fails to pay, for a period of 60 days after the date(s) of receipt of notice or, if later, the date therein specified for payment, one or more judgment(s) or order(s) (in each case being a judgment or order from which no further appeal or judicial review is permissible under applicable law) of a court of competent jurisdiction rendered against the Issuer for the payment in excess of €20,000,000 (or its equivalent in any other currency or currencies); or

- (e) *Insolvency*: (i) the Issuer or any of its Principal Subsidiaries is adjudicated or becomes insolvent or is unable to pay its debts as they fall due, or (ii) an administrator or liquidator of the Issuer or any of its Principal Subsidiaries or the whole or a substantial part of the undertaking, assets and revenues of the Issuer or any of its Principal Subsidiaries is appointed (or application for any such appointment is made) where a “**substantial part**” of the Issuer's or any of its Principal Subsidiaries' business means a part of the Issuer's or any of its Principal Subsidiaries' business which accounts for 25 per cent. or more of, alternatively, the Group's Consolidated Assets or Consolidated Revenues, or (iii) the Issuer or any of its Principal Subsidiaries takes any action for judicial composition proceedings with its creditors or the appointment of an administrator, liquidator, receiver, administrative receiver or other similar official in insolvency proceedings or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any Guarantee of any Indebtedness given by it, provided that, in respect of (i) and (ii) above only, no such event shall constitute an event of default so long as and to the extent that the Issuer is contesting such adjudication or appointment in a recognised court or jurisdiction, in good faith within 60 days of such adjudication or appointment and such adjudication or appointment is subsequently discharged within 180 days, commencing on the date on which the Issuer commences the proceedings in the recognised court or jurisdiction; or
- (f) *Cessation of business*: the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business, save for the purposes of or pursuant to, a Permitted Reorganisation, where a “substantial part” of the Issuer's or any of its Principal Subsidiaries' business means a part of the relevant entity's business which accounts for 25 per cent. or more of, alternatively, the Group's Consolidated Assets or Consolidated Revenues; or
- (g) *Winding up*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any of its Principal Subsidiaries, save for the purposes of or pursuant to, a Permitted Reorganisation; or
- (h) *Analogous event*: any event occurs which under the laws of the Republic of Italy has an analogous effect to any of the events referred to in paragraphs (e) to (g) above; or
- (i) *Unlawfulness*: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes,

then any Note may, by written notice addressed by the holder thereof to the Issuer and delivered to the Issuer or to the specified office of the Paying Agents, be declared immediately due and payable, whereupon it shall become immediately due and payable at its Early Redemption Amount together with accrued interest (if any) without further action or formality.

## 10 Replacement of Notes, Coupons and Talons

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to compliance with applicable laws and any stock exchange or competent authority requirements, at the specified office of the Paying Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

## 11 Paying Agents

The names of the initial Paying Agents and their initial specified offices are set out below.

The Issuer is entitled, without the prior approval of the Noteholders, to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (a) there will at all times be a Paying Agent;
- (b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and
- (c) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5.4. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given by the Issuer to the Noteholders in accordance with Condition 13.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

## **12 Exchange of Talons**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8.

## **13 Notices**

All notices regarding the Notes will be deemed to be validly given if published (a) in a leading English language daily newspaper of general circulation in London, and (b) if and for so long as the Notes are admitted to trading on, and listed on the Official List of Euronext Dublin, a daily newspaper of general circulation in Ireland or Euronext Dublin's website, <https://live.euronext.com/>. It is expected that any such publication in a newspaper will be made in the *Financial Times* in London and the *Irish Times* in Ireland. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any

Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Paying Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Paying Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Paying Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

## **14 Meetings of Noteholders**

### **14.1 Meetings of Noteholders**

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification or abrogation by Resolution (as defined in the Agency Agreement) of the Notes, the Coupons, any of these Conditions and/or any of the provisions of the Agency Agreement. Any such modification may be made if sanctioned by a Resolution (as defined in the Agency Agreement).

In relation to the convening of meetings, quorums and the majorities required to pass a Resolution (as defined in the Agency Agreement), the following provisions shall apply in respect of the Notes but are subject to compliance with mandatory laws, legislation, rules and regulations of Italy (including, without limitation, the Italian Civil Code and Legislative Decree No. 58 of 24 February 1998 as amended) and the By-laws of the Issuer in force from time to time and shall be deemed to be amended, replaced and supplemented to the extent that such laws, legislation, rules and regulations and the By-laws of the Issuer are amended at any time while the Notes remain outstanding. The Notes and these Conditions may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

Italian law currently provides that any such meeting may be convened by the board of directors of the Issuer and/or the Noteholders' Representative (as defined below) at their discretion and, in any event, shall be convened by either of them upon the request of Noteholders holding not less than one-twentieth of the aggregate principal amount of the Notes of any Series for the time being outstanding. If the board of directors of the Issuer defaults in convening such a meeting following such request or requisition by the Noteholders representing not less than one-twentieth of aggregate principal amount of the Notes of any Series for the time being outstanding, the same shall be convened by the board of statutory auditors of the Issuer (or other equivalent corporate body) or, in the case of failure, by decree of the competent court if the default is unjustified upon request by such Noteholders. Every such meeting shall be held at such time and place as provided pursuant to Article 2363 of the Italian Civil Code and the By-laws of the Issuer in force from time to time.

Such a meeting will be validly held (subject to compliance with mandatory laws, legislation, rules and regulations of Italy in force from time to time) if (A) in respect of a meeting convened to pass a resolution relating to a Reserved Matter, there are one or more persons present being or representing Noteholders holding at least one-half of the aggregate principal amount of the outstanding Notes; or (B) in respect of a meeting convened to pass a resolution that does not relate to a Reserved Matter, (i)

in the case of a sole call meeting (*convocazione unica*), there are one or more persons present being or representing Noteholders holding at least one-fifth of the principal amount of the outstanding Notes; or (ii) in the case of multiple call meetings, (a) in the case of a first meeting (*prima convocazione*), there are one or more persons present being or representing Noteholders holding more than one half of the aggregate principal amount of the outstanding Notes, (b) in the case of a second meeting (*seconda convocazione*), there are one or more persons present being or representing Noteholders holding more than one third of the aggregate principal amount of the outstanding Notes and (c) in the case of a third meeting (*terza convocazione*) or any subsequent meeting following a further adjournment (*convocazioni successive*), there are one or more persons present being or representing Noteholders holding at least one fifth of the aggregate principal amount of the outstanding Notes, provided however that the Issuer's By-laws may in each case (to the extent permitted under the applicable Italian law) provide for a higher quorum. For the avoidance of doubt, each meeting will be held as a sole call meeting or as a multiple call meeting depending on the applicable provisions of Italian law and the Issuer's By-laws, as applicable from time to time. The majority required to pass a Resolution at any meeting convened to vote on any resolution will be one or more persons holding or representing at least two thirds of the aggregate principal amount of the Notes represented at the meeting; provided, however, that (A) certain proposals, as set out in Article 2415, paragraph 1, item (2) of the Italian Civil Code (including any proposal to modify the maturity of the Notes or the dates on which interest is payable on them; to reduce or cancel the principal amount of, or interest on, the Notes; or to change the currency of payment of the Notes) (each, a “**Reserved Matter**”) may only be sanctioned by a resolution passed at a meeting of Noteholders (including any adjourned meeting) by the higher of (i) one or more persons holding or representing not less than one half of the aggregate principal amount of the outstanding Notes, and (ii) one or more persons holding or representing not less than two thirds of the Notes represented at the meeting and (B) the Issuer's By-laws may in each case (to the extent permitted under applicable Italian law) provide for higher majorities. A Resolution (as defined in the Agency Agreement) passed at any meeting of the Noteholders in accordance with applicable law and the provisions set forth in the Agency Agreement will be binding on all Noteholders, whether or not they are present at the meeting, and on all Couponholders.

#### 14.2 Noteholders' Representative

A joint representative of the Noteholders (*rappresentante comune*) (the “**Noteholders' Representative**”) may be appointed pursuant to Articles 2415 and 2417 of the Italian Civil Code in order to, *inter alia*, represent the Noteholders' interests under these Conditions and to give effect to resolutions passed at a meeting of the Noteholders. If the Noteholders' Representative is not appointed by a Resolution, the Noteholders' Representative shall be appointed by a decree of the competent Court at the request of one or more Noteholders or at the request of the directors of the Issuer pursuant to Article 2417 of the Italian Civil Code. Each such Noteholders' Representative shall have the powers and duties set out in Article 2418 of the Italian Civil Code. The Noteholders' Representative shall remain appointed for a maximum period of three years but may be reappointed again thereafter.

### 15 Further Issues

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the issue price and the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.



## **16 Currency Indemnity**

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

## **17 Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## **18 Governing Law and Submission to Jurisdiction**

### **18.1 Governing law**

The Agency Agreement, the Notes, the Coupons, the Talons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Notes, the Coupons and the Talons are governed by, and shall be construed in accordance with, English law. Condition 14 (*Meetings of Noteholders*) and the provisions of the Agency Agreement concerning the meetings of Noteholders and the appointment of a Noteholders' Representative in respect of the Notes are subject to compliance with the laws of the Republic of Italy.

### **18.2 Submission to jurisdiction**

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

### **18.3 Appointment of Process Agent**

The Issuer appoints Law Debenture Corporate Services Limited at its registered office at Fifth Floor, 100 Wood Street, London EC2V 7EX as its agent for service of process, and undertakes that, in the event of Law Debenture Corporate Services Limited ceasing so to act or ceasing to be registered in

England, it will appoint another agent for service of process in England in respect of any suit, action or proceedings (together referred to as “**Proceedings**”) arising out of or in connection with the Notes and the Coupons (including any Proceedings relating to any non-contractual obligations arising out of or in connection with the Notes and the Coupons) and shall immediately notify Noteholders of such appointment in accordance with Condition 13 (*Notices*). Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

#### **18.4 Waiver of Immunity**

To the extent that the Issuer may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer or its assets or revenues, the Issuer agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

### Clearing System Accountholders

Each Global Note will be in bearer form. Consequently, in relation to any Tranche of Notes represented by a Global Note, references in the Terms and Conditions of the Notes to “Noteholder” are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary, in the case of a Classic Global Note “CGN”, or a common safekeeper, in the case of an NGN for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or, as the case may be, common safekeeper.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note (each an “**Accountholder**”) must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder’s share of each payment made by the Issuer to the bearer of such Global Note and in relation to all other rights arising under the Global Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by the Global Note, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the bearer of the Global Note.

### Conditions applicable to Global Notes

Each Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Note. The following is a summary of certain of those provisions:

*Payments:* All payments in respect of the Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that in respect of a CGN the payment is noted in a schedule thereto and in respect of an NGN the payment is entered pro rata in the records of Euroclear and Clearstream, Luxembourg.

*Payment Business Day:* In the case of a Global Note, notwithstanding the definition contained in Condition 4 (*Interpretation*), “Payment Business Day” shall mean: if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or, if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

*Exercise of put option:* In order to exercise the option contained in Condition 7.6 (*Redemption at the option of the Noteholders (Investor Put/Relevant Event Put)*), the bearer of the Permanent Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Fiscal Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

*Partial exercise of call option:* In connection with an exercise of the option contained in Condition 7.5 (*Redemption at the option of the Issuer*) in relation to some only of the Notes, the Permanent Global Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

Notices: Notwithstanding Condition 14 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 14 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

## USE OF PROCEEDS

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

- (a) for the Group's general corporate purposes, including investments and/or to refinance existing indebtedness; or
- (b) to prepay in full its outstanding indebtedness in connection with the facilities made available by certain of the Dealers as lenders pursuant to the facilities agreements entered into on 28 January 2021 (as amended from time to time) the principal amount of which, as at the date of this Base Prospectus, is equal to approximately €650,000,000. See "*Description of the Issuer – Recent Developments*".

## INFORMATION ABOUT THE ISSUER AND THE GROUP

### GENERAL

#### The Issuer

FNM S.p.A. (the “**Issuer**” or “**FNM**”) was incorporated on 12 December 1877 under the original name of Società Anonima delle Ferrovie Nord Milano-Saronno e Milano-Erba and the current form of the Issuer and the Group (as defined below) to which it belongs is the result of the reorganization completed in 2006 (See “*Information about the Issuer and the Group – History and Overview*”). The duration of FNM, as stated in the by-laws, is until 31 December 2050. The registered and administrative office of the Issuer is currently Piazzale Luigi Cadorna 14, Milan, Italy, and the telephone number of its registered office is 0039 0285111. FNM is registered in the Companies Register of Milan Monza Brianza Lodi (Registro delle Imprese di Milano Monza Brianza Lodi) under registration number and fiscal code 00776140154 and its Legal Entity Identifier (LEI) is: 815600AB6FA8AADC8739. The Issuer’s ordinary shares are listed on the Mercato Telematico Azionario of the Italian Stock Exchange under the symbol “FNM”. The Issuer and its subsidiaries are referred to as the “**Group**” or the “**FNM Group**” (See “*Information about the Issuer and the Group – Organisational Structure*”).

As at the date of this Base Prospectus, the issued share capital of the Issuer amounts to €230,000,000.00, represented by 434,902,568 ordinary shares with no par value

The Issuer is the parent company of the FNM Group which is one of the main integrated transport and mobility management groups in Northern Italy in terms of profitability and regional presence. The FNM Group mainly operates in the Lombardy and Veneto regions in the passenger and freight transport sectors (principally rail and public road transport) and, following the MISE Acquisitions, in the Lombardy region in the motorway infrastructure sector (See “*Information about the Issuer and the Group – Recent Developments – MISE Acquisitions*”). To a more limited extent the FNM Group operates in the sustainable mobility sector as well as connected and instrumental services in relation to each sector in which it operates.

In particular, the Group operations consist of (i) construction, management, modernisation and maintenance of the infrastructure network for rail transport at a regional level; (ii) passenger and freight rail and road transport, including the promotion, implementation and management of initiatives and services in the transport, mobility and sustainable mobility sectors; (iii) performance of other connected and instrumental activities related directly or indirectly to those mentioned above, including information and communication technologies and digital solutions and activities related to customer services; and (iv) management of the motorway infrastructure in Lombardy region. See “*Information about the Issuer and the Group – Business of the Group*” for a description of the segments in which the Group operates.

FNM Group’s rail and public road transport as well as motorway infrastructure operations are subject to specific regulatory requirements. Many of FNM Group’s activities require the issuance of authorisations from governmental authorities and the entering/award of public contracts or concessions (See “*Information about the Issuer and the Group – Regulation*”).

FNM manages and coordinates strategy and operations of its subsidiaries. Pursuant to article 3 of its articles of association, the corporate purpose of the Issuer are as follows:

- (a) acquiring, trading and managing equity investments in other companies or entities, with particular reference to companies operating in the transport and real estate sectors, as parent company pursuant to Article 2359 of the Italian Civil Code;
- (b) technical and financial coordination as well as the financing of companies and entities in which it has an interest in accordance with the limits and criteria established by the applicable laws and regulations;

- (c) purchase and sale of government securities and debt securities in general issued by public or private entities, for investment purposes;
- (d) purchase, sale or exchange of real estate assets, lease of real estate assets for industrial and commercial purposes and construction, renovation and maintenance of real estate assets;
- (e) obtaining concessions from public authorities, for the construction and operation of public automotive and guided transport (*pubblici trasporti a guida vincolata e automobilistici*);
- (f) study, design and construction of transport-related infrastructure;
- (g) logistical, technical and commercial services connected with the transport sector, including the sale of related technologies and excluding activities that are reserved to professionals pursuant to applicable laws and regulations;
- (h) leasing service only in relation to companies and entities in which it holds a stake;
- (i) all financial, real estate and securities transactions related to the achievement of the purposes above, excluding the reserved activities referred to in Law no. 1 of 2 January 1991; and
- (j) giving endorsements and sureties of any kind and nature, with or without real security, in favour of third parties, persons, entities, or companies.

### History and Overview

FNM's history began in 1877 with the incorporation of the company originally called Società Anonima delle Ferrovie Nord Milano-Saronno e Milano-Erba, which was founded to build and manage the railway network in Lombardy. In keeping with this objective, the Issuer gradually expanded its activities, both organically and through a series of mergers and acquisitions. This targeted expansion has led to the FNM Group being one of the main integrated transport and mobility groups in Northern Italy in terms of profitability and regional presence, operating mainly in Lombardy and Veneto in the passenger and freight transport sectors (principally rail and public road transport (bus services)). Set forth below are the key acquisitions and events that have contributed to the FNM Group's position in the transport and mobility sectors:

- in 1883 Società Anonima delle Ferrovie Nord Milano-Saronno e Milano-Erba changed its name to Società Anonima delle Ferrovie Nord Milano (which was subsequently converted into a *società per azioni* in 1943 and adopted its current corporate form, FNM S.p.A.);
- in 1974 the Region of Lombardy approved the acquisition of a majority stake in FNM, purchasing it from MITTEL, a Mediterranean industrial company;
- in 1985-1986 Ferrovie Nord Milano Esercizio S.p.A. ("**FNME**") and FNM Autoservizi S.p.A. ("**FNM Autoservizi**") were established as subsidiaries of FNM, which assigned to them the business activities related to managing railway and public road transport concessions, respectively;
- in 2000 Ferrovie Nord Milano Ingegneria S.r.l. (renamed NORD\_ING S.r.l. in 2006) was created as an engineering company. NORD\_ING S.r.l. mainly operates as an in-house company of Ferrovienord S.p.A. ("**Ferrovienord**") in the civil engineering sector and offers services in the field of designing and work management according to Legislative Decree n. 81/2008. The main activities are carried out to implement the interventions envisaged by the Programme Agreement FN (as defined below) entered into by the Region of Lombardy and Ferrovienord;
- in 2001 NordCom S.p.A. ("**NordCom**") was established, operating in the information communication technology sector, by FNME and FNM; in December 2001 following a negotiate procedure, NordCom became a joint venture initially between FNME, FNM and Telecom Italia S.p.A. (now TIM) and as from 2005 between FNM and Telecom Italia S.p.A. (now TIM);

- in 2003 FNME and Azienda Elettrica Ticinese signed a joint venture agreement to cooperate in developing the Merchant Line project between Mendrisio and Cagno through Nord Energia S.p.A. and its subsidiary CMC Mesta operating as a trading company. In 2005, FNME, operating a partial spin-off, transferred the shares held in Nord Energia to Ferrovie Nord Milano S.p.A. (now FNM). In 2007 Azienda Elettrica Ticinese transferred its shares held in Nord Energia to SPE – SOCIETÀ PER PARTECIPAZIONI ENERGETICHE S.A.;
- in 2004:
  - FNME – Cargo Division started its operations as train operating company in the recently-liberalised rail freight sector;
  - FNM Group’s railway activities were reorganised, through the demerger of FNME into three companies, separating the:
    - (a) management of railway infrastructures (still managed by FNME, renamed Ferrovienord in 2006);
    - (b) passenger railway services (managed by the newco Ferrovie Nord Milano Trasporti, renamed LeNORD S.r.l. (“**LeNord**”) in 2006); and
    - (c) freight railway services managed by the newco Ferrovie Nord Cargo S.r.l., renamed as NORDCARGO S.r.l. and became a joint venture between Ferrovienord and Railion Italia S.r.l., then DB Shenker Rail Italia S.r.l. (now DB Cargo Italy S.r.l.), part of DB group, the German rail national company, in 2009 and later renamed as DB Cargo Italia S.r.l. (“**DB Cargo Italia**”). In 2010 Ferrovienord, operating a partial spin-off, transferred the shares held in DB Cargo Italia to FNM. As of the date of this Base Prospectus, FNM holds 40% of the share capital of DB Cargo Italia and DB Cargo Italy S.r.l. holds 60% of the share capital of DB Cargo Italia; and
  - FNM Group entered the car sharing market, with the creation of SeMS S.r.l. In 2016, FNM Mobilità Sostenibile S.r.l. (now E-Vai S.r.l.) purchased from SeMS the “Car Sharing” business branch. E-Vai S.r.l. is the company of the Group operating electric car sharing services;
- on 3 April 2008 FNM’s shares were admitted to listing on segment 1 of the Mercato Expandi of Borsa Italiana S.p.A.;
- in 2009, the Trenitalia-LeNord joint-venture company was established between FNM Group and Trenitalia (Lombardy regional branch) to manage all suburban and regional railway services in Lombardy;
- in 2011 Trenitalia-LeNord becomes Trenord S.r.l. (“**Trenord**”) as of the date of this Base Prospectus 50% controlled by Trenitalia S.p.A. and 50% controlled by the FNM Group; Trenord is the second largest Italian train operating company by revenues and production of services (source: management estimates) and the largest Italian train operating company specialising in regional railway transport (source: management estimates); in 2017 and 2018 FNM started to develop further the road passenger (bus) transport business:
  - in 2017, with the acquisition of 50% of the share capital of Azienda Trasporti Verona S.r.l., bus operator in Verona and Province of Verona;
  - in 2018, with acquisition of 51% of the share capital of La Linea S.p.A., bus operator company carrying out its road passenger mobility activities in Veneto; and
- in 2018 and 2019, FNM started to invest in the freight and logistic business, *inter alia*, setting up Malpensa Intermodale S.r.l., manager of the freight terminal in Sacconago (near Malpensa airport),



and Malpensa Distripark S.r.l., real estate development manager of the expansion of the freight terminal in Sacconago;

- in 2020 FNMPAY S.p.A. (“**FNMPay**”), a joint-stock company wholly owned by FNM, was established. FNMPay, subject to obtaining the necessary authorisation from the Bank of Italy, will provide the service of accepting payment transactions pursuant to art. 1, paragraph 2, lett. h)-septies.1), number 5) of Legislative Decree 385/1993. FNMPay will have an active role in managing the acceptance of POS payments (physical and virtual) by FNM Group, which currently outsources this activity to third-party companies. It is expected that FNMPay, subject to obtaining the aforementioned authorisation from the Bank of Italy, will be able to start operations during 2021;
- in 2021, FNM completed the acquisition of 96% of the share capital of Milano Serravalle – Milano Tangenziali S.p.A. (“**MISE**”) (see “*Information about the Issuer and the Group – Recent Developments – MISE Acquisitions*”).

## Strategy

The Board of Directors of FNM, on 16 September 2021, has approved the 2021 – 2025 FNM Group business plan (the “**Plan**”).

The Plan has been designed for the post-COVID-19 context, reflecting significant changes in how mobility services will be used. In this context, the system of social relations and the ways mobility services are used, as well as individuals’ use of time and quality of life, will be weighed differently.

The task of the FNM Group in the coming years will therefore be to read reality, investigating the “why” and “how” people, cities and companies move, to anticipate and offer the best solutions in terms of new mobility models. In this logic, the main driver to be used to adopt any measure will be sustainability.

The Plan redefines the Group’s vision - “Improving the lives of people, cities and businesses by developing connections and responding to mobility needs” - and the Group’s mission - “Development of an integrated platform of mobility services, built to meet criteria of environmental and economic sustainability, which rationalises and connects (physically and digitally) urban nodes, destinations and transport networks, to create social value and promote the productivity of the territory”.

The Plan configures the Group as an integrated sustainable mobility operator, ensuring that FNM is positioned as a group guided by principles of environmental, social and governance sustainability (ESG) in the definition of its business processes and investment portfolio of the Group. For the first time the Plan offers an integrated strategic vision to run the business sustainably, designing the industrial and sustainability dimensions within this context.

The Plan is built on four strategic pillars: mobility, infrastructure, fleets and people/community, enabled by four common cross-cutting elements: innovation and data management, energy efficiency and emissions reduction, governance, ethics and a culture of sustainability, and attracting people to work for it, enhancing their potential and promoting their well-being.

## Mobility

The Plan envisages consolidating the Group’s core business, confirming its central role and strengthening the Group’s position in local public transport and collective mobility.

The Plan foresees that the Group confirms its central role in local public transport on rail, strengthens its positioning in local public transport on road, and develops its role in integrated multimodal and last mile mobility, positioning itself as the Mobility Partner of communities, companies, events and major projects, as well as confirming its presence in the freight transport sector.

The information of the Plan in the Mobility pillar will generate value for the community in terms of Sustainable Development Goals (SDGs) 8 (Decent Work and Economic Growth), 9 (Industry, Innovation and Infrastructure) and 11 (Sustainable Cities and Communities).

### *Infrastructure*

The Plan envisages consolidating and strengthening the Group's core business through the development and management of the rail and highway infrastructure, including the rail-road interchange nodes, also thanks to the acquisition of MISE.

To this end, the Plan includes: the implementation of the Lombardy infrastructure network, developing new business areas, through the synergic integration of nodes and networks, promoting the resilience of infrastructure to extreme natural events and mitigating environmental impacts, and continuing to guarantee the highest levels of security to all stakeholders, also by implementing innovative cybersecurity techniques and solutions; the definition of an infrastructure platform that enables and facilitates the development and implementation of new services; the development of industrial synergies with complementary infrastructure systems, in terms of innovation, engineering, procurement and construction, maintenance and joint traffic management.

In the Infrastructure pillar, the projects included in the Plan will generate value for the community in terms of SDGs 9 (Industry, Innovation and Infrastructure), 11 (Sustainable Cities and Communities), 13 (Acting for the Climate) and 15 (Life on Earth).

### *Fleets*

The Plan envisages that FNM consolidates its role as an asset company, able to make available technical skills and financial resources for the renewal and qualitative improvement of fleets for passenger and freight transport, in line with sustainability principles and standards.

In fact, the Group plans to introduce a fleet of green high-energy and environmentally efficient vehicles, including hydrogen powered trains and buses, that are both modern and comfortable available for the transport services provided by the Group, and in particular by Trenord.

The Plan envisages that FNM consolidates its central role as an Asset Company (RoSCo– Rolling Stock Company) in the passenger and freight rail market will be confirmed, and that lower environmental impact fleets will be developed for rail and road transport.

The expectations of the Plan in the Fleets pillar will generate value for the community in terms of SDGs 3 (Health and Welfare), 11 (Sustainable Cities and Communities), 12 (Responsible Consumption and Production) and 13 (Acting for the Climate).

### *People/Community*

With reference to the People/Community pillar, the Plan includes proposing innovative mobility models according to the logic of MaaS (Mobility as a Service) and MaaC (Mobility as a Community).

Services will be increasingly geared to the needs expressed by people and communities, starting with the introduction of inclusive solutions and tools.

To this end, the Plan develops digital solutions and tools that will allow the Group to integrate and enhance the services it offers and those offered by third parties, also providing real-time, integrated and personalised information, allowing access to all mobility services, optimising travel times and paying particular attention to people in vulnerable situations.

In this sense, the Group aims to develop supply and demand management platforms consistent with the MaaS/MaaC paradigms, within which FNM's payment company, an initiative already launched during the year with the creation of FNMPay, will develop.

The information of the Plan in the People/Community pillar will generate value for the community in terms of SDGs 9 (Industry, Innovation and Infrastructure) and 11 (Sustainable Cities and Communities).

The Plan also includes objectives for each of the enabling elements within the Group.

In terms of Innovation and data management, the Plan envisages a data-based approach as a driver both to support the growth and innovation of the services offered and the ways in which FNM relates to customers, and to increase the quality and capacity of operations, improving the effectiveness and efficiency of processes.

With regard to Energy efficiency and the reduction of emissions, including the fight against climate change, in addition to the plans for Fleets set out above, the Plan envisages investments in innovative energy projects and the reductions in consumption and emissions, also by introducing models for the management and use of the Group's spaces and areas, and through urban regeneration projects to improve environmental performance and the use of scarce land resources.

For the Governance, ethics and culture of sustainability element, the Plan assigns a central role to the corporate culture of ethics, lawfulness, sustainability and efficiency, together with the management of tax risk and the definition of the Tax Control Framework. In addition, it plans to develop projects and initiatives in collaboration with external partners, in particular third sector companies, and to continue to implement the staff and management incentive system linked to sustainability objectives.

With reference to the topic of attracting and enhancing the potential and well-being of the people who work for the Group, the Plan promotes the development of employees' skills, and the efficiency of work processes and methods, as well as the continuous improvement of the health and safety management system, supporting the continuous development of welfare initiatives and agile working.

The enabling elements of the Plan will generate community value in terms of SDGs 8 (Decent work and economic growth), 9 (Industry, innovation and infrastructure), 11 (Sustainable cities and communities), 12 (Responsible consumption and production), 13 (Acting for the climate), 16 (Peace, justice and strong institutions) and 17 (Partnership for objectives).

## **Recent Developments**

### *MISE Acquisitions*

On 29 July 2020, FNM acquired 13.6% of the share capital of Milano Serravalle – Milano Tangenziali S.p.A. (“**MISE**”), the stake directly and indirectly held by ASTM S.p.A. in MISE, following the execution of the sale and purchase agreement signed on the same date (the “**First MISE Acquisition**”).

On 26 February 2021, FNM completed the acquisition of 82.4% of the share capital of MISE, the entire equity stake held by Lombardy Region (“**Regione Lombardia**”) in MISE, in execution of the sale and purchase agreement (the “**MISE SPA**”) signed on 3 November 2020 (the “**Second MISE Acquisition**” and, together with the First MISE Acquisition, the “**MISE Acquisitions**”).

The MISE Acquisition was worth € 604.8 million (equal to € 3.5 per share), of which EUR 526.5 million was paid in the first quarter of 2021, and was financed through a maximum € 650 million bridge loan granted by a pool of banks, comprising Intesa Sanpaolo S.p.A., JPMorgan Chase Bank, N.A., Milan Branch and BNP Paribas Italian Branch, as lenders, which must be repaid in a single instalment no later than January 2022 (See “*Information about the Issuer and the Group – Material Financings of the Group*”).

As of the date of this Base Prospectus and following the completion of the MISE Acquisitions, FNM holds a shareholding representing 96% of the MISE share capital.

MISE is the Italian concessionaire company for the design, construction and management of the A7 Serravalle-Milan Motorway and the North, East and West Milan Ring Roads pursuant to the deed of

concession (the “**Deed of Concession MISE**”) signed on 7 November 2007 (as amended by the additional deed of 15 June 2016) between MISE, as concessionaire, and ANAS S.p.A. (subsequently replaced by the Ministry of Infrastructure and Transport), as the grantor (See “*Information about the Issuer and the Group – Material Contracts of the Group – MISE – Deed of Concession MISE*”).

The MISE Acquisitions were carried out by the FNM Group with the aim of creating a strategic group in the infrastructure sector in Lombardy for the management of the mobility system that integrates rail transport, local public road transport and motorway infrastructure. With the MISE Acquisitions, the FNM Group will be able to offer an integrated mobility supply and demand management model, with optimisation of flows and development of new forms of sustainable mobility. The complementary geographical location of MISE will also allow FNM to strengthen its presence in Lombardy and in areas with the highest transport demand, also with a view to further developing the infrastructure in the area. The MISE Acquisitions will also allow diversifying the FNM Group revenues, with an improvement in the income profile and a simultaneous diversification of the regulatory risk.

The MISE Acquisitions was completed following the fulfilment of the conditions precedent set out in the MISE SPA, including obtaining the authorisation from the Ministry of Infrastructure and Transport pursuant to the Deed of Concession MISE.

At the same time as the MISE Acquisitions were completed, Autostrada Pedemontana Lombarda S.p.A. (“**APL**”) – the concessionaire company for the design, construction and management of the Autostrada Pedemontana Lombarda motorway between Dalmine, Como, Varese, Valico di Gaggiolo and related works – exited the MISE scope of consolidation as a result of the subscription and release on 26 February 2021 by Regione Lombardia of a share capital increase of APL for a total of €350 million and the consequent dilution to 36.7% of the share capital of the shareholding held by MISE in APL. On 31 August 2021 APL signed a Senior facility agreement for Euro 1,741,000,000 with a pool of banks to finance the realization of routes B2 and C of the motorway.

On a pro forma basis the activities relating to the MISE Acquisitions contributed to approximately 40% of the Group’s total revenues for the year ended 31 December 2020.

#### *MISE profile<sup>5</sup>*

Founded in 1951 in Assago (Milano), MISE is the concessionaire company for the design, construction and management of the A7 Serravalle-Milan Motorway, connecting Genova to Milan, and the North (A52), East (A51) and West (A50) Milan Ring Roads, as well as the Bereguardo-Pavia Ring Road (A53), pursuant to the Deed of Concession MISE (See “*Information about the Issuer and the Group – Material Contracts of the Group – MISE – Deed of Concession MISE*”).

MISE is the concessionaire company for the design, construction and management of the A7 Serravalle-Milan Motorway and the Tangenziali Nord, Est and Ovest Milano (for a total length of 179 km) pursuant to the concession agreement signed on 7 November 2007 (as amended by the additional deed of 15 June 2016) between MISE, as concessionaire, and ANAS S.p.A. (subsequently replaced by the Ministry of Infrastructure and Transport), as grantor. MISE is also active in the design, as well as technical and administrative support for infrastructure investments on the motorway network through Milano Serravalle Engineering S.r.l. (“**Milano Serravalle Engineering**”), of which it holds 100% of the share capital.

Located in Northern Italy at the centre of one of the main European motorway networks, the infrastructure extends for about 180 km, of which 124 km on three lanes. Over the years, MISE monthly traffic volumes have showed stability. Due to COVID-19 related mobility restrictions, in 2020 total travelling traffic amounted to 2.1 million vehicles-km, down 32% on the average of the previous two years (3.1 million

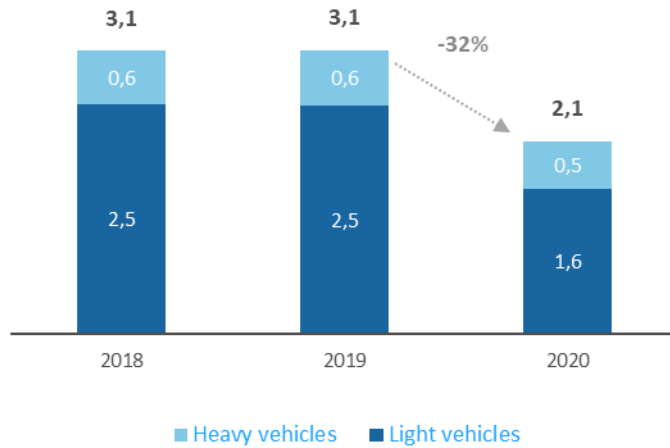
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<sup>5</sup> The source for the data included in the section “MISE profile” is the financial statements of MISE for the year ended 31 December 2020.

vehicles-km). In the period 2018-2019 heavy vehicles traffic represented approximately 20% of total traffic, increasing to 25% in 2020 due to weaker restrictions imposed on freight logistics than on people's travels.

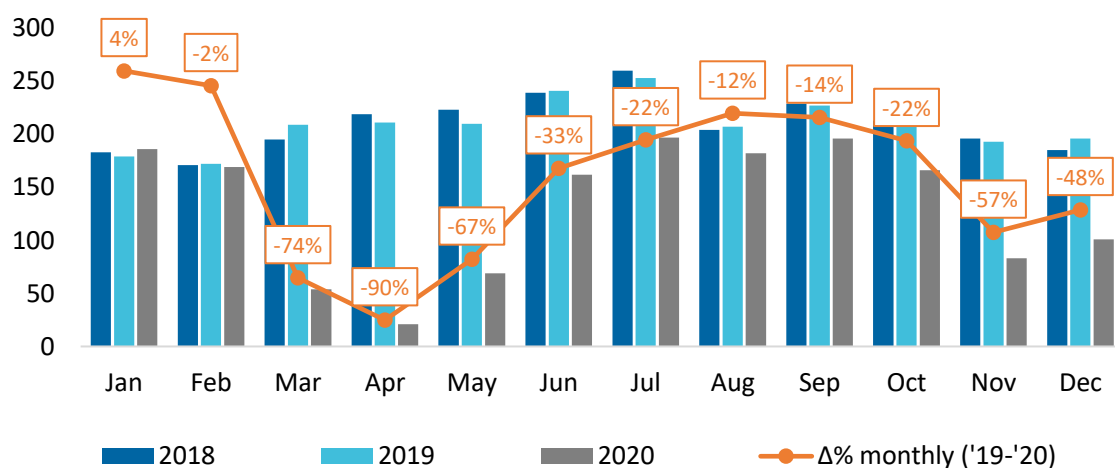
### Yearly traffic evolution

(bln vehicle-km)



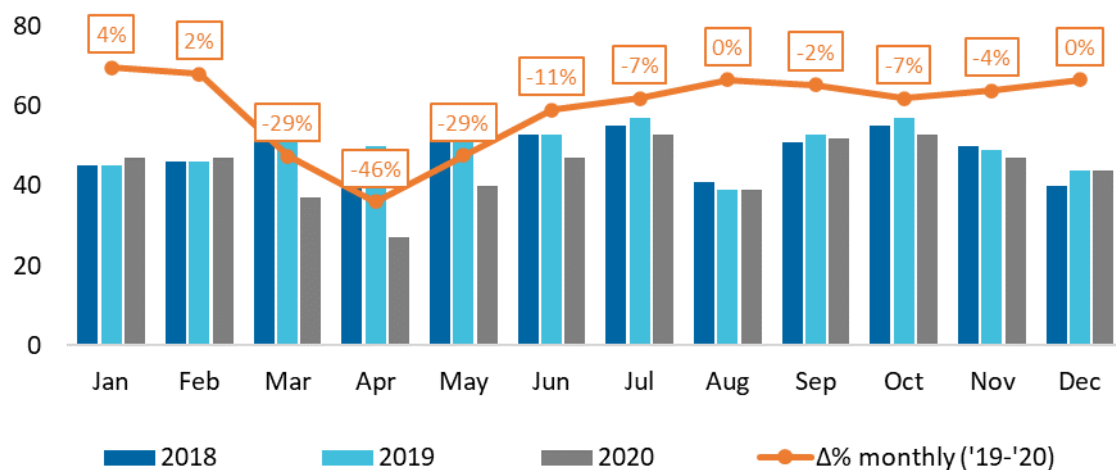
In particular, looking at the monthly trend, the first quarter of 2020 showed a drop in demand starting from March 2020, following the outbreak of the Covid-19 pandemic in February 2020. Traffic in March 2020 through to May 2020 was very weak due to the particularly severe lockdown measures and then slightly recovered, remaining below 2019 levels, during the summer months thanks to the relaxation of certain Covid-19 pandemic restrictions. In this period, light traffic volumes showed a significant and higher recovery than heavy traffic volumes, which were generally more resilient to the more restrictive measures. The travelling restriction due to the “second pandemic wave” in the fourth quarter of 2020 resulted in a new reduction in traffic volumes, especially for the light traffic segment.

### Light vehicles monthly trend:



Light Vehicles	2018	2019	2020	Δ% monthly ('19-'20)	Δ% monthly ('18-'19)
Jan	183	179	186	4%	-2%
Feb	171	172	169	-2%	1%
Mar	195	209	54	-74%	7%
Apr	219	211	21	-90%	-4%
May	223	210	69	-67%	-6%
Jun	239	241	162	-33%	1%
Jul	260	253	197	-22%	-3%
Aug	204	207	182	-12%	1%
Sep	229	227	196	-14%	-1%
Oct	213	214	166	-22%	0%
Nov	196	193	83	-57%	-2%
Dec	185	196	101	-48%	6%
<b>Total</b>	<b>2517</b>	<b>2512</b>	<b>1586</b>		

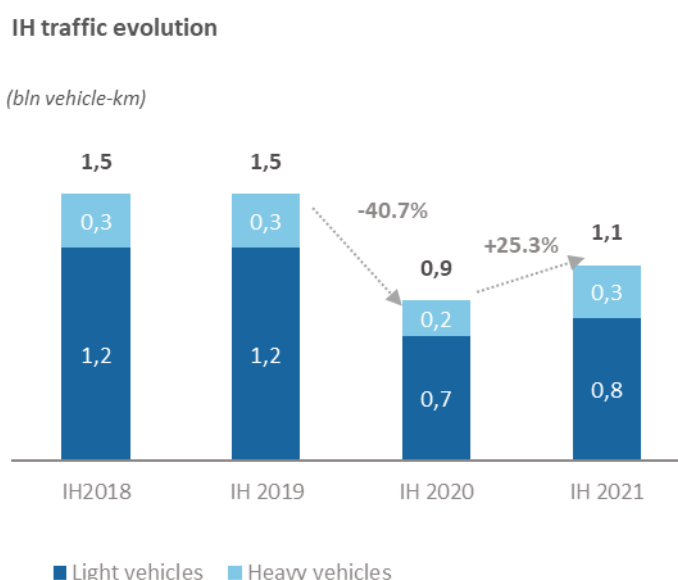
Heavy vehicles monthly trend:



Heavy vehicles	2018	2019	2020	Δ% monthly ('19-'20)	Δ% monthly ('18-'19)
Jan	45	45	47	4%	0%
Feb	46	46	47	2%	0%
Mar	52	52	37	-29%	0%
Apr	48	50	27	-46%	4%
May	56	56	40	-29%	0%
Jun	53	53	47	-11%	0%
Jul	55	57	53	-7%	4%
Aug	41	39	39	0%	-5%
Sep	51	53	52	-2%	4%
Oct	55	57	53	-7%	4%
Nov	50	49	47	-4%	-2%
Dec	40	44	44	0%	10%
<b>Total</b>	<b>592</b>	<b>601</b>	<b>533</b>		

In 2021 traffic showed a 25 per cent recovery over the same period in 2020, but remained 27 per cent below the levels registered in the first half of 2019. In the first quarter of 2021, demand was particularly weak due to the restrictions put in place to limit the third wave of the Covid-19 pandemic and consequent high rates of remote working and teaching. In the second quarter of 2021 demand increased thanks to the relaxation of anti-contagion measures as of March 2021.

In general, during the Covid-19 pandemic heavy vehicle traffic proved to be more resilient and substantially recovered to pre-pandemic levels by the end of the first half of 2021. Light vehicle traffic recovered at a lower pace.

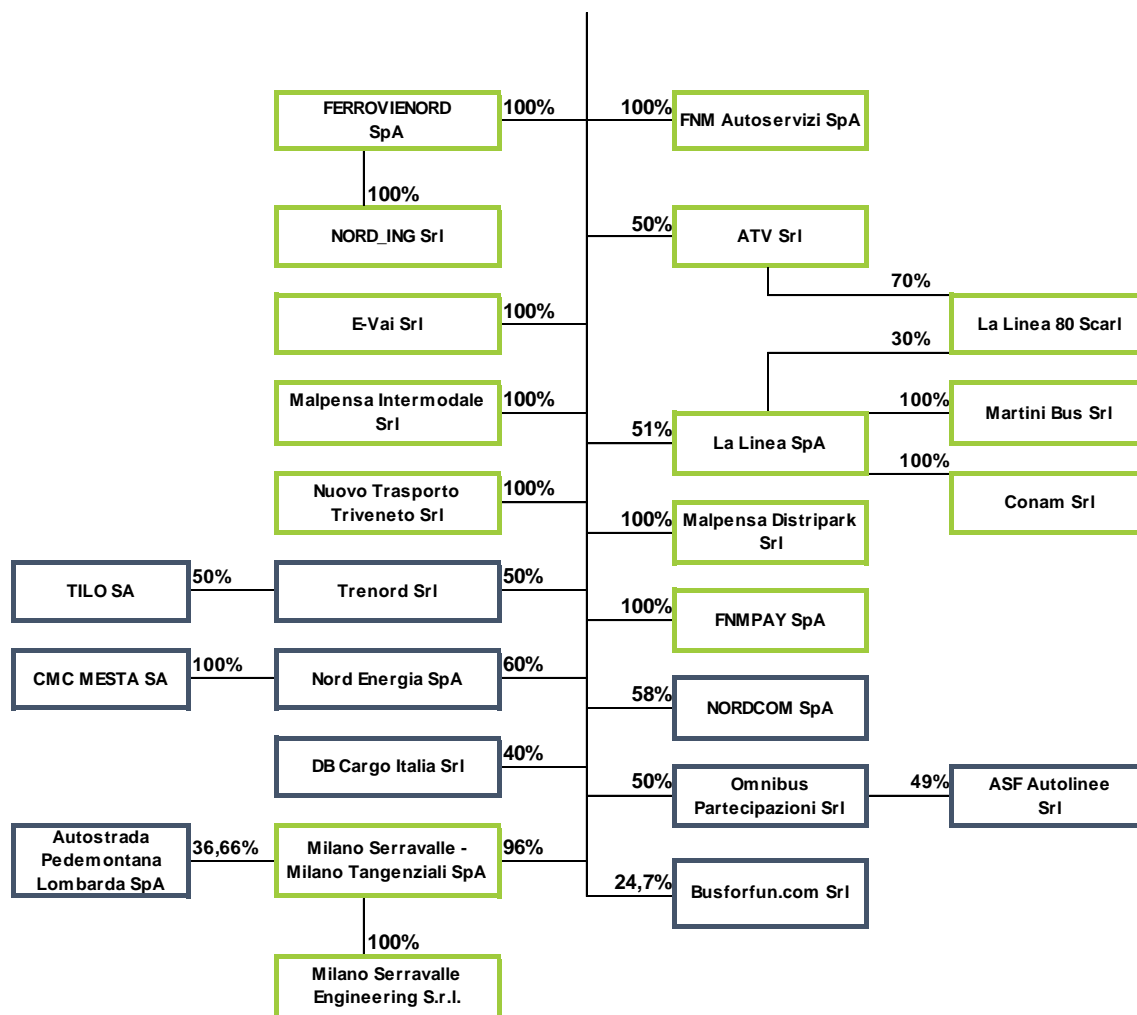


MISE controls Milano Serravalle Engineering, which provides design, technical and administrative support for infrastructure investments on the motorway network.

Among its subsidiaries/investees, MISE also includes a 36.7% stake in the capital of APL, concessionaire for the design, construction and management of the motorway between Dalmine, Como, Varese, the Gaggiolo border crossing and related works and a 18.8% stake in Tangenziali Esterne di Milano S.p.A. (TEM), concessionaire for the design, construction and management of the 32 km motorway connecting Agrate Brianza – Caponago (A4) and Melegnano - Cerro al Lambro (A1) nodes and 38 km of ordinary roads in the South-East of Milan metropolitan area.

### Organisational Structure

The Issuer is the parent company of the Group, and its shares are listed on the *Mercato Telematico Azionario* market of the Italian Stock Exchange. The Group consists of the Issuer and 15 consolidated subsidiaries, as well as a further 10 companies –in which the Issuer holds a stake and consolidates using the equity method. The following diagram depicts, in simplified form, the Group’s corporate structure, as of the date of this Base Prospectus:



**Legenda:**

- Fully consolidated companies
- Companies accounted under equity method

## BUSINESS OF THE GROUP

The following is a description of the business activities of the Group. The Issuer believes that a presentation of the business as that of the consolidated Group and not of individual Group companies is most representative of the business of the Issuer and its subsidiaries.

FNM Group income sources can be divided into two main categories, across segments, as follows:

- guaranteed amounts pursuant to public contracts: activities carried out in the railway infrastructure management and road passenger local public transport (bus services and part of the car sharing services) areas are pursuant to contracts and concessions signed with public authorities, such as regions and provinces, and funded partially or totally by these public authorities with pre-established rates/amounts regardless of fluctuations in passengers/transport (See “*Information about the Issuer and the Group – Material Contracts of the Group – Ferrovienord*”, regarding the railway infrastructure management area, and “*Information about the Issuer and the Group – Material*



*Contracts of the Group – FNM Autoservizi” and “Information about the Issuer and the Group – Material Contracts of the Group – A.T.V.” regarding the road passenger transport area); and*

- other business income: in addition to the above, other activities such as the management of centralised services areas, including rental of rolling stock, ticket sales in road passenger transport, access charges for motorway users, charges to customers of car-sharing generate income for the Group, without there being fixed tariffs or guarantees as to amounts. With particular reference to the motorways and road local public transport service, FNM cannot independently establish the relevant tariff, which is regulated, therefore its income is only subject to possible changes in traffic volumes.

The following table reports the reclassified income statement for the years ended on 31 December 2019 and 2020 and for the six months ended 30 June 2020 and 2021 as well as on a pro forma basis for year ended on 31 December 2020.

For the sake of a complete disclosure, in the following reclassified income statement the items “costs for construction services - IFRIC 12” and “grants for construction services - IFRIC 12”, relating exclusively to concessionaire companies FERROVIENORD and MISE in which, in application of IFRIC 12, the amounts of the funded investments made during the period and the corresponding contributions are recognised, are stated net in “Other income and revenue.”

The individual items reported below also exclude non-recurring items, which have been reclassified under “non-ordinary income and expenses”.

The first half of 2021 includes the economic effects arising from the line-by-line consolidation of MISE and its subsidiary Milano Serravalle Engineering from 26 February 2021. The period of comparison represents the scope of consolidation prior to the acquisition.

<b>Reclassified income statement</b> <i>(in millions of Euro)</i>	<b>31 December 2019<sup>6</sup></b>	<b>31 December 2020<sup>6</sup></b>	<b>30 June 2020<sup>6</sup></b>	<b>30 June 2021<sup>6</sup></b>	<b>Pro Forma 31 December 2020<sup>7</sup></b>
Revenues from sales and services	279.2	258.8	126.5	212.4	446.2
Other revenues and income	21.4	22.5	11.3	14.0	35.2
<b>TOTAL REVENUES AND OTHER INCOME</b>	<b>300.6</b>	<b>281.3</b>	<b>137.8</b>	<b>226.4</b>	<b>481.4</b>
Operating costs	(105.5)	(97.7)	(43.9)	(85.6)	(176.4)
Personnel costs	(125.5)	(113.5)	(57.5)	(75.0)	(154.2)
<b>ADJUSTED EBITDA</b>	<b>69.6</b>	<b>70.1</b>	<b>36.4</b>	<b>65.8</b>	<b>150.8</b>
Non-ordinary Income and Expenses	1.4	(1.9)	(0.3)	0.5	(0.0)
<b>EBITDA</b>	<b>71.0</b>	<b>68.2</b>	<b>36.1</b>	<b>66.3</b>	<b>150.8</b>

<sup>6</sup> FNM Group Reported historical data.

<sup>7</sup> Pro Forma data as at 31 December 2020 include MISE for 12 months, as if it was consolidated since January 1, 2020, and take into consideration the economic effects of the financing taken for the acquisition. MISE results have been restated to reflect IFRS principles

Depreciation, amortisation and write-downs	(40.7)	(41.8)	(20.2)	(34.2)	(82.0)
<b>EBIT</b>	<b>30.3</b>	<b>26.4</b>	<b>15.9</b>	<b>32.1</b>	<b>68.8</b>
NET FINANCIAL INCOME	(2.4)	(0.1)	0.3	(10.5)	23.0
<b>EARNINGS BEFORE TAX</b>	<b>27.9</b>	<b>26.3</b>	<b>16.2</b>	<b>21.6</b>	<b>45.8</b>
Income tax	(5.0)	(3.6)	(2.8)	(5.6)	(10.5)
<b>ADJUSTED COMPREHENSIVE RESULT</b>	<b>22.9</b>	<b>22.7</b>	<b>13.4</b>	16.0	<b>35.2</b>
Profit of companies measured with the Equity method	8.0	2.0	(14.1)	(26.9)	(1.6)
<b>COMPREHENSIVE RESULT</b>	<b>30.9</b>	<b>24.7</b>	<b>(0.7)</b>	<b>(10.9)</b>	<b>33.6</b>

## Segments

FNM Group is the leading integrated sustainable mobility group in the northern Italy. It is the first hub in Italy to combine railway infrastructure management with road transport and motorway infrastructure management, with the aim of proposing an innovative model to manage mobility supply and demand designed to support optimization of flows as well as environmental and economical sustainability. It is one of Italy's leading non-state investors in the sector.

The Group is organised into the following four main business segments:

- *Rolling stock company (Ro.S.Co) & services*: the business segments is mainly carried out by FNM, the parent company of the Group, which also act as rolling stock company (Ro.S.Co.). It consists of: (i) purchasing of rolling stock and leasing of rolling stock to subsidiaries as well as to third parties, operating in the local public transport and freight transport sectors, such as Trenord (50% owned, see “Information about the Issuer and the Group – Joint Ventures”) and DB Cargo Italia (40% owned); (ii) providing administrative services to the Group; and (iv) managing real estate assets of the FNM Group. With the establishment of FNMPay in October 2020, the Group entered in the sector of digital payments. The business includes the performance of information and communication technologies and digital solutions through the Joint venture NordCom (58% owned by FNM), providing services both to FNM and third parties and electric power transport through the Mendrisio- Cagno import line, managed by Nord Energia (60% owned by FNM);

Trenord is the main manager of suburban and regional rail passenger transport services in the Lombardy Region, including the Malpensa Express airport link, the Passante Milanese and the Lombardy - Canton Ticino cross-border service through TILO S.A. (50% owned by Trenord). The rail service is managed by virtue of a service contract with the Lombardy Region for the period 2015-2020, extended to the end of 2021. DB Cargo Italia S.r.l. (40% owned by FNM S.p.A.) is active in rail freight transport.

Trenord, DB Cargo Italia, NordCom and Nord Energia are consolidated using the equity method.

- *Railway infrastructure management*: the business segment mainly comprises the following activities: (i) management and ordinary and extraordinary maintenance of the railway infrastructure, including

330 km of network and over 120 stations in the provinces of Milan, Varese, Como, Novara, Monza and Brianza and Brescia, including work to upgrade the network or to set up new facilities. The fees for carrying out this activity are defined in the public service contract signed between Ferrovienord and the Lombardy Region and are mainly funded by such Lombardy Region (See “*Information about the Issuer and the Group – Material Contracts of the Group – Ferrovienord*”); (ii) freight mobility and logistics: management and development of freight terminals and logistic platforms. In this area, the Group earns revenues operating handling services for containers and swap bodies as well as providing terminal services and (in the timespan of the business plan) letting terminal and logistic areas;

The Group is active in the railway infrastructure management in Lombardy and the Sacconago intermodal terminal through the following companies:

- (i) FERROVIENORD S.p.A.- which is entrusted with the management and maintenance of the railway infrastructure, Milan and Iseo branches, on the basis of the Deed of Concession FN and the Programme Agreement FN (See “*Information about the Issuer and the Group – Material Contracts of the Group – Ferrovienord*”);
- (ii) NORD\_ING S.r.l. - which is entrusted with planning activities, as well as technical and administrative support for investments on the network;
- (iii) MALPENSA INTERMODALE S.r.l. - which is responsible for the management of the Sacconago Terminal in Busto Arsizio (Varese); and
- (iv) MALPENSA DISTRIPARK S.r.l.- which is entrusted with the real estate development of areas adjacent to the Sacconago Terminal.

In particular, the Deed of Concession FN includes the construction, management and maintenance of the railway infrastructure, the upgrading and modernisation of the network, traffic management and the allocation of capacity. The concessionaire is also responsible for acquiring and managing, on a non-exclusive basis, on behalf of the Lombardy Region, the fleet needed to provide rail services and for enhancing the railway heritage, including that of historical value. The concessionaire is also assigned the tasks regulated by the investment programme contract, the service contract or other administrative provision.

The activity is carried out by the subsidiary Ferrovienord, in synergy with the subsidiary NORD\_ING, which follows the implementation of ordinary and extraordinary maintenance works on the railway network, upgrading works and the activation of new facilities.

- *Road passenger mobility:*

- *Local public transport (minor operations of) and charter service carried out by bus in several provinces of Lombardy and Veneto:* as part of this activity, the Group earns revenues from ticket sales and grants from contributions (concessions and contract services) granted by the relevant local authority, for activities carried out in the provinces of Varese, Brescia, Como and in the city and province of Verona. The overall grants for carrying out this activity are defined in the public service contracts signed between FNM Autoservizi and the relevant local authorities, regarding the activities carried out in the provinces of Lombardy, and Azienda Trasporti Verona S.r.l. (“A.T.V.”) and the relevant local authorities, regarding the activities carried out in the city and province of Verona (See “*Information about the Issuer and the Group – Material Contracts of the Group – FNM Autoservizi*” regarding the activities carried out in Lombardy and “*Information about the Issuer and the Group – Material Contracts of the Group – A.T.V.*” regarding the activities carried out in the city and province of Verona);

moreover, the Group earns revenues from sub-contracting fees for sub-contracted services and from ticket sales for charter services; and

- *Electric car sharing services*: these services are offered in Lombardy, as the only regional car sharing service, with a fleet of electric and business vehicles. As part of this activity, the Group earns revenues from users' fees and from a grant provided by Lombardy Region (the grants for carrying out this activity are defined in the public service contract signed between Ferrovienord and the Lombardy Region).

FNM operates in the road passenger mobility through:

- (i) FNM Autoservizi operates as concessionaire company of portions of the public transport services by road within the territory of the Lombardy Region and, in particular, in the provinces of Varese and Brescia and, through the Consortium STECAV S.c.a.r.l., Como on the basis of public service contracts or deeds of concessions with relevant local agencies for local public transport or local public authorities. It also provides railway replacement services as support of the Trenord rail services. As of 31 December 2020, the fleet consists of 157 buses (of which 48% new generation) with an average age of around 12 years;
- (ii) A.T.V. which provides urban public transport in the municipalities of Verona and Legnago and extra-urban transport throughout the province of Verona; operates mainly in the passenger road transport segment in the municipality and province of Verona; the company is jointly owned by FNM and Azienda Mobilità Trasporti S.p.A. The fleet operating in the Veneto Region at 31 December 2020 consisted of 529 buses, of which 48% new generation, with an average age of 13.1 years;
- (iii) La Linea S.p.A., a company operating in the Veneto region in the field of local public transport by road and bus rental with driver, also through its subsidiaries (Matinibus) /partnerships;
- (iv) E-Vai S.r.l., a car sharing company operating in Lombardy with electric and bimodal vehicles. As of 31 December 2020, the fleet consisted of a total of 242 vehicles, (175 in December 2019), 50 of which were dedicated to the I-SharE LIFE project. There are 142 E-Vai Points, distributed across 79 municipalities and equipped with 94 charging stations. The geographic presence increased compared to 31 December 2019, when 112 E-Vai Points were distributed across 59 municipalities and equipped with 63 charging stations;
- (v) Busforfun.Com S.r.l. - innovative start-up in tourism and commuting technologies, in which FNM acquired a 24.7% stake in November 2020.

- *Motorway infrastructure management:*

FNM Group is also active in the motorway infrastructure management sector thanks to its 96% shareholding in MISE, which is fully consolidated into the FNM Group as from 26 February 2021.

MISE is the concessionaire company for the design, construction and management of the A7 Serravalle-Milan Motorway and the Tangenziali Nord, Est and Ovest Milano (for a total length of 179 km) pursuant to the concession agreement signed on 7 November 2007 (as amended by the additional deed of 15 June 2016) between MISE, as concessionaire, and ANAS S.p.A. (subsequently replaced by the Ministry of Infrastructure and Transport), as grantor.

With the acquisition of MISE, FNM intends to create a strategic group in the infrastructure sector in Lombardy for the management of the mobility system, which integrates rail transport, local public

road transport and motorway infrastructure. The transaction will allow FNM to strengthen its presence in Lombardy and in the areas of highest demand for transport, and it will also allow the FNM Group to diversify its revenues, with an improvement in its income profile and a simultaneous diversification of its regulatory risk.

MISE is also active in the design, as well as technical and administrative support for infrastructure investments on the motorway network through Milano Serravalle Engineering, of which it holds 100% of the share capital.

MISE holds a 36.7% stake in APL, the concessionaire for the design, construction and management of the Autostrada Pedemontana Lombarda motorway between Dalmine, Como, Varese, Valico di Gaggiolo and related works. APL has been consolidated using the equity method since 26 February 2021, by virtue of the subscription and release by the Lombardy Region of a €350 million increase in APL's share capital,

The following table explains a breakdown of the Group's revenues and Adjusted EBITDA from activities provided by segments as described above, for the years ended on 31 December 2019 and 2020 and for the six months ended 30 June 2020 and 2021 as well as on a pro forma basis for year ended on 31 December 2020.

<b>Revenues and other income from segments (in millions of Euro)</b>	<b>31 December 2019<sup>8</sup></b>	<b>31 December 2020<sup>8</sup></b>	<b>30 June 2020<sup>8</sup></b>	<b>30 June 2021<sup>8</sup></b>	<b>Pro Forma 31 December 2020<sup>9</sup></b>
Ro.S.Co. & services	82.6	84.0	41.2	39.4	84.0
Railway infrastructure management	124.6	126.9	63.3	64.6	126.9
Road passenger mobility	118.3	94.7	44.7	60.7	94.7
Motorway infrastructure management	=	=	=	78.7	200.1
Elisions	(24.9)	(24.3)	(11.4)	(17.0)	(24.3)
Total revenues and other income (*)	300.6	281.3	137.8	226.4	481.4

(\*) Represents the total revenues and other income net of costs for construction services recognised in accordance with IFRIC 12 - *Service Concession Arrangements*, and net of non-ordinary income.

The contribution of different segments on the Pro Forma 2020 revenues (gross of elisions) was as follows: Motorway infrastructure management 40%, Ro.S.Co. & services 16%, Railway infrastructure management 25% and Road passenger mobility 19%.

<sup>8</sup> FNM Group Reported historical data.

<sup>9</sup> Pro Forma data as at 31 December 2020 include MISE for 12 months, as if it was consolidated since January 1, 2020, and take into consideration the economic effects of the financing taken for the acquisition. MISE results have been restated to reflect IFRS principles

<b>Adj. EBITDA from segments</b> <i>(in millions of Euro)</i>	<b>31 December 2019<sup>8</sup></b>	<b>31 December 2020<sup>8</sup></b>	<b>30 June 2020<sup>8</sup></b>	<b>30 June 2021<sup>8</sup></b>	<b>Pro Forma 31 December 2020<sup>9</sup></b>
Ro.S.Co. & services	52.3	54.3	26.5	23.9	54.3
Railway infrastructure management	4.1	5.8	5.6	3.4	5.8
Road passenger mobility	13.2	10.0	4.3	6.3	10.0
Motorway infrastructure management	=	=	=	32.2	80.7
Adjusted EBITDA (*)	69.6	70.1	36.4	65.8	150.8

(\*) Adjusted EBITDA is defined as EBITDA (i.e. profit for the period before income taxes, of the other financial income and expenses, of depreciation, amortization and impairments of non-current asset) excluding non-ordinary expenses and income.

The contribution of different segments in terms of EBITDA Adjusted on a pro forma basis for year ended on 31 December 2020 was as follows: Motorway infrastructure management 53%, Ro.S.Co. & services 36%, Railway infrastructure management 4% and Road passenger mobility 7%.

The following table explains main economic results of the Group for the years ended on 31 December 2019 and 2020 and for the six months ended 30 June 2020 and 2021 as well as on a pro forma basis for year ended on 31 December 2020.

<i>(in millions of Euro)</i>	<b>31 December 2019<sup>8</sup></b>	<b>31 December 2020<sup>8</sup></b>	<b>30 June 2020<sup>8</sup></b>	<b>30 June 2021<sup>8</sup></b>	<b>Pro Forma 31 December 2020<sup>9</sup></b>
Total Revenues and other income (*)	300.6	281.3	137.8	226.4	481.4
Adjusted EBITDA (**)	69.6	70.1	36.4	65.8	150.8
EBITDA	71.0	68.2	36.1	66.3	150.8
% Adjusted EBITDA (***)	23.2%	24.9%	36.1%	29.1%	31.3%
EBIT	30.3	26.4	15.9	32.1	68.8

(\*) Represents the total revenues and other income net of costs for construction services recognised in accordance with IFRIC 12 - *Service Concession Arrangements* and net of non-ordinary income

(\*\*) Adjusted EBITDA is defined as EBITDA (i.e. profit for the period before income taxes, of the other financial income and expenses, of depreciation, amortization and impairments of non-current asset) excluding non-ordinary expenses and income.

(\*\*\*) As a percentage of Total Revenues and other income

Pro forma for the MISE Acquisitions (See “*Information about the Issuer and the Group – Recent Developments – MISE Acquisitions*”), for the year ended 31 December 2020, the Group’s consolidated revenues were €481.4 million, Adjusted EBITDA was €150.8 million, EBITDA was EUR 150.8 million and EBIT was EUR 68.8 million.

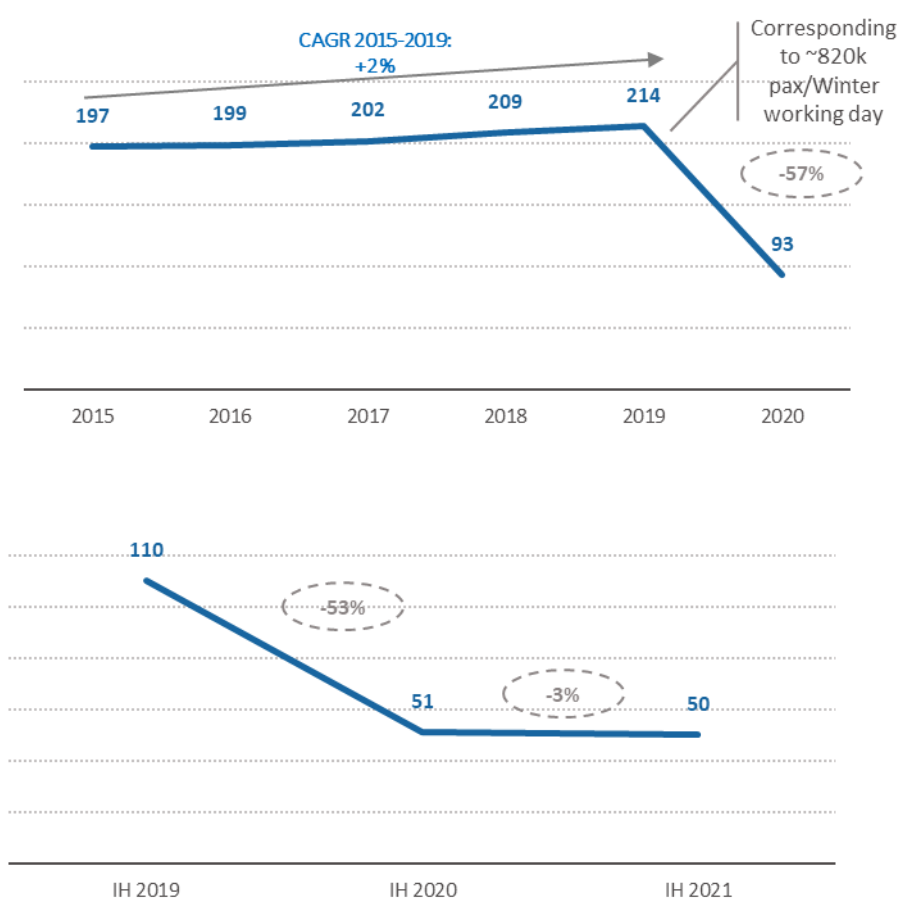
## **Joint Ventures**

The Group operates also in other business areas through a number of strategic joint ventures that are included in the FNM Group consolidated financial statements using the equity method under the line item “Net result of companies valued using the equity method”. Among the existing joint ventures, the business area in which the Group operates through the joint venture Trenord is described below.

### Trenord

Trenord employs about 4,300 people and is the only company in Italy that deals exclusively with public transport by rail of a single region, Lombardy, which is the most "mobile" area in Italy, where over 820,200 people travel by train every day prior to COVID-19 (source: management estimates). Due to the travel restrictions imposed as a measure to stop the spread of Covid-19, in 2020 the total number of passengers transported by Trenord decreased by 57 per cent\*. Weak demand for local rail transport also persisted in the first semester of 2021, due to more or less severe restrictions to limit the third wave of the pandemic and consequent high rates of remote working and teaching.

Passengers transported by Trenord (mln/year)



\* Passenger data included in this section has been derived from (i) Issuer’s management records (in respect of the data representing the financial year ended 31 December 2015, the data representing the six months ended 30 June 2019, the data representing the six months ended 30 June 2020 and the data representing the six months ended 30 June 2021); (ii) the audited financial statements of Trenord for the financial year ended 31 December 2017 (in respect of the data representing the financial years ended 31 December 2016 and 31 December 2017); (iii) the audited financial statements of Trenord for the financial year ended 31 December 2019 (in respect of the data representing the financial years ended 31 December 2018 and 31 December 2019); and (iv) the annual sustainability report of for the year ended 31 December 2020 (in respect of the data representing the financial year ended 31 December 2020).

Trenord is a joint venture between Trenitalia S.p.A. (50%) and the FNM Group (50%). The company was established on 3 May 2011 merging the experience, know-how and facilities of Trenitalia (Regional Division for Lombardy) and the FNM Group (through the passenger railway company LeNord), in order to streamline and optimise the rail service in Lombardy. Trenord is included in the FNM Group consolidated financial statements using the equity method under the line item “Net result of companies valued using the equity method”.

In particular, Trenord manages the following services: public passenger transport by rail in suburban and regional areas in Lombardy, the airport passenger transport by rail, connecting Milan with the terminals of the Malpensa airport, named Malpensa Express, and the Lombardy-Canton Ticino cross-border service (See “*Information about the Issuer and the Group – Material Contracts of the Group – Joint Ventures*” for a description of the relevant agreements).

As part of this activity, Trenord earned both revenues from the service contract stipulated with the Lombardy Region for the provision of transport services and revenues from ticket sales.

In carrying out its activities, Trenord operates trains and rolling stock leased by the FNM Group and Trenitalia as well as rolling stock provided by the Lombardy Region.

The following table explain the Trenord’s economic data for the years ended on 31 December 2020 and 2019.

<i>(In millions of Euro)</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
Revenues.....	703.1	831.7
External operational costs .....	(299.7)	(354.6)
<i>ADDED VALUE</i> .....	403.4	477.1
Personnel costs .....	(250.1)	(275)
<i>EBITDA</i> .....	153.3	202.1
Depreciation and amortisation .	(186.3)	(192.2)
<i>EBIT</i> .....	(33)	9.9
Financial income/charges .....	(1.7)	(2.9)
<i>PRE-TAX RESULT</i> .....	(34.7)	7.0
Income taxes .....	27.7	(3.3)
<b>NET RESULT</b> .....	(7.0)	3.7

### **Market Position**

The FNM Group is one of the leading transport and mobility group in Northern Italy in terms of profitability. The table below shows the leading position of the Group in the reference market, in terms of EBIT, EBIT margin and value of production in 2020 and 2019. The information in the following table is based on internal data and estimates of the Group together with information extracted from the relevant financial statements, publicly available at the companies’ websites, at links described below.

<b>EBIT</b> <b>(millions of Euro)</b>	<b>EBIT Margin</b> <b>(%)</b>	<b>Value of Production</b> <b>(millions of Euro)</b>
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	2020	2019	2020	2019	2020	2019
Ferrovie dello Stato .....	(278)	829	(2.6%)	6.7%	10,837	12,423
ATM .....	(47.4)	6.3	(4.9%)	0.6%	957.9	980.7
FNM .....	26.4	30.3	9.4%	10.1%	281.3(*)	300.6(*)
GTT .....	(14.3)	(14.2)	(3.9%)	(3.4)%.	370.4	419.8
TPER .....	4.4	9.1	1.6%	2.8%	265.8	328.7
AVM Venezia .....	6.8	10.5	2.6%	3.5%	256.6	302.9

(\*) Represents the total revenues and other income net of costs for construction services recognised in accordance with IFRIC 12 - *Service Concession Arrangements*

Below are the links to the relevant companies websites indicated above:

Ferrovie dello Stato	<a href="https://www.fsitaliane.it/content/fsitaliane/en/investor-relations/financial-statements.html">https://www.fsitaliane.it/content/fsitaliane/en/investor-relations/financial-statements.html</a>  <a href="https://www.fsitaliane.it/content/dam/fsitaliane/Documents/investor-relations/bilanci/FS_Relazione_Finanziaria_Annuale_2020.pdf">https://www.fsitaliane.it/content/dam/fsitaliane/Documents/investor-relations/bilanci/FS_Relazione_Finanziaria_Annuale_2020.pdf</a>
ATM	<a href="https://www.atm.it/it/IlGruppo/Financial_information/Documents/BILANCIO%20GRUPPO%20ATM%202020.pdf">https://www.atm.it/it/IlGruppo/Financial_information/Documents/BILANCIO%20GRUPPO%20ATM%202020.pdf</a>
GTT	<a href="https://www.gtt.to.it/cms/risorse/gruppo/Bilancio_esercizio_2020.pdf">https://www.gtt.to.it/cms/risorse/gruppo/Bilancio_esercizio_2020.pdf</a>
TPER	<a href="https://www.tper.it/sites/tper.it/files/Bilancio%20ordinario%20Tper.pdf">https://www.tper.it/sites/tper.it/files/Bilancio%20ordinario%20Tper.pdf</a>
AVM Venezia	<a href="http://avm.avmspa.it/sites/default/files/Bilancio%20Avm%202020_compressed.pdf">http://avm.avmspa.it/sites/default/files/Bilancio%20Avm%202020_compressed.pdf</a>

## COMPETITIVE STRENGTHS

The FNM Group builds its own competitive strengths on:

- Risk diversification: the Group operates in different business and geographical areas across the transport sector, allowing the diversification of risks related to: (i) market trends (reduction in farebox/traffic revenues, reduction in public grants) and (ii) loss of concessions as possible outcome of competitive tendering processes (in particular in the motorway and/or road passenger mobility segments);
- Deep market knowledge that provides the ability to anticipate trends and to exploit new market opportunities;
- Technical expertise across the transport sector, gained over more than 140 years, in particular in the field of railway and bus services;
- Strong local roots and historical experience in one of the most vibrant economic areas in Europe.

Credit strengths:

- Highly diversified and sizable infrastructure portfolio;
- MISE's small but strategically located toll road network;
- Long track record in the public transportation industry;

- Strong service area characteristics;
- Balanced financial policy, strong liquidity position.

FNM's 2016 BCA reflects as positives (1) a highly diversified and sizable infrastructure portfolio which following the acquisition of MISE will include toll road concessions, but also other more predictable cash generating activities; (2) MISE's small but strategic motorway network which contribute to more than 55% of the post-acquisition entity's consolidated EBITDA; (3) FNM's long-track record in the public transportation industry with revenues underpinned by relatively long-term leases with train operating companies and concession agreements with local transport public agencies and/or the Region of Lombardy; (4) strong service area characteristics, given the Group's operations are concentrated in Lombardy and Veneto, among the wealthiest and most economically active regions of Europe; and (5) a balanced financial policy which is expected to continue in the future in order to preserve the Group's liquidity position.

## **ENVIRONMENT AND SUSTAINABILITY**

The Group is committed to operating its business while respecting the environment and other social considerations.

The FNM Group focuses on Corporate Social Responsibility (CSR), and, since 2015, has been developing a sustainability governance system for the management of sustainability issues, aiming to create lasting shared value, structured as follows:

### **Committee for Social and Ethical Responsibility**

Internal Board Committee tasked with promoting an ethical and environmental corporate policy, in line with the Group's sustainability strategy and by monitoring the economic, environmental and social expectations of the Group stakeholders. The Committee also has the task of overseeing the process of preparing the Sustainability Report-NFS with the assistance of the CSR-Sustainability Department, approving its materiality analysis and, in general, the contents before submission to the Board of Directors.

### **Committee for Control, Risk and Related Party Transactions**

An internal Board Committee with advisory and proposal-making functions, which has the task of supporting, by means of an adequate preliminary activity, the assessments and decisions of the Board of Directors relating to the internal control and risk management system, as well as those relating to the approval of periodic financial reports.

### **Sustainability Report - NFS Steering Committee**

Launched at the end of 2015, the Committee is overseen by the CSR/Sustainability Department and comprises members of the Committee for Social and Ethical Responsibility and a representative from each of the main corporate areas of FNM S.p.A. and one representative from each of the companies included in the scope of the Sustainability Report-NFS. The Report Steering Committee is asked to participate in the process of stakeholder engagement and definition of risks related to sustainability issues, as well as to take part in the Sustainability Report-NFS project with regard to annual data collection.

### **CSR/Sustainability Department**

Established in January 2017, it has the aim of overseeing and coordinating the FNM Group's CSR and sustainability policies. The Department – which has been reporting directly to the Finance and Development Department since 2019 – undertakes management, planning and scheduling activities with the participation of all organisation units, as well as promoting the adopting of sustainability principles. It defines and manages the non-financial reporting process, promotes actions on sustainable mobility, environment and energy efficiency and shares FNM's best practices with local and international networks and associations, playing an active role in achieving the SDGs of the 2030 Agenda.

### *Sustainability Reporting*

The FNM Group started its sustainability path in 2014, with the 2013 reporting process that continues today with the annual drafting of the Sustainability Report - NFS pursuant to Legislative Decree no. 254/2016 and in compliance with the new GRI Sustainability Reporting Standards.

The Non Financial Statement (NFS) is approved by the FNM Board of Directors, together with the Consolidated Financial Statement and presented to the Shareholders' Meeting.

All activities relating to the reporting of the Sustainability Report-NFS are governed by a specific Operating Procedure approved on 31/01/2020.

### **EMPLOYEES**

As of 30 June 2021, the Group had 2,823 employees.

The following table shows a breakdown of the Group's employees by category:

<b>Employees</b>	<b>No.</b>
Executives .....	48
Manager .....	168
Clerical staff.....	593
Workers / Drivers .....	2,024
<b>Total.....</b>	<b>22,823</b>

### **PROPERTY AND EQUIPMENT**

Property, plant and equipment, net of relative accumulated depreciation and provisions for loans, amounted to € 443,340 thousand as of 31 December 2020 and € 409,864 thousand as of 31 December 2019 and €447,611 as of 30 June 2021, as shown in the table below:

<i>(In Euro thousands)</i>	<b>31 December 2020</b>	<b>31 December 2019</b>	<b>30 June 2021</b>
Land and buildings .....	34,256	35,480	33,683
Plant and machinery .....	38,722	43,014	37,476
Industrial and commercial equipment .....	1,323	1,097	1,675
Other assets.....	337,269	313,380	343,159
Assets under construction, advances and other.....	31,770	16,893	31,618
<b>Total property, plant and equipment.....</b>	<b>443,340</b>	<b>409,864</b>	<b>447,611</b>

Land and buildings mainly include the building of Milano Cadorna Station and other lands and buildings in the municipalities of Milano, Sacconago, Saronno, Mestre and others.

Plant and machinery mainly refers to buses and railway infrastructure.

Industrial and commercial equipment primarily comprises purchases of equipment used for railway infrastructure maintenance.

Other assets mainly refers to rolling stock, vehicles, furnishings and leased assets.

Assets under construction, advances and other mainly includes advances paid to suppliers for the purchase of locomotives and buses under construction.

### Capital Expenditure

Capital expenditure is defined as investments for the period in property, plant and equipment.

The following table sets forth capital expenditures in property, plant and equipment for the year ended 31 December 2020 and 2019 and for the six months ended 30 June 2021.

<i>(In Euro thousands)</i>	<b>31 December 2020</b>	<b>31 December 2019</b>	<b>30 June 2021</b>
Land and buildings .....	31	395	9
Plant and machinery .....	1,364	5,721	189
Industrial and commercial equipment .....	587	194	516
Other assets .....	43,277	19,151	14,602
Assets under construction, advances and other .....	21,099	13,172	3,474
<b>Capital expenditure .....</b>	<b>66,268</b>	<b>38,633</b>	<b>18,790</b>

### Plant and machinery

For the year ended 31 December 2020, the increases in the item “Plant and machinery” (EUR 1,364 thousand) mainly concern the entry into service of 8 new buses and minibuses, for EUR 1,030 thousand (with related on-board equipment).

For the year ended 31 December 2019, the increases in the item “Plant and machinery” (EUR 5,721 thousand) mainly concern the entry into service of 25 new buses and minibuses, for EUR 5,041 thousand (with related on-board equipment).

For the period ended 30 June 2021, the increases in the item “Plant and machinery” is mainly as a result of the commissioning of a new bus, for EUR 141 thousand, (with related on-board equipment).

### Industrial and commercial equipment

The item increases due to the acquisition of equipment used for the maintenance of the railway infrastructure.

### Other assets

“Other assets” include rolling stock, motor vehicles, furnishings and leased assets (operating leases).

For the year ended 31 December 2020, the investment for the year, mainly related to rolling stock (EUR 42,996 thousand) concerns:

- 4 FLIRT TILO rolling stocks for EUR 38,034 thousand; following commissioning, investments incurred in the previous year, amounting to EUR 4,226 thousand, were transferred from “Assets in

the course of construction and advances” to the category in question; the four rolling stocks are leased to Trenord;

- for EUR 3,788 thousand, 2 E744 EffiShunter locomotives; the locomotives are leased to DB Cargo Italia;
- EUR 1,174 thousand for the redemption of 8 DE520 locomotives leased to DB Cargo Italia and Trenord.

The net asset value of rolling stock (67 trains and 25 locomotives) as of 31 December 2020 was EUR 334,657 thousand.

Other increases mainly refer to furniture and furnishings of Group offices and for stations of the entire company network.

For the year ended 31 December 2019, the investment for the year, mainly related to rolling stock (EUR 18,741 thousand) concerns:

- 4 E191 Vectron DC electric locomotives for EUR 10,560 thousand; following commissioning, investments incurred in the previous year, amounting to EUR 2,640 thousand, were transferred from “Assets in the course of construction and advances” to “Other assets”. Of these, one was leased to the investee Fuorimuro and the remaining ones to third parties;
- 3 E494 TRAXX DC electric locomotives for EUR 7,768 thousand; following commissioning, investments incurred in the previous year, amounting to EUR 1,963 thousand, were transferred from “Assets in the course of construction and advances” to “Other assets”; the locomotives are leased to the parent company FNM, which sub-leases to the associate DB Cargo Italia;
- the revamping work carried out on two LHB locomotives for EUR 255 thousand;
- cyclical maintenance on a BR 189 locomotive for EUR 158 thousand.

Also for the year ended 31 December 2019, other increases mainly refer to furniture and furnishings of Group offices and for stations of the entire company network.

For the period ended 30 June 2021, “Other assets” comprises rolling stock, motor vehicles and leased assets (operating leases). The increase in the half-year, amounting to EUR 14,602 thousand, mainly concerns:

- the entry into service of one FLIRT TILO train, for EUR 8,452 thousand; following commissioning, investments incurred in the previous year, amounting to EUR 2,113 thousand, were transferred from “Assets in the course of construction and advances” to this category;
- 2 Effishunter locomotives for EUR 2,946 thousand; following commissioning, investments incurred in the previous year, amounting to EUR 842 thousand, were transferred from “Assets in the course of construction and advances” to this category;
- the capitalisation of cyclical maintenance on 8 CSA trains for EUR 3,064 thousand.

#### **Assets under construction and advances**

For the year ended 31 December 2020, the increase in the item, in the amount of EUR 21,009 thousand, are attributable to advances paid for the purchase of 6 hydrogen-powered electric trains (EUR 14,160 thousand), 5 FLIRT TILO rolling stocks (EUR 1,057 thousand), 2 E744 EffiShunter locomotives (EUR 842 thousand) and 3 Yutong electric buses (EUR 638 thousand), the costs incurred for the revamping of the TAF (EUR 3,770 thousand) and DE520 rolling stock (EUR 307 thousand), the construction of the car park adjacent to the Milan Affori station (EUR 143 thousand), the initial costs relating to the new electronic ticketing system

in the areas of Como, Varese and Brescia (EUR 74 thousand), and the modernisation of the Milan Cadorna building (EUR 62 thousand).

For the year ended 31 December 2019 The increase in the item, for EUR 13,172 thousand, mainly refers to advances paid for the purchase of 9 FLIRT trains (EUR 9,508 thousand), to the costs incurred for the construction of the car park adjacent to the Milan Affori station (EUR 1,236 thousand), to the supply of 2 E494 TRAXX DC electric locomotives (EUR 592 thousand), to the costs incurred for the installation of tanks at the Saronno depot (EUR 175 thousand) as well as initial costs for the new electronic ticketing system in the areas of Como, Varese and Brescia (EUR 73 thousand).

For the period ended 30 June 2021, the increases relate mainly to the advances paid for revamping work on the DE 520 locomotives (EUR 1,078 thousand), for the supply of one diesel - electric locomotive (EUR 842 thousand), for the purchase of a new dump lorry for the maintenance of railway infrastructure (EUR 529 thousand) for the construction of the car park adjacent to the Milano Affori station (EUR 521 thousand).

### **Grants for financed investments**

In compliance with IFRIC 12, investments made in infrastructure and rolling stock, entirely financed by the Lombardy Region, are not shown under “Property, plant and equipment”, but, in accordance with IFRS 15, under costs for the year.

For the year ended 31 December 2020, investments with public funds were made for a total of EUR 105.1 million (EUR 153.6 million in the comparative year), relating to the renewal of rolling stock for EUR 69.7 million and the modernisation and upgrading of infrastructure for EUR 35.4 million. In detail, these works mainly relate to the renewal of the track on the Saronno - Como, Bovisa - Seveso - Mariano Comense and Saronno Malnate sections, the automatic reversible block on the Saronno - Como and Saronno Varese sections, the upgrading and requalification of the Borgo San Giovanni (Brescia) station to meet standards, the construction of the support system for the drive aid system, and the upgrading of the Milan Affori - Varedo railway section.

For the year ended 31 December 2019, investments with public funds were made for a total of EUR 153.6 million (EUR 22.7 million in the comparative period), relating to the renewal of rolling stock for EUR 114.5 million, including the amounts paid in advance, and the modernisation and upgrading of infrastructure for EUR 39.1 million. In detail, these interventions relate to: the renewal of the superstructure on the Bovisa - Seveso - Mariano Comense sections, the construction of the network duct support system, the construction of the Malpensa T2 - RFI Sempione Line railway link, the extraordinary maintenance concerning the platforms of the Canzo-Asso, Cittiglio, Laveno-Mombello, Cocquio-Trevisago, Barasso-Comerio, Novate Milanese and Milano Quarto Oggiaro facilities, the renewal of the Milano Bovisa and Saronno switch points, the upgrading of the Garbagnate Milanese station, and the upgrading of the Milan Affori - Varedo railway line.

For the year ended 30 June 2021, investments with public funds were made for a total of EUR 164.8 million (EUR 30.2 million in the comparative period), relating to the renewal of rolling stock for EUR 140.6 million and the modernisation and upgrading of infrastructure for EUR 24.2 million. In detail, these interventions mainly relate to the renewal of equipment on the Saronno - Como, Bovisa - Seveso - Mariano Comense and Saronno Malnate sections; as well as the upgrading of the Milan Affori - Varedo railway line.

### **Insurance**

The Group maintains a liability and property insurance program structured in the following terms.

### *Insurance liability*

- *Third party liability*: coverage provided for bodily harm and material unintentionally damage, caused to third parties, as a result of actions taken in relation to the activity carried out.
- Coverage is also provided for damage to third parties due to interruption of activity and accidental pollution. The policy is not provided to railway carrier liability.
- *Employee liability*: coverage for civil liability towards employees as a result of accidents and occupational diseases occurring in the workplace.
- *Terrorism liability*: coverage provided for bodily harm and material unintentionally damage, caused to third parties and employees, due to action of terrorism and sabotage of third parties.
- *Cyber risk insurance*: coverage for first party and for third party, business interruption and incident response;
- *Professional liability*: coverage provided for unintentional damage, caused to third parties due to professional liabilities as a result of actions taken in relation to the activity carried out linked to:
  - planning and technical / administrative activity related to it; and
  - public tenders for the acquisition of goods and services in compliance with current legislation.

### *Insurance Property*

Coverage provided to indemnify for direct material damage and consequential damage caused to the insured goods, including buildings, trains and the railway network and other properties of the Group. The damages arising from fire, earthquake, weather events, earthquake, impact, derailment and train misdirection are under warranty. The coverage does not guarantee the business interruption.

### **Legal Proceedings**

In the ordinary course of its business, the Group is subject to various legal and arbitral proceedings. The Group believes such litigation is routine in nature and incidental to the conduct of its business. Management believes that none of such litigation would have a material adverse effect on the Group, should such litigation be determined adversely to the Group. As a result, the Group has not recorded provisions in respect of all of the proceedings to which it is subject. In particular, it has not recorded provisions in cases in which it is not possible to quantify any negative outcome and in cases in which it currently believes that negative outcomes are not likely.

In relation to the status of the ongoing litigation with the supplier Cogel S.p.A. in liquidation, which was noted in the management report to the financial statements as at 31 December 2020, it should be noted that actions to protect the subsidiary's interest continue, with the monitoring of the liquidation situation of the counterparties. The third instance of litigation was recently concluded and another proceeding is being bootied by Ferrovienord.

It should also be noted that, as a result of a positive judicial decision, the guarantee relating to these contracts was collected for an amount of EUR 0.7 million.

The judgement was concluded in the first instance with the Court of Milan decision recognising the legitimacy of all three resolutions of the contracts agreed with Cogel (also ordering the contractor to pay the Affori contract penalty equal to EUR 887,239 and make the insurance payment in the Busto contract equal to EUR 63,194). At the same time, though, it rejected Ferrovienord's damage claims and ordered the railway company (in relation to the Affori contract) to repay to Cogel - by way of *Restitutio ad integrum* - the value of the contractual works already carried out, i.e. EUR 7,468,694.96. The decision was appealed by

Ferrovienord and on 1 February 2018 decision no. 534/2018 of the Court of Appeal was published: it confirmed Cogel's right to the value of the works, as already decided in the Court of first instance, but unlike the Court, the Court of Appeal quantified the sum due, resulting from the work progress report, as EUR 8,398,737.40 (and not EUR 7,468,694.96 as claimed by Cogel). The Court of Appeal amended the Court's judgement to the extent that it had not taken into account the fact that most of the works value executed at the time of the resolution had already been paid for by Ferrovienord in the amount of EUR 7,087,783.68. The Court of Appeal therefore ordered Ferrovienord to pay Cogel the residual value of the works, amounting to EUR 1,310,953.72 and not EUR 7,468,694.96 as ordered by the first Court. The Court of Appeal also confirmed the first instance judgement to the extent in which it ordered Cogel to pay the Affori penalty and the Busto Arsizio insurance. Finally, Ferrovienord, jointly and severally with Cogel, must pay legal fees in favour of Generali Italia S.p.A., for the total amount of EUR 25,560.00 with any additional sums as required by law and flat-rate reimbursement.

The third instance was started with the challenge of the Court of Appeal's judgement before the Court of Cassation by Generali Italia S.p.A., which asked for Ferrovienord jointly and severally with Cogel or exclusively to be ordered to repay the amount of EUR 680,406.91 plus interest and revaluation (equal to the amount already paid to Ferrovienord as a guarantee). Subsequently, Cogel also challenged the same judgement requesting with respect to Ferrovienord the recognition of default interest pursuant to Legislative Decree 231/2002 for an amount of EUR 963,368.99 (in addition to the legal interest already recognised in the second-degree decision in its favour). Ferrovienord defended the proceedings and in turn challenged the second instance judgement to, among other things, the extent in which it rejected the claim for compensation for the damages quantified as EUR 3,332,154.54. On 17 June 2021, judgement no. 17453/2021 was issued in which the Court of Cassation: i) rejected the demand of Generali Italia S.p.A. seeking an order requiring Ferrovienord to pay EUR 680,406.91; ii) rejected the cross-appeal of Cogel seeking an order requiring Ferrovienord to pay EUR 963,638.99; iii) upheld the second grounds of Ferrovienord's cross-appeal (relating to the damages suffered due to the higher amount paid to the new contractor for the Saronno-Seregno works); iv) referred the case back to the Milan Court of Appeals for the continuation of the proceedings between Ferrovienord and Cogel for the damages referred to in the previous point and for legal costs; v) ordered Generali Italia S.p.A. to pay the legal fees in favour of Ferrovienord, amounting to EUR 11,200.00 plus additional sums as required by law. Ferrovienord is starting the proceeding against Cogel for the damages referred to the previous point (iii) and for legal costs.

In two separate appeals, 41 contractor workers filed an application for the order for Ferrovienord (acting jointly and severally) to make a contribution to INPS, respectively of EUR 99,363 and EUR 88,001 for social security contributions accrued under the procurement contract. Subsequently, five other workers also lodged appeals with two further appeals with which an additional EUR 18,294 was requested.

Having declared their lack of jurisdictional competence due to the applicants' residence, the cases were sent to the various courts of the places of residence. Currently, fourteen cases are pending, at different stages: a) in the first instance, there are four pending cases, while nine cases were adjudicated against Ferrovienord jointly and severally with La Lucentissima, subject to the benefit of preventive enforcement against La Lucentissima; Ferrovienord appealed seven first instance decisions and will appeal the other two sentences (handed down in July 2020); b) two appeals have already ended with two decisions that, while confirming the decision against Ferrovienord and La Lucentissima, slightly reduced the amounts due to the workers. La Lucentissima was declared bankrupt by a judgment dated 28.04.2021 and, consequently, as the declaration of bankruptcy is brought to the attention of the Judge in accordance with procedural formalities, the proceedings still pending will be discontinued. They will therefore need to be resumed by the applicants against the bankruptcy.

### **Tax inspections and assessments**



In relation to the litigation initiated with the Customs Agency, for the appeal filed by the Como Customs Agency for the reform of sentence No. 155/2016 of the Como Provincial Tax Commission, in favour of the company, the hearing for the discussion of the dispute in question, initially set for 13 September 2018, was postponed various times to 24 September 2020.

In the meantime, discussions continued with the Como Customs Agency to seek to settle the dispute out of court; in this regard, the Company provided the Office with the documentation necessary for a reconciliation between the invoices issued by the supplier (the Swiss company Stadler Bussnang AG) and the corresponding self-invoices issued by the Company.

Given the positive outcome of this reconciliation, Ferrovienord submitted to the Como Customs Office a petition for nullification by internal review of the notice of assessment and correction doc. no. ASP RU 15537/14 and of the order to impose administrative penalties doc. no. ASP. RU 15550/14, to involve the Regional Directorate of the Customs Agency in the matter.

The Regional Directorate of the Customs Agency, due to the amounts in dispute and the importance of the matter, also referred the matter to the Central Directorate of the Customs Agency.

On 13 February 2021, the Customs and Monopolies Agency - Como Customs Office sent measure Prot. 2162/RU, which states, quite unexpectedly, that “the superior offices did not consider it appropriate to proceed with the requested annulment”. Ferrovienord therefore filed a petition for the prompt handling of the case before the Lombardy Regional Tax Commission. At the hearing of the case, held on 15 April 2021, the Regional Tax Commission, with a ruling filed on 15 May 2021, fully accepted the Company's defence in relation to the tax, stating that Ferrovienord had legitimately paid the VAT on importation through reverse charge, confirming, on this point, the ruling of the Como Provincial Tax Commission. As far as the sanction is concerned, however, the outcome is only partially favourable. In fact, the Regional Tax Commission redetermined the penalty, initially established by the Customs Agency during the assessment for an amount equal to EUR 2,609,475.59, as EUR 1,333,076.44 pursuant to art. 13 of Legislative Decree 471/1997, on the basis of the supposed number of days of delay between the dates of issue of the invoices by Stadler and the dates of issue of the self-invoices by Ferrovienord.

Given what Ferrovienord believes to be the illegitimate quantification of the sanction made by the Commission, Ferrovienord will take the case to the Court of Cassation, requesting the partial annulment of the Regional Tax Commission's ruling limited to the sanction aspect, accepting the part of the ruling that found that the tax was not due.

In parallel, the subsidiary will continue to attempt to settle the dispute out of court with the Attorney General's Office, which is responsible for defending the case in the Court of Cassation and, in any case, the “manager” of the case, and which could have a serious interest in settling the matter, considering that the Customs Agency lost the case in both the first and second instances.

### **Material Financings of the Group**

The following facilities agreements are currently in place with FNM:

- (i) a facility agreement for maximum €50,000,000 entered into on 22 December 2017 between FNM, as borrower, and the European Investment Bank, as lender, as subsequently amended and supplemented;
- (ii) a facility agreement for maximum €650,000,000 entered into on 31 May 2018 between Ferrovienord, as borrower, and Cassa Depositi e Prestiti S.p.A. and European Investment Bank, as lenders;
- (iii) a bridge facility agreement for maximum €650,000,000 entered into on 28 January 2021 among, amongst others, FNM, as borrower and the Banks Intesa Sanpaolo S.p.A., JPMorgan Chase Bank,

N.A., Milan Branch and BNP Paribas, Italian Branch. The loan was drawn down on 26 February 2021 for EUR 620,000,000.

The following facilities agreements are currently in place with MISE:

- (i) a facility agreement for maximum €90,000,000 entered into on 13 December 2010 between MISE, as borrower, and Ubi Banca and Banco BPM, as lenders;
- (ii) a facility agreement for maximum €150,000,000 entered into on 13 December 2010 between MISE, as borrower, and BNL and Banca Monte dei Paschi di Siena, as lenders;
- (iii) a facility agreement for maximum €20,000,000 entered into on 2 March 2012 between MISE, as borrower, and Banca Carige, with intermediation of European Investment Bank, as lenders;
- (iv) a facility agreement for maximum €150,000,000 entered into on 18 December 2019 between MISE, as borrower, and a pool of banks (Intesa Sanpaolo, Ubi Banca, Banco BPM, Unicredit and BNL) as lenders.

### **Material Contracts of the Group**

Other than the financing agreements described under “– *Material Financings of the Group*”, Material Contracts currently in place are described in the following paragraphs.

#### *Ferrovienord*

The relationships between Ferrovienord and the Region of Lombardy are regulated by the following contracts:

- (i) a deed of concession through which Ferrovienord is granted the rights over the regional railway network (“**Deed of Concession FN**”);
- (ii) a programme agreement (*contratto di programma* – “**Programme Agreement FN**”) regarding investments and extraordinary maintenance of the regional railway network; and
- (iii) a public service contract for the management of the regional railway network (“**Public Service Contract FN**”).

#### *Deed of Concession FN*

The Deed of Concession FN was approved with resolution of the Regional Board of Lombardy with resolution no. X/4823 of 15 February 2016 and was signed by the Region of Lombardy and Ferrovienord on 18 March 2016.

Under the Deed of Concession FN, Ferrovienord is granted the right to use, manage and operate the regional railway networks (including the relevant appurtenances, plants and equipment) until 31 October 2060.

The regional network consists of the following rail segments:

- (a) Milan – Saronno;
- (b) Milan Bovisa – Erba Asso;
- (c) Saronno – Como;
- (d) Saronno – Varese – Laveno;
- (e) Saronno – Novara;
- (f) Saronno – Seregno;
- (g) Seveso – Camnago;

- (h) Busto Arsizio/Vanzaghella – Malpensa Aeroporto (Terminal 2);
- (i) Brescia – Edolo;
- (j) Rovato – Bornato;
- (k) Malnate Olona – Swiss border (Valmorea).

Under the Deed of Concession FN, Ferrovienord is responsible, in particular, for: the expansion of the railway network, as well as for any maintenance and modernization work regarding the same; the regulation of rail traffic over the regional rail network; the allocation of capacity between railway undertakings; and the acquisition and management of the fleet – on a non-exclusive basis - required for the regional train services on behalf of the Region of Lombardy, which provide the relevant instructions and funds for the purchase.

#### *Programme Agreement FN*

As foreseen by the Deed of Concession FN and by Regional Law 6/2012, Ferrovienord and the Region of Lombardy entered into the Programme Agreement FN which is the basis for the funding of rail infrastructure development; the funding is primarily based on a medium term investment plan and covers infrastructure development, extraordinary maintenance and ordinary maintenance.

The Programme Agreement FN lasts for a minimum of five years and may be subject to annual adjustments. The Programme Agreement FN in force covers the period between 28 July 2016 and 31 December 2022.

According to the current regulatory framework, the Programme Agreement FN is organized in two main parts:

- (i) investment part, regarding the activities for the renewal, extension and modernisation of the infrastructure and technological systems, to improve service quality, develop the infrastructure and achieve high levels of safety in accordance with the provisions of the Regional Mobility and Transport Programme; and
- (ii) services part, concerning extraordinary maintenance activities to maintain network efficiency in accordance with the provisions of the Public service agreement.

#### *Public Service Contract*

The regional railway services is carried out by rail operator on the basis of a public service contract entered into between the latter and the competent regional authority, in accordance with the regulation provided by the independent transport regulatory authority (*Autorità di Regolazione dei Trasporti* - “ART”).

The ART was established in 2013 pursuant to Law Decree no. 201 of 6 December 2011 and it is competent, *inter alia*, to: (i) define criteria for setting tariffs, fees and tolls, ensuring the economic balance of the regulated enterprises; (ii) ensure fair and non-discriminatory conditions of access to railways, ports, toll-roads and airports infrastructures; and (iii) set minimum standard of quality with respect to national and local transport public services and the minimum standard of rights for consumers.

In particular, ART resolution no. 96 dated 13 November 2015 provides that railway operators (including Ferrovienord) shall define their tariff system on the basis of the distinction between: (i) Minimum Access Package (*Pacchetto Minimo Di Accesso* - PMdA); and (ii) Other Services (*Altri Servizi*). In September 2020, Ferrovienord has filed with ART its tariff system proposal which is currently under review.

The relationship between Ferrovienord and the Region of Lombardy is also regulated by the Public Service Contract FN executed on 16 March 2016 in which the scope of the services to be provided is determined and the required levels of services are specified in terms of quantity and quality.

The Public Service Contract FN in force is valid for the period between 18 March 2016 and 31 December 2022.

The Public Service Contract FN also regulates the consideration due to Ferrovienord for the services rendered, in accordance with the ART regulation. Such consideration is determined each year on the basis of the time schedule of railway services entered into force on December of the previous years and taking into account the value of train\*Kilometre made available to passengers. The consideration is adjusted annually for (1) inflation; (2) any variations on contractual quality/performance objectives (e.g. punctuality, cancellations, cleaning); (3) variations in production levels; and (4) changes in law.

The Region of Lombardy finances the purchase of rolling stock by Ferrovienord. According to the Public Service Contract FN the rolling stock acquired by Ferrovienord during the life of the contract have to be transferred to the Region upon expiration of the Deed of Concession FN.

In accordance with the provisions of Regional Law 6/2012, the Public Service Contract FN incentives electric mobility with low environmental impact integrated with the railway service. For the implementation of this ancillary service Ferrovienord receives from the Region a fee of 1.8 million EUR per year.

### **E-Vai**

In the context of the commitments of Ferrovienord with the Lombardy Region under the Public Service Contract FN, Ferrovienord and E-Vai entered into a contract for the provision of services for the management of ecological car sharing. Based on the contract with Ferrovienord, E-Vai provides car sharing services through the 1.0 station based business model. In exchange for its services, E-Vai receives the payment of a fee of 1.8 million EUR per year from Ferrovienord.

### **FNM Autoservizi**

FNM Autoservizi operates in the sector of public road transport (bus services) on the basis of public service contracts or deeds of concessions with different local agencies for local public transport or local public authorities within the territory of the Lombardy Region, such as those entered into with agencies of the Province of Brescia (sub-network of the Valle Camonica), the Province of Varese (South network) and the Province of Como (where FNM Autoservizi together with ASF Autolinee S.r.l. operates through the Consortium STECAV S.c.a.r.l.).

These contracts have been extended from time to time while waiting for new tender procedures to be launched by the relevant authorities for the awarding of the services as required under Regulation (EC) no. 1370/2007.

In that regard, Article 92, paragraph ter of Decree Law 18/2020 provides for the possibility that all ongoing award procedures may be suspended for up to 24 months after the end of COVID-19.

### **A.T.V.**

A.T.V. provides public road transport services (bus services) in the municipalities of Verona and Legnago and extra-urban services throughout the province of Verona.

The current public service contract entered into by A.T.V. and Provincia di Verona (the “**Public Service Contract ATV**”) has been extended from time to time while waiting for new tender procedures to be finalised by the relevant authorities for the awarding of the services, as required under Regulation (EC) no. 1370/2007.

In fact, on 6 December 2017 the Provincial Council of Verona approved the proposal for an expression of interest to take part in the public tender for the award of the local public transport service for a contract duration of 7 years, with the possibility of renewal for a further two years. This proposal refers to two separate lots that may be awarded separately ((i) urban and sub-urban network of Verona and (ii) extra-urban, provincial and urban network of Legnago). On 11 January 2018, A.T.V. filed an appeal with the TAR

(Regional Administrative Court) against the tender and relative ruling of the Provincial Council of Verona, concerning the type of tender planned and division in lots. The date of the first hearing still has to be set.

In that regard, Article 92, paragraph *ter* of Law Decree 18/2020 provided for the possibility that all ongoing award procedures could be suspended for a maximum of 12 months from the end of the emergency. In December 2020, resolution 131 of the President of the Province of Verona formulated the direction to continue the procedure to suspend the tender. The reasons cited in the resolution are the uncertainties related to the future scenarios of the Verona local public transport post COVID-19 and those related to the evolution of the project for the construction of the urban trolleybus of the City of Verona.

## **MISE**

### *Deed of Concession MISE*

The design, construction and management of the A7 Serravalle-Milan Motorway, connecting Genova to Milan, and the North (A52), East (A51) and West (A50) Milan Ring Roads, as well as the Bereguardo-Pavia Ring Road (A53) are regulated by the Deed of Concession MISE.

The Deed of Concession MISE was signed on 7 November 2007 between MISE, as concessionaire, and ANAS S.p.A. (subsequently replaced by the Ministry of Infrastructure and Transport), as awarding authority, in accordance with Article 2 of Law Decree no. 262 dated 3 October 2006.

By means of the additional deed dated 15 June 2016, the Deed of Concession MISE has been amended and integrated. The Deed of Concession MISE will expire in 2028.

## **APL**

### *Deed of Concession APL*

The design, construction and management of the motorway connecting Dalmine, Como, Varese, the crossing point of Gaggiolo and ancillary works are regulated by the Deed of Concession APL entered into between Società Pedemontana Lombarda S.p.A. (currently, APL) as concessionaire and Concessioni Autostradali Lombarde S.p.A. as awarding authority. The Deed of Concession APL was signed on 1 August 2007 amending and updating the concession previously signed on 29 May 1990 between Società Pedemontana Lombarda S.p.A. and ANAS.

The Deed of Concession APL will expire 30 years following the date of the final entering into operation of the whole motorway (i.e. expiration date expected to occur around December 2045).

## **Joint Ventures**

### *Trenord*

Trenord was incorporated on 4 August 2009 as a partnership between Trenitalia and FNM with the name “Trenitalia-LeNord” (“**TLN**”) on the basis of an operational agreement for strengthening and improving the regional railway service in the Region of Lombardy. TLN initially operated through the rent of business units dedicated to the performance of local public railway services within the territory of the Region of Lombardy, belonging in part in part to Trenitalia and in part to LeNord (a company that at that time was wholly participated by FNM). On 3 May 2011, the Trenitalia’s business unit was conferred into TLN and FNM transferred to TLN its whole participation in LeNord, which was contextually incorporated into TLN. The name of TLN was changed into Trenord in the context of the same transaction. Trenord is currently an equal share joint venture between Trenitalia and FNM that provides mobility railway services mainly in the territory of the Region of Lombardy, as well as in other territorial areas indicated by the public service contract entered into with the Region of Lombardy.

The railway service is managed by virtue of a Service Contract with the Lombardy Region for the period 2015-2020, which has been extended under the same conditions for the whole of 2021 as provided for by

Regional Law no. 26 - Stability Law 2021-2023 - (article 2, paragraph 8) of 28 December 2020. The renewal of the Service Contract for the period 2022-2031 is currently being negotiated.

## Management and Control of the Issuer

### *Corporate Governance*

The Issuer has adopted a “traditional” system of corporate governance, based on a conventional organisational model involving shareholders’ meetings, a board of directors, a board of statutory auditors and independent auditors.

Pursuant to its by-laws, the management of the Issuer is entrusted to a collegial body made up of no fewer than 3 and no more than 9 members, appointed by an ordinary shareholders’ meeting (collectively the “Board of Directors” and each member so appointed a “Director”).

Pursuant to the Issuer’s by-laws, the Board of Statutory Auditors (“*collegio sindacale*”) is composed of three auditors and two alternate auditors, each of which shall meet the requirements provided for by applicable law and the Issuer’s by-laws (collectively, the “Board of Statutory Auditors”).

The Board of Statutory Auditors is responsible for monitoring (i) the Issuer’s compliance with the law and by-laws, as well as compliance with proper management principles in carrying out the Issuer’s activities; (ii) the process of financial disclosure and the adequacy of the Issuer’s organisational structure, internal auditing system, and administration and accounting system; (iii) the audit of the stand-alone and the consolidated financial statements and the independence of the external auditing firm; and, lastly, (iv) how the corporate governance rules provided by the Corporate Governance Code are implemented.

The Issuer’s by-laws are in compliance with applicable laws and regulations aimed at ensuring the gender balance within the Board of Directors and the Board of Statutory Auditors.

### *Board of Directors*

The Issuer is administered by a Board of Directors composed of seven members. The current members of the Board of Directors were appointed by a resolution of the Issuer’s shareholders at a meeting held on 30 April 2021, and will hold office until the approval of the Issuer’s financial statements for the financial year ended 31 December 2023.

The names of the members of the Board of Directors are set forth in the following table.

Name	Position	Place and Date of Birth
Andrea Angelo Gibelli	Chairman and Chief Executive Officer	Codogno, 7 September 1967
Gianantonio Arnoldi	Deputy Chairman - Independent director	Capriate San Gervasio, 12 May 1958
Marcella Caradonna	Independent director	Stornara (FG) 22 May 1959
Tiziana Bortot	Independent director	Varese, 25 October 1965
Ivo Roberto Cassetta	Managing director for specific projects	Milano, 16 July 1962
Barbara Lilla Boschetti	Independent director	Epsom (U.K.), 30 August 1974
Mauro Miccio	Independent director	Roma, 5 July 1955

The following table sets out the principal activities performed by the members of the Board of Directors outside of the Issuer.

<b>Name</b>	<b>Company</b>	<b>Office</b>
Andrea Gibelli	ASSTRA	President
Gianantonio Arnoldi	Concessioni Autostradali Lombarde S.p.A.	Chief Executive Officer
Marcella Caradonna	Milan Association of Chartered Accountants and Accounting Experts	President
Ivo Cassetta	ANAS S.p.A.	Director
Barbara Lilla Boschetti	Università Cattolica del Sacro Cuore	Full Professor
Mauro Miccio	Studio Legale Piselli and Partners	Of Counsel
Tiziana Bortot	Local Entities	Financial Services manager

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

As at the date hereof, the abovementioned members of the Board of Directors of the Issuer do not have conflicts of interests between any duties to the Issuer and their private interests or other duties.

#### *Board of Statutory Auditors*

The members of the Board of Statutory Auditors were appointed by a resolution of the Issuer's shareholders at a meeting held on 30 April 2021. On 21 May 2021 the appointed Chairman of the Board of Statutory Auditors and the alternate auditor, Valentina Lupi, resigned from their office. On 19 July 2021 the Issuer's shareholders' meeting replaced the resigned auditors.

The current members will hold office until the approval of the Issuer's financial statements for the financial year ended 31 December 2023. At the end of their term in office, the Statutory Auditors may be re-appointed.

The names of the current members of the Board of Statutory Auditors are set forth in the following table.

<b>Name</b>	<b>Position</b>	<b>Place and Date of Birth</b>
Eugenio Pinto	Chairman	Taranto, 20 September 1959
Roberta Eldangela Benedetti	Effective Auditor	Milano, 18 September 1969
Massimo Codari	Effective Auditor	Melegnano 28 September 1961
Annibale Porrone	Alternate Auditor	Trani, 22 May 1943
Marianna Tognoni	Alternate Auditor	Roma, 27 April 1965

The following table sets out the principal activities performed by the members of the Board of Statutory Auditors outside of the Issuer.

<b>Name</b>	<b>Company</b>	<b>Office</b>
Massimo Codari	FERROVIENORD S.p.A.	Effective Auditor
Roberta Eldangela Benedetti	Eurizon Capital SGR S.p.A.	Effective Auditor
Eugenio Pinto	LUISS Guido Carli University	Professor of Accounting

The business address of each member of the Issuer's Board of Statutory Auditors is the registered office of FNM S.p.A.: Piazzale Luigi Cadorna, 14, Milano, Italy.

As at the date hereof, the abovementioned members of the Board of Statutory Auditors of the Issuer do not have conflicts of interests between any duties to the Issuer and their private interests or duties.

#### *Board Committees*

On 13 May, 2021, in accordance with the provisions of the Corporate Governance Code (Codice di Corporate Governance), FNM's Board of Directors resolved to establish the following committees:

- control, risk and related parties committee;
- remuneration committee; and
- social responsibility and ethics committee.

On 13 May, 2021, FNM's Board of Directors also identified Mauro Miccio as Lead Independent Director among the Independent Directors, who is entrusted with the tasks indicated in the Corporate Governance Code.

On 27 May 2021, FNM's Board of Directors resolved to establish the Committee for the designation of the corporate bodies of the FNM Group.

Special organisational regulations approved by the Board of Directors govern the composition, tasks and functioning of the committees.

#### *Control, risk and related parties committee*

The control, risk and related parties committee makes proposals and provides advice to the Board of Directors to support decisions concerning the Internal Control and Risk Management System.

Specifically, the control, risk and related parties committee carries out the following main tasks:

- assesses the external auditor and the control body, the correct application of the accounting principles and, in the case of groups, their homogeneity for the purposes of preparing the consolidated financial statement, after hearing the manager responsible for the corporate financial documents;
- examines the content of the periodic non-financial information relevant to the internal control and risk management system;
- expresses opinions on specific aspects relating to the identification of the main corporate risks and supports the board of directors' assessments and decisions relating to the management of risks deriving from prejudicial facts of which the latter has become aware;
- examines the periodic and particularly relevant reports prepared by the internal audit function;
- monitors the autonomy, adequacy, effectiveness and efficiency of the internal audit function;
- can entrust the internal audit with the task of carrying out specific controls on defined operational areas. Such a request is contextually communicated to the chair of the control body;



- reports to the board of directors, at least upon the approval of the annual and half yearly financial report, on the activities carried out and on the adequacy of the internal control and risk management system.

At the date hereof, the members of the committee are Gianantonio Arnoldi (Chairman), Barbara Lilla Boschetti and Tiziana Bortot and the committee may invite other parties to attend such as Statutory Auditors, the head of the internal audit department and the Chief Financial Officer or other executives whose presence would support the meeting.

#### *Remuneration committee*

The current remuneration committee is made up, in line with the Corporate Governance Code, entirely of non-executive Directors, the majority of whom are qualified as independent and at least one of whom has adequate experience in financial matters or remuneration policies.

The Committee's role is mainly to:

- supporting the Board of Directors in the development of the remuneration policy;
- submitting proposals or expressing opinions to the Board of Directors on the structure and composition of the remuneration of executive directors, of managers with strategic responsibilities and of General Director; periodically evaluating the adequacy, overall consistency and concrete application of the Remuneration Policy and the decisions adopted by the Board on remuneration, through the information provided by the delegated bodies and by the Head of the Human Resources Department, evaluating, among other things, the actual achievement of the performance targets;
- submitting proposals or expressing opinions to the Board of Directors on the annual incentive plans and medium-long term as well as on the correct identification and setting of adequate objectives of performance related to the variable component of remuneration of Directors, of the General Manager and of the other managers with strategic responsibilities (having consulted, where appropriate, the delegated bodies and the Head of the Human Resources Department);
- reporting during the first meeting of the Board of Directors, through the Chairman of the Committee, on relevant issues examined by the Committee itself during its meetings.

At the date hereof, the members of the committee are Marcella Caradonna (Chair), Gianantonio Arnoldi and Tiziana Bortot and the committee may invite other parties to attend such as Statutory Auditors, the head of the human resources department and the Chief Financial Officer or other executives whose presence would support the meeting.

#### *Social responsibility and ethics committee*

The social responsibility and ethics committee assists the Board to meet its oversight responsibilities in relation to the Issuer's sustainability and ethics policies and practices.

Specifically, the social responsibility and ethics committee carries out the following main tasks:

- supervising the preparation of Consolidated Non-Financial Statements;
- supervising the monitoring activity carried out by the Corporate Social Responsibility Function on the implementation of the Sustainability Plan adopted by FNM;
- proposing the revision of the Sustainability Plan in order to align it to the evolution of the law and regulations and national and international best practices;
- promoting the dissemination of the Code of Ethics and Conduct and the Anti-corruption Policy;

- proposing to the Board of Directors the revision of the Code of Ethics and Conduct and of the Anti-corruption Policy to align them with the laws and regulations and national and international best practices.

At the date hereof, the members of the committee are Barbara Lilla Boschetti (Chair), Marcella Caradonna and Mauro Miccio and the committee may invite other parties to attend such as Statutory Auditors, the head of the CSR Department and the Chief Financial Officer or other executives whose presence would support the meeting.

#### *Committee for the designation of the corporate bodies of the FNM Group*

The Committee for the designation of the corporate bodies of the FNM Group carries out the following tasks:

- submitting to the Board of Directors of FNM the candidates for the corporate bodies (Board of Directors and Board of Statutory Auditors) of the subsidiaries and investee companies of FNM;
- preparing and submitting to the Board of Directors proposals in relation to the limits and prohibitions on the accumulation of offices by the directors and statutory auditors of the subsidiaries of FNM;
- submitting opinions to the Board of Directors of FNM regarding the size and composition of the Board of Directors of the subsidiaries of FNM and proposals regarding the managerial and professional figures to be included in the Board itself.

At the date hereof, the members of the committee are Gianantonio Arnoldi (Chairman), Andrea Angelo Gibelli and Tiziana Bortot and the committee may invite other parties to attend such as Statutory Auditors.

#### **The Anti-Corruption Compliance System**

Italian Legislative Decree 8 June 2001, No. 231, as amended, (“**Decree 231**”) introduced into the Italian legal system the direct liability of companies and other legal entities for crimes (including corruption, fraud against the state, corporate offenses and insider trading, environmental crimes and crimes relating to health and safety conditions in workplaces) committed by directors, executives, their subordinates and other subjects acting on behalf of the legal entity (e.g. the agents), when the unlawful conduct has been carried out in the interest of or to the benefit of the company concerned.

Criminal sanctions applicable to companies may include, also depending on the relevance of the criminal offence and the degree of inadequacy of the measures adopted to prevent that offence, either, the shut-down of a company’s business, the suspension or cancellation of its licenses and permits, the prohibition to contract with public entities, the ineligibility for special schemes, financing or subsidies, a ban on the marketing of goods or services or seizures of profits arising from the crime and economic sanctions. Under certain circumstances, Decree 231 also applies when the above-mentioned offences are committed outside of Italy.

If a crime subject to Decree 231 is committed by an individual within one of the companies of the Group, the Issuer may avoid sanctions if it can prove that, among other things, the relevant company of the Group has adopted and effectively implemented, before the crime was committed, an internal control system, the so-called “Model 231” (i.e. a model providing for organisational and operational controls that are suitable to prevent crimes that are similar in nature to the crime that was committed) (the “**Model 231**”).

As of the date of this Base Prospectus, each of the Issuer and its principal Italian subsidiaries have adopted such Model 231, which was last updated by FNM on 26 September 2019. Model 231 includes the Code of Ethics (*Codice Etico e di Comportamento del Gruppo FNM*) setting the ethical values and principles as well as the behavioural rules on which all companies’ activities shall be inspired.

As part of the Group’s aim to comply with the best international practices in its risk control functions, and in light of the Group’s periodic review of its internal controls system, on December 5, 2017 the Board

approved the “Politica Anticorruzione FNM” which aims to prohibit and prevent the execution of any corrupt behaviour, in accordance with the principle of "zero tolerance" of corruption and to ensure compliance with anti-corruption laws and the culture of integrity (the “**Anti-Corruption System**”).

Accordingly, the Issuer implemented its anti-corruption compliance system (the “**Anti-Corruption Compliance System**”) with the aim to prevent active and passive corruption, in particular, any offers or requests for money, advantages and/or other benefits, or payments, made or received, by any party acting in the name or on behalf of the Issuer in relation to business activities, ensuring compliance with anti-corruption applicable legislation.

The Anti-Corruption Compliance System consists of the following activities:

- commitment by the top management in relation to the implementation and development of the Anti-Corruption System within the Group;
- acknowledgment campaign;
- the development, update and efficient implementation of anti-corruption compliance program;
- the development, update and efficient implementation of internal policies;
- audit activities; and
- training to management and employees on anti-corruption.

The Issuer, as the parent company, encourages adoption of the Group’s anti-corruption policy (“*Politica Anticorruzione FNM*”) by entities other than the Group companies (including, consortia, joint ventures, etc.) in which it holds an interest.

The Anti-Corruption Compliance System meets certain international standards, in respect of which the Issuer obtained the UNI ISO 37001:2016 certification on April 19, 2018.

### **Principal Shareholders of the Issuer**

As of the date of this Base Prospectus, the issued and paid-up share capital of the Issuer is €230,000,000.00, divided into 434,902,568 ordinary shares with no par value.

### **Significant Shareholdings**

Lombardy Region.....	250,390,250	57.57%
Ferrovie dello Stato S.p.A. ...	64,109,831	14.74%
Subtotal .....	314,500,81	72.32%
<i>Other Shareholders</i> .....	120,402,487	27.68%
<b>TOTAL SHARES.....</b>	<b>434,902,568</b>	<b>100.00%</b>

The Reference Shareholder of the Group is the Region of Lombardy which also acts as competent local authority to establish the relevant framework to carry out the business activities of the Group in the Lombardy Region, including establishing the relevant discipline of public transport by rails and on roads with respect to infrastructure and services having regional and local relevance, signing the relevant deed of concessions, programme agreements and public service contracts and financing the investments made in infrastructure and rolling stock and the activities relating to the railway infrastructure management and electric car sharing services. See “*Information about the Issuer and the Group – Business of the Group*”, regarding the business of the Group, “*Regulation*” regarding the legislative and regulatory framework in which the Group operates and “*Information about the Issuer and the Group – Material Contracts of the Group*” regarding the contracts entered into with the Reference Shareholder.

As Reference Shareholder, the Region of Lombardy:

- (i) has the right to submit a slate to appoint directors and statutory auditors; and
- (ii) causes that the appointment of directors by the Lombardy Region and their replacement is carried out in compliance with the procedures provided by Regional Law no. 32 of 10 December 2008 and of statutory auditors in compliance with the procedures provided by Regional Law no. 25 of 4 December 2009 “Rules for appointments and designations falling within the competence of the Regional Council”.

The Group has the following measures in place to ensure that the above-mentioned control by the Lombardy Region is not abused:

- (i) appointment of independent directors by the minority shareholders; and
- (ii) establishment of the control, risk and related parties committee composed of independent directors.

## REGULATION

*EU and Italian laws and resolutions comprise significant regulation in relation to the FNM Group's business areas (sale and distribution of electricity and gas), water (water pipeline, sewerage and purification), district heating and environmental services (waste collection and disposal businesses). The main legislative and regulatory measures applicable to the FNM Group at the current date (28 September 2021) are summarised below. Although this summary contains all the information that the Issuer considers material in the context of the issue of the Notes, it is not an exhaustive account of all applicable laws and regulation. Prospective investors and/or their advisers should make their own analysis of the legislation and regulations applicable to the FNM Group and of the impact it may have on an investment in the Notes and should not rely on this summary only.*

### **Current railway transport laws**

The services provided by the Group are subject to European Union and Italian laws, as well as regional regulations.

#### *EU regulation*

Primary objective of EU regulation on public transportation is to develop an efficient transport system through the implementation of a single European space. This objective is mainly pursued through the Fourth EU Railway Package approved in 2016. The package consists of a market pillar and a technical pillar, which are established in directives and regulations, as specified below.

#### *Market pillar*

- Directive (EU) 2016/2370 of the European Parliament and of the Council of 14 December 2016, amending Directive no. 2012/34/EU of the European Parliament and of the Council of 21 November 2012, establishing a single European railway area and setting out rules as regards the opening of the market for domestic passenger transport services by rail and the governance of the railway infrastructure.
- Regulation (EU) no. 2016/2338 of the European Parliament and of the Council of 14 December 2016, amending Regulation (EC) no. 1370/2007 of the European Parliament and of the Council of 23 October 2007, which deals with the award of public service contracts for domestic passenger transport services by rail and on roads.
- Regulation (EU) no. 1371/2007 of the European Parliament and of the Council of 23 October 2007 on rail passengers' rights and obligations.

The above Regulation will be replaced, starting from 7 June 2023, by Regulation (EU) no. 2021/782 of the European Parliament and of the Council of 29 April 2021 which will be the regulatory act of reference in the EU regarding the rights and obligations of passengers in rail transport.

#### *Technical pillar*

- Regulation (EU) no. 2016/796 of the European Parliament and of the Council of 11 May 2016, establishing a European Union Agency for Railways and repealing Regulation (EC) no. 881/2004.
- Directive (EU) no. 2016/797 of the European Parliament and of the Council of 11 May 2016 on the interoperability of rail system within the European Union.
- Directive (EU) no. 2016/798 of the European Parliament and of the Council of 11 May 2016 on railway safety.

- Regulation (EU) no. 2021/1153 of the European Parliament and of the Council of 7 July 2021 establishing the Connecting Europe Facility and repealing Regulations (EU) no. 1316/2013 and (EU) no. 283/2014.

In short, the market pillar provides for the opening of domestic passenger transport services to competition throughout the EU. Right of access can be limited only to protect economic balance of public service contracts. Furthermore, it contains rules concerning the infrastructure manager's independence within integrated groups, i.e., those in which there is both an infrastructure operator and railway undertakings.

Regulation (EU) no. 2016/2338 provides calls for tenders as a general rule for awarding public service contracts. However, national authorities can continue to directly award service contracts under certain conditions.

Technical pillar strengthens the powers of the European Union Agency for Railways (EUAR, formerly ERA) concerning the rolling stock authorisation in EU countries and its certification in accordance with safety standards.

### **Italian laws**

At national level Legislative decree no. 422 of 19 November 1997, as amended and integrated from time to time, entrusts regional and local authorities with all functions and duties in the field of local public transport by rail and road having regional and local relevance such as those of the Group companies. Regions are in charge of planning local public transport services in their respective territories and the related investments in view of the development of the relevant services. In this context, regions and other local authorities ensure passengers mobility by way of service contracts having duration of 6 years renewable up to further 6 years.

Legislative Decree no. 112 of 15 July 2015 (“**Decree 112/2015**”), as amended by Legislative Decree no. 139/2018, implements Directive no. 2012/34/EU on the establishment of a single European railway area. It was amended in 2018 in order to reflect the changes introduced by the Fourth EU Railway Package.

Decree 112/2015 provides rules for the use and management of railways and the licensing of infrastructure operators and railway undertakings.

As regards infrastructures operators, Decree no. 112/2015 provides the internal rules aimed at ensuring non-discriminatory access to service facilities and the supply of rail-related services and separation between infrastructure management and rail-related services.

Legislative Decree no. 50 of 14 May 2019 (“**Decree 50/2019**”) implemented Directive (EU) no. 2016/798 on railway safety. Under Decree 50/2019 railway operator shall be granted a safety authorisation (“**Safety Authorisation**”) attesting that the infrastructure manager has adopted a safety management system approved by the ANSFISA, the Italian Agency for safety of railways, roads and highways. The Safety Authorisation lasts 5 years and is renewable. The Safety Authorisation provides the conditions and procedures to ensure satisfaction of safety requirement for design, maintenance and function of rail infrastructure, including traffic control and signalling.

Decree 50/2019 has also introduced a simplified special safety discipline applicable to networks that are not interconnected to the national railways system (isolated networks) in light of the structural and functional peculiarities of these networks.

Part of the Ferrovienord’s railway network (i.e. the Iseo branch) is actually classified as an isolated network, while the Milan branch is interconnected to the national railway system.

In addition, Legislative Decree no. 57 of 14 May 2019 implemented in Italy Directive (EU) no. 2016/797 of the European Parliament and Council of 11 May 2016 on the interoperability of rail system within the European Union.

## Transport regulatory authority

Law Decree no. 201 of 6 December 2011 provided the establishment of the independent transport regulatory authority (*Autorità di Regolazione dei Trasporti* - “**ART**”). ART exercises its functions in the transport sector and with respect to the access to the relevant infrastructures.

ART is competent, *inter alia*, to: (i) grant to enterprises and final users fair and non-discriminatory conditions of access to railways, ports, toll-roads and airports infrastructures; (ii) define criteria for setting tariffs, fees and tolls, ensuring the economic balance of the regulated enterprises, the production efficiency and cost savings for consumers and enterprises; (iii) set minimum standard of quality with respect to national and local transport public services; and (iv) set the minimum standard of rights for consumers.

## Regional regulation

### *Region of Lombardy*

Law of Region of Lombardy no. 6 of 4 April 2012 (“**Regional Law 6/2012**”) establishes the discipline of public transport by rails and on roads with respect to infrastructure and services having regional and local relevance.

In this context, the regional authority is entrusted with the relevant programming, as well as management and control functions over the transport sector. In particular, the Region approves the regional plan for mobility and transport defining the guidelines for planning and implementing public transport services by rails and on roads in Lombardy and performs the controls required to ascertain regularity and quality of the services provided by infrastructure operators and railway undertakings. The Region also defines the scope of the services to be provided on the basis of user needs in terms of mobility and accessibility.

Under Regional Law 6/2012, the management of public transport networks and services is regulated by service contracts to be entered into between the relevant operators and the Region or the local agencies for local public transportation or municipalities depending on the relevance of the services rendered. Contracts defines – *inter alia* – parameters and improvement objectives to ensure quality of services, also in terms of efficacy and efficiency.

According to Regional Law 6/2012, in case of expiration of the service contracts for the exercise of regional railway service, the incumbent has to continue to provide the relevant services until their actual assignment to the incoming operator. The incoming operator shall succeed in the obligations assumed by the incumbent regarding the purchase or lease of rolling stock material. Terms and conditions of the succession are disciplined by the Region with a resolution of its board.

Renovation and expansion works of the network, as well as the rules and procedure for their technical management and financing, are governed by programme agreements to be entered into between the Region and the infrastructure operators. Programme agreements shall have a duration consistent with the validity of the rights granted (through specific deeds of concession) to infrastructure operators over the network and the timetable of the works planned.

In addition to conventional public transport, Regional Law 6/2012 has the purpose of fostering sustainable mobility also through the development of innovative technologies and non-conventional transport services with reduced levels of emissions and of energy consumption, such as car and bike sharing. To this end, the Region of Lombardy adopts initiatives with the aim to integrate local public transportation with non-conventional forms of sustainable mobility.

### *Region of Veneto*

Law of Region of Veneto no. 25 of 30 October 1998, as subsequently amended and integrated (“**Regional Law 25/1998**”) provides for the discipline and organization of local of public transport services in the Veneto area.

The Regional authority plays a coordinating role among Municipal and Provincial entities responsible for awarding public service contracts within the network units (*unità di rete*) in which the regional territory is split, approving the regional plan for mobility and the local public transport plan, promoting the development of an integrated mobility system at regional level and contributing with ad hoc funds (using regional and governmental resources) to sustaining investments in the sector.

As far as the business of the Group is concerned, according to Regional Law 25/1998 public service contracts must be awarded through competitive procedures for the selection of service operators or of the industrial shareholders of the companies that provide the relevant local public transport services in the network units. Tender documents identifies the assets that must be assigned by the incumbent to the incoming operator, as well as terms and conditions for the transfer of any essential assets, including their lease or purchase considerations.

Restrictions to the participation in the procedures for the selection of service operators or industrial shareholders are set for those companies that operates – in Italy or abroad - local public transport services not on the basis of competitive selection processes.

In implementation of the regulatory framework described above, FNM Group entered into several contracts and concessions with the relevant local authorities (See “*Information about the Issuer and the Group – Material Contracts of the Group*”).

### **Motorway regulatory overview**

The Italian motorway sector is governed by a series of laws, ministerial decrees and resolutions by CIPE (*Comitato Interministeriale per la Programmazione Economica* – “**CIPE**”), which have been issued and amended over time, as well as generally applicable laws and special legislation. In particular, Law Decree no. 262/2006, as subsequently amended by Law no. 296/2006 and by Law no. 101/2008, has established the current regime for motorway concessions primarily through the requirement that concessionaires enter into a comprehensive new concession agreement following specific binding guidelines. Motorway concessionaires must operate pursuant to this regulatory framework, as well as pursuant to the concession agreements entered into with the granting public authority.

Motorway concessions are awarded on the basis of public tender procedures currently governed by Legislative Decree no. 50/2016. ANAS S.p.A. is the state-owned entity established with the Law Decree no. 143/1994, ANAS is the historical grantor of the whole Italian motorway network until 2011. From 2012 the Ministry of Infrastructures and Transport (“**MIT**”) has replaced ANAS in the role of grantor for most of the national motorway network. In case of motorways of regional interest, the role of public grantor can be exercised by company having public and private participations, also involving regional authority.

The Ministry of Economy and Finance (“**MEF**”) and MIT review and approve the Financial Economic Plan (“**PEF**”) of the concessionaires and of yearly tariff increases requests submitted by the latter, through the publication of an inter-ministerial decree.

A key role is played also by the ART according to Article 36 of Law Decree no. 1/2012, which has extended the scope of ART’s responsibilities to include the motorway sector. The ART is, among other things, responsible for (i) determining tariff mechanisms based on the “price cap” mechanism for new concessions; (ii) deciding the concession schemes to be included in tenders for management and construction; (iii) defining the arrangements of tenders intended for motorway companies for new concessions; and (iv) determining the ideal management areas of motorway sections in order to promote a plural management of the sections and to enhance competition.

With the resolution no. 69/2019, ART has amended the toll road tariff calculation set in the Single Agreement (*Convenzione Unica*), with particular reference to the fair rate of return on invested capital. The resolution aims to unify the tariff calculation of the whole sector, setting the tariff systems applicable to new



concessions and in each of the existing motorway concessions subject to updating or revision, including MISE Concession.

## TAXATION

### ITALIAN TAXATION

*The statements herein regarding certain Italian tax consequences of the purchase, holding and transfer of the Notes pursuant to the Italian tax law currently in force and published practices of the Italian tax authorities in effect in Italy as of the date of this Base Prospectus and are subject to any changes in law and interpretation occurring after such date, which changes could be made on a retroactive basis. Neither the Issuer nor any other entity belonging to the Group will update this overview to reflect changes in law or in the interpretation thereof and, if such a change occurs, the information in this overview could be superseded.*

*The following is a summary only of the material Italian tax consequences of the purchase, ownership 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. The following summary*

*does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes 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.*

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

*Prospective purchasers of the Notes should consult their own tax advisers concerning the overall tax consequences of their acquiring, holding and disposing of the Notes and receiving payments on interest, principal and/or other amounts under the Notes, including, in particular, the effect of any State, regional or local tax laws.*

#### **Interest on the Notes**

*Notes qualifying as bonds or securities similar to bonds*

Decree 239 regulates the income tax treatment of interest, premium and other income (including any difference between the redemption amount and the issue price, hereinafter collectively referred to as “**Interest**”) from Notes issued, *inter alia*, by Italian resident companies listed in an Italian regulated market falling within the category of bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*).

Pursuant to Article 44, paragraph 2, letter (c), number 2) of Decree No. 917 of 22 December 1986 (“**Decree 917**”), securities similar to bonds are securities that incorporate an unconditional obligation to pay, at maturity, an amount not lower than their nominal value and that do not allow any direct or indirect participation either in the management of the issuer or in the business in connection with which they have been issued, nor any control on such management.

*Italian resident Noteholders*

Where the Noteholder is an Italian resident and is:

- (i) an individual not engaged in a business activity to which the Notes are effectively connected;
- (ii) a non-commercial partnership (*società semplice*), pursuant to Article 5 of the Italian Tax Code (“**ITC**”) (with the exception of general partnership, a limited partnership and similar entities), a *de facto* non-commercial partnership or a professional association;

- (iii) a non-commercial private or public institution, or a trust (excluding Italian undertakings for collective investments) not carrying out mainly or exclusively commercial activities, the Italian State and public and territorial entities; or
- (iv) an investor exempt from Italian corporate income taxation,

then Interest payments relating to the Notes, accrued during the relevant holding period, are subject to a substitutive tax, referred to as *imposta sostitutiva*, levied at the rate of 26% (either when the Interest is paid by the Issuer, or when payment thereof is obtained by the Noteholder on a sale of the relevant Notes). In the event that the Noteholders described under (i) to (iii) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

The *imposta sostitutiva* may not be recovered by the Noteholder as a deduction from the income tax due.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity may be exempt from any income taxation, including the *imposta sostitutiva*, on interest, premium and other income relating to the Notes if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of Law No. 232 of 11 December 2016 (the “**Finance Act 2017**”), in Article 1, paragraph 211-215 of Law No. 145 of 30 December 2018 (“**Law No. 145**”), in Article 13-bis of Law Decree No. 124 of 26 October 2019 (“**Law Decree No. 124**”) and in Article 136 of Law Decree No. 34 of 19 May 2020 (“**Decree No. 34/2020**”) as amended from time to time. Pursuant to Article 1, paragraphs 219-225 of Law no. 178 of 30 December 2020 (“**Law No. 178**”), it is further provided that Italian resident individuals investing, by 31 December 2021, in long-term individual savings account compliant with Article 13-bis, paragraph 2-bis of Law Decree No. 124 may benefit from a tax credit corresponding to possible capital losses, losses and negative differences realized in respect of certain qualifying financial instruments comprised in the long-term individual savings account, provided that certain conditions and requirements are met (e.g. including the loss of the possibility to subsequently set off the relevant capital losses, losses and negative differences against future capital gains).

If the Notes are held by an investor engaged in a business activity and are effectively connected with the same business activity, the Interest is subject to the *imposta sostitutiva* as a provisional tax and is included in the relevant income tax return. As a consequence, the Interest is subject to the ordinary income tax and the *imposta sostitutiva* may be recovered as a deduction from the income tax due.

Pursuant to the Decree 239, *imposta sostitutiva* is levied by banks, *società di intermediazione mobiliare* (“**SIMs**”), *società di gestione del risparmio* (“**SGRs**”), fiduciary companies, stock exchange agents and other entities identified by the relevant Decrees of the Ministry of Economy and Finance, as subsequently amended and integrated (the “**Intermediaries**”).

An Intermediary, to be entitled to apply the *imposta sostitutiva*, must satisfy the following conditions:

- (i) it must be: (a) resident in Italy; or (b) a permanent establishment in Italy of an intermediary resident outside of Italy; or (c) an organisation or company non-resident in Italy, acting through a system of centralised administration of securities and directly connected with the Department of Revenue of the Ministry of Economy and Finance (which includes Euroclear and Clearstream) having appointed an Italian representative for the purposes of Decree 239; and
- (ii) intervene, in any way, in the collection of Interest or in the transfer of the Notes. For the purpose of the application of *imposta sostitutiva*, a transfer of the Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, *imposta sostitutiva* is applicable and withheld by any Italian bank or any Italian intermediary paying Interest to a Noteholder. If Interest on the Notes is not

collected through an Intermediary, or absent that, by the Issuer, the Italian resident Noteholders listed above under (i) to (iv) will be required to include Interest in their annual income tax return and subject them to a final substitute tax at a rate of 26%.

The 26% *imposta sostitutiva* regime described herein does not apply in cases where the Notes are held in a discretionary investment portfolio managed by an authorised intermediary pursuant to the so-called discretionary investment portfolio regime (“**Risparmio Gestito**” regime as defined and described in “*Capital Gains*”, below), provided for by Article 7 of Decree 461. In such a case, Interest is not subject to *imposta sostitutiva* but contributes to determine the annual net accrued result of the portfolio, which is subject to an ad-hoc substitutive tax of 26% on the results.

The *imposta sostitutiva* also does not apply to the following subjects, to the extent that the Notes and the relevant coupons are deposited in a timely manner, directly or indirectly, with an Intermediary:

(A) *Corporate investors*

Where an Italian resident Noteholder is a corporation or a similar commercial entity (including a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected), Interest accrued on the Notes must be included in: (I) the relevant Noteholder's yearly taxable income for the purposes of corporate income tax (“**IRES**”), generally applying at the current ordinary rate of 24% (certain categories of taxpayers, including banks and financial entities are subject to an IRES surcharge equal to 3.5%); and (II) in certain circumstances, depending on the status of the Noteholder, also in its net value of production for the purposes of regional tax on productive activities (“**IRAP**”), generally applying at the rate of 3.9% (certain categories of taxpayers, including banks, financial entities and insurance companies, are subject to higher IRAP rates). The IRAP rate can be increased by regional laws up to 0.92%. Said Interest is therefore subject to general Italian corporate taxation according to the ordinary rules.

(B) *Funds, SICAVs and non-real estate SICAFs*

Where an Italian resident Noteholder is a non-real estate open-ended or closed-ended collective investment fund (a “**Fund**”) or Società di Investimento a Capitale Variabile (“**SICAV**”) or a non-real estate closed-ended SICAF established in Italy and either (i) the Fund, the SICAV or non-real estate SICAF or (ii) their manager is subject to the supervision of a regulatory authority and the Notes, together with the coupons related thereto, are deposited with an Intermediary, Interest accrued during the holding period on the Notes will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund, the SICAV or non-real estate SICAF. The Fund, the SICAV or non-real estate SICAF are subject neither to the *imposta sostitutiva* nor to any other income tax at their level, but a withholding or substitute tax of 26% will apply, in certain circumstances, on income realized by unitholders or shareholders in the event of distribution, redemption or disposal of the units/shares;

(C) *Pension funds*

Where an Italian resident Noteholder is a pension fund (subject to the tax regime set forth by Article 17 of Legislative Decree No. 252 of 5 December 2005, the “**Pension Funds**”) and the Notes, together with the coupons related thereto, are deposited with an Intermediary, Interest relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but are subject to a 20% substitutive tax on their annual net accrued result. Interest on the Notes is included in the calculation of such annual net accrued result. Subject to certain conditions (including minimum holding period requirement) and limitations, Interest relating to the Notes may be excluded from the taxable base of the 20% substitute tax if the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1 (100-114) of Finance Act 2017, in Article 1, paragraph 211-215 of Law No. 145, in Article 13-bis of law Decree

No. 124, and in Article 136 of Decree No. 34/2020, as amended and applicable from time to time; and

(D) *Real estate investment funds and real estate close-ended investment companies*

Where an Italian resident Noteholder is a real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998 (the “**Real Estate Investment Funds**”) or an Italian real estate closed-ended investment company (“*società di investimento a capitale fisso*”, “**SICAF**”) and the Notes, together with the coupons related thereto, are deposited in due time with an Intermediary. Interests are generally subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the same Real Estate Investment Funds. However, a withholding or substitute tax of 26% will apply, in certain circumstances, on income realized by unitholders or shareholders in the event of distributions, redemption or sale of the units or shares. Moreover, subject to certain conditions, income realized by Italian real estate investments funds or Real Estate SICAFs may be attributed pro rata to Italian resident unitholders or shareholders holding more than 5% of the Italian real estate investment fund or Real Estate SICAF irrespective of any actual distribution on a tax transparency basis.

*Non-Italian resident Noteholders*

An exemption from *imposta sostitutiva* on Interest on the Notes is provided with respect to certain beneficial owners resident outside of Italy, not having a permanent establishment in Italy to which the Notes are effectively connected. In particular, pursuant to Article 6 of Decree 239 the aforesaid exemption applies to any beneficial owner of an Interest payment relating to the Notes who:

- (i) is resident, for tax purposes, in a country which allows for a satisfactory exchange of information with the Republic of Italy; or
- (ii) is an international body or entity set up in accordance with international agreements which have entered into force in the Republic of Italy; or
- (iii) is the Central Bank or an entity also authorised to manage the official reserves of a country; or
- (iv) is an institutional investor which is established in a country which allows for a satisfactory exchange of information with the Republic of Italy, even if it does not possess the status of taxpayer in its own country of establishment (each, a “**Qualified Noteholder**”).

The countries which allow for a satisfactory exchange of information with Italy are listed in the Ministerial Decree dated September 4, 1996, as amended by Ministerial Decree of March 23, 2017 and possibly further amended by future decree issued pursuant to Article 11(4)(c) of Decree 239 (as amended by Legislative Decree No.147 of September 14, 2015) (the “**White List Country**”).

In order to ensure gross payment, non-Italian resident noteholder without a permanent establishment in Italy to which the Notes are effectively connected must be the beneficial owners of the payments of Interest or certain non-Italian institutional investors and must timely deposit the Notes, together with the coupons relating to such Notes, directly or indirectly with:

- (a) an Italian or foreign bank or financial institution (there is no requirement for the bank or financial institution to be EU resident) (the “**First Level Bank**”), acting as intermediary in the deposit of the Notes held, directly or indirectly, by the Noteholder with a Second Level Bank (as defined below); and
- (b) an Italian resident bank or SIM, or a permanent establishment in Italy of a non-resident bank or SIM, acting as depositary or sub-depositary of the Notes appointed to maintain direct relationships, via electronic link, with the Italian tax authorities (the “**Second Level Bank**”). Organisations and companies non-resident in Italy, acting through a system of centralised administration of securities

and directly connected with the Department of Revenue of the Ministry of Economy and Finance (which include Euroclear and Clearstream) are treated as Second Level Banks, provided that they appoint an Italian representative (an Italian resident bank or SIM, or permanent establishment in Italy of a non-resident bank or SIM, or a central depository of financial instruments pursuant to Article 80 of Legislative Decree No. 58 of 24 February 1998) for the purposes of the application of Decree 239.

In the event that a non-Italian resident Noteholder deposits the Notes directly with a Second Level Bank, the latter shall be treated both as a First Level Bank and a Second Level Bank.

The exemption from the *imposta sostitutiva* for the Noteholders who are non-resident in Italy is conditional upon:

- (a) the timely deposit of the Notes, either directly or indirectly, with an institution which qualifies as a Second Level Bank; and
- (b) the timely submission to the First Level Bank or the Second Level Bank of a statement of the relevant Noteholder (*autocertificazione*), to be provided only once, in which it declares that it is eligible to benefit from the exemption from *imposta sostitutiva*. Such statement must comply with the requirements set forth by a Ministerial Decree dated 12 December 2001, is valid until withdrawn or revoked and needs not to be submitted where a certificate, declaration or other similar document for the same or equivalent purposes was previously submitted to the same depository. The above statement is not required for non-Italian resident investors that are international bodies or entities set up in accordance with international agreements entered into force in the Republic of Italy or Central Banks or entities also authorised to manage the official reserves of a State.

The *imposta sostitutiva* will be applicable at a rate of 26% to interest paid to Noteholders who do not qualify for the foregoing exemption or do not timely and properly satisfy the requested conditions (including the procedures set forth under Decree No. 239 and in the relevant implementation rules).

Noteholder who are subject to the *imposta sostitutiva* might, nevertheless, be eligible for full or partial relief under an applicable tax treaty between Italy and their country of residence, subject to timely filing of required documentation provided by Measure of the Director of Italian Revenue Agency No. 2013/84404 of 10 July 2013 or by any other forms approved by the respective tax authorities.

#### *Notes qualifying as atypical securities (titoli atipici)*

Interest payments relating to Notes that are neither deemed to fall within the category of bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) nor in the category of shares (*azioni*) or securities similar to shares (*titoli similari alle azioni*) are subject to a withholding tax, levied at the rate of 26%.

Subject to certain limitations and requirements (including a minimum holding period), Interest in respect of Notes received by (i) Pension Funds and (ii) Italian resident individuals holding the Notes not in connection with an entrepreneurial activity may be exempt from any income taxation, including the *imposta sostitutiva*, on interest, premium and other income relating to “*titoli atipici*”, if those Notes if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of the Finance Act 2017, Article 1 (211-215) of the Finance Act 2019 or Article 13-bis of the Finance Act 2020, as amended from time to time. Pursuant to Article 1, paragraphs 219-225 of Law No. 178, it is further provided that Italian resident individuals investing, by 31 December 2021, in long-term individual savings account compliant with Article 13-bis, paragraph 2-bis of Law Decree No. 124 may benefit from a tax credit corresponding to possible capital losses, losses and negative differences realized in respect of certain qualifying financial instruments comprised in the long-term individual savings account, provided that certain conditions and requirements are met (e.g. including the loss of the possibility to subsequently set off the relevant capital losses, losses and negative differences against future capital gains).

Where the Noteholder is (i) an Italian resident individual carrying out a business activity to which the Notes are effectively connected, (ii) an Italian resident company or a similar Italian commercial entity, (iii) a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected, (iv) an Italian commercial partnership or (v) an Italian commercial private or public institution, such withholding tax is an advance withholding tax. In all the other cases, the withholding tax is a final withholding tax.

In case of non-Italian resident Noteholders, without a permanent establishment in Italy to which the Notes are effectively connected, the above-mentioned withholding tax rate may be reduced (generally to 10%) or eliminated under certain applicable tax treaties entered into by Italy, if more favourable, subject to timely filing of the required documentation.

### **Fungible issues**

Pursuant to Article 11 (2) of Decree No. 239, where Issuer issues a new Tranche forming part of a single series with a previous Tranche, for the purposes of calculating the amount of Interest subject to *imposta sostitutiva* (if any), the issue price of the new Tranche will be deemed to be the same as the issue price of the original Tranche. This rule applies where (a) the new Tranche is issued within 12 months from the issue date of the previous Tranche and (b) the difference between the issue price of the new Tranche and that of the original Tranche does not exceed 1 per cent. of the nominal value of the Notes multiplied by the number of years of the duration of the Notes.

### **Capital Gains**

#### *Italian resident Noteholders*

Any capital gain obtained from the sale or redemption of the Notes would be treated as part of the taxable income (and, in certain circumstances, depending on the *status* of the Noteholder, also as part of the net value of the production for IRAP purposes) if realised by an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected) or Italian resident individual engaged in an entrepreneurial activity to which the Notes are connected.

Pursuant to Decree 461, as amended, a 26% *imposta sostitutiva* on capital gains (the “CGT”) is applicable to capital gains realised on any sale or transfer of the Notes for consideration by Italian resident individuals (not engaged in a business activity to which the Notes are effectively connected), regardless of whether the Notes are held outside of Italy. The Italian resident individuals include: individuals holding the Notes not in connection with an entrepreneurial activity, non-commercial partnerships, non-profit organisations, the Italian State and public entities or entities that are exempt from IRES.

For the purposes of determining the taxable capital gain, any Interest on the Notes accrued and unpaid up to the time of the purchase and the sale of the Notes must be deducted from the purchase price and the sale price, respectively.

With regard to the CGT application, Italian resident individuals may opt for one of the three following regimes:

#### (a) “Tax declaration” regime (*Regime della Dichiarazione*)

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 CGT on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the Italian resident individual holding the Notes not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and

pay CGT on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years;

(b) “Non-discretionary investment portfolio” regime (*Risparmio Amministrato*)

As an alternative to the tax declaration regime, the Italian resident individual Noteholder may elect to pay the CGT separately on capital gains realised on each sale or transfer of the Notes. Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with banks, SIMs or other authorised intermediaries and (ii) an express election for the *Risparmio Amministrato* regime being made in writing by the relevant Noteholder. The *Risparmio Amministrato* lasts for the entire fiscal year and unless revoked prior to the end of such year will be deemed valid also for the subsequent one. The intermediary is responsible for accounting for the CGT in respect of capital gains realised on each sale or transfer of the Notes, as well as in respect of capital gains realised at the revocation of its mandate. Where a particular sale or transfer of the Notes results in a net loss, the intermediary is entitled to deduct such loss from gains subsequently realised on assets held by the Noteholder with the same intermediary and within the same deposit relationship, in the same fiscal year or in the following fiscal years up to the fourth following fiscal year. The Noteholder is not required to declare the gains in his annual income tax return; and

(c) “Discretionary investment portfolio” regime (*Risparmio Gestito*)

If the Notes are part of a portfolio managed by an Italian asset management company, capital gains are not subject to the CGT, but contribute to determine the annual net accrued result of the portfolio. Such annual net accrued result of the portfolio, even if not realised, is subject to an ad-hoc 26% substitutive tax, which the asset management company is required to levy on behalf of the Noteholder. Any losses of the investment portfolio accrued at year end may be carried forward against net profits accrued in each of the following fiscal years, up to the fourth following fiscal year. Under such regime the Noteholder is not required to declare the gains in his annual income tax return.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in an entrepreneurial activity may be exempt from Italian capital gain taxes, including the GGT, on capital gains realised upon sale or redemption of the Notes if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of Finance Act 2017, in Article 1, paragraph 211-215 of law No. 145, in Article 13-bis of Law Decree No. 124, and in Article 136 of Decree No. 34/2020, as amended and applicable from time to time. Pursuant to Article 1, paragraphs 219-225 of Law No. 178, it is further provided that Italian resident individuals investing, by 31 December 2021, in long-term individual savings account compliant with Article 13-bis, paragraph 2 of Law Decree No. 124 may benefit from a tax credit corresponding to possible capital losses, losses and negative differences realized in respect of certain qualifying financial instruments comprised in the long-term individual savings account, provided that certain conditions and requirements are met (e.g., including the loss of the possibility to subsequently set off the relevant capital losses, losses and negative differences against future capital gain).

The CGT does not apply to the following subjects:

(A) *Corporate investors*

Capital gains realised on the Notes by Italian resident corporate entities (including a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected) form part of their aggregate income subject to IRES. In certain cases, capital gains may also to be included in the taxable net value of production of such entities for IRAP purposes. The capital gains are calculated as the difference between the sale price and the relevant tax basis of the Notes. Upon fulfilment of certain conditions, the gains may be taxed in equal instalments over up to five fiscal years.

(B) *Funds, SICAVs and non-real estate SICAFs*



Capital gains realised by the Funds on the Notes are subject neither to CGT nor to any other income tax in the hands of the Funds (see *Italian Resident Noteholders*, above).

(C) *Pension Funds*

Capital gains realised by Pension Funds on the Notes contribute to determine their annual net accrued result, which is subject to a 20% substitutive tax (see *Italian Resident Noteholders*, above).

(D) *Real Estate Investment Funds and Real Estate SICAF*

Capital gains realised by Real Estate Investment Funds and by Real Estate SICAFs to which the provisions of Article 9 of Legislative Decree No. 44 of 4 March 2014 apply on the Notes are not taxable at the level of same Real Estate Investment Funds (see *Italian Resident Noteholders*, above).

(E) *Non-Italian resident Noteholders*

A 26% substitute tax on capital gains may be payable on capital gains realised upon the sale or redemption of the Notes by non-resident Noteholders (not having permanent establishment in Italy to which the Notes are effectively connected), if the Notes are held in Italy.

However, pursuant to Article 23, let. f), of Decree 917, capital gains realized by non-Italian resident Noteholder from the sale or redemption of Notes issued by an Italian issuer and traded on regulated markets in Italy or abroad are not subject to the *imposta sostitutiva* on capital gains, subject to timely filling of required documentation (in particular, a self-declaration that the Noteholder is not resident in Italy for tax purposes and has no permanent establishment in Italy to which the Notes are effectively connected).

Pursuant to Article 5, paragraph 5, of Decree 461, capital gains realized by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian resident issuer, even if not traded on regulated markets, are not subject to the substitute tax on capital gains, provided that the beneficial owner is a Qualified Noteholder. If that is not the case, capital gains realized by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian resident issuer and not traded on regulated markets may be subject to substitute tax at the current rate of 26%. However, non-Italian resident Noteholders might benefit from an applicable tax treaty with Italy providing that capital gains realised upon sale or transfer of Notes are taxed only in the country of tax residence of the recipient, subject to certain conditions to be satisfied.

Under these circumstances if non-Italian residents Noteholder without a permanent establishment in Italy to which the Notes are effectively connected hold the Notes with an Italian authorized financial intermediary and are subject to the *risparmio amministrato* regime or elect for the *risparmio gestito* regime, exemption from Italian taxation on capital gains will apply upon condition that the non-Italian residents file in time with the authorized financial intermediary appropriate documents which includes, *inter alia*, a certificate of residence from the competent tax authorities of their country of residence.

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 this regime.

### **Inheritance and gift tax**

Pursuant to Law Decree No. 262 of 3 October 2006, as converted with amendments by Law No. 286 of 24 November 2006, inheritance and gift taxes have been re-introduced in Italy, with effect as of 3 October 2006.

Subject to certain exceptions, inheritance and gift taxes are generally payable on transfers of assets and rights (including Notes)(i) by reason of death or gift by Italian resident persons (or other transfers for no consideration and the creation of liens on such assets for a specific purpose), even if the transferred assets are held outside Italy, and (ii) by reason of death or gift by non-Italian resident persons, but limited to transferred assets held in Italy. Notes issued by Italian resident company are deemed to be held in Italy.

Inheritance and gift taxes apply on the overall net value of the relevant transferred assets, at the following rates, depending on the relationship between the testate (or donor) and the beneficiary (or donee):

- (a) 4% if the beneficiary (or donee) is the spouse or a direct ascendant or descendant (such rate only applying on the net asset value exceeding, for each person, Euro1,000,000);
- (b) 6% if the beneficiary (or donee) is a brother or sister (such rate only applying on the net asset value exceeding, for each person, Euro100,000);
- (c) 6% if the beneficiary (or donee) is a relative within the fourth degree or a direct relative-in-law as well an indirect relative-in-law within the third degree;
- (d) 8% if the beneficiary is a person, other than those mentioned under (a), (b) and (c), above.

With respect to Notes listed on a regulated market, the relevant value for inheritance 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 and gifts 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.

In case the beneficiary has a serious disability recognised by law, inheritance and gift taxes apply on its portion of the net asset value exceeding €1,500,000.

As of January 1, 2017, assets and rights (i) segregated in a trust, or (ii) allocated to special funds by entering into a fiduciary contract, or (iii) encumbered by special purpose liens under Article 2645-ter of the Italian Civil Code, in favour of persons with severe disabilities are exempt from the Italian inheritance and gift tax, provided that all the conditions set out in Article 6 of Law No. 112, 2016 are met. The exemption from Italian inheritance and gift tax also applies to the re-transfer of assets and rights if the death of the beneficiary occurs before the death of the settlor.

Moreover, an anti-avoidance rule is provided in the case of a gift of assets, such as the Notes, whose sale for consideration would give rise to capital gains to be subject to the substitute tax provided for by Decree 461, as subsequently amended. In particular, if the donee sells the securities for consideration within five years from their receipt as a gift, the latter is required to pay the relevant substitute tax as if the gift had never taken place. The *mortis causa* transfer of financial instruments included in a long-term savings account (*piano di risparmio a lungo termine*) – that meets the requirements set forth in Article 1 (100-114) of Finance Act 2017, as amended from time to time – is exempt from inheritance tax.

### Stamp duty

The Law Decree No. 201 of 6 December 2011 (“**Decree 201**”), converted into law with amendments by Law No. 213 of 22 December 2011, has replaced paragraphs 2-*bis* and 2-*ter* and related notes (3-*bis* and 3-*ter*) of Article 13, Tariff annexed to stamp duty law approved with Presidential Decree No. 642 of 26 October 1972.

Pursuant to Decree 201, a yearly 0.20% stamp duty generally on communications and reports that Italian financial intermediaries periodically send to their clients in relation to the financial products that are deposited with such intermediaries (the level of tax being determined in proportion to the period of ownership). The Notes are included in the definition of financial products for these purposes. Communications and reports are deemed to be sent at least once a year even if the Italian financial intermediary is under no obligation to either draft or send such communications and reports. In this case, the stamp duty is to be applied on 31 December of each year or in any case at the end of the relationship with the client. At any rate, where no specific exemption applies, a minimum stamp tax of €34.20 is due on a yearly basis.

Based on the wording of the law and the implementing decree issued by the MEF on May 24, 2012, the 0.20% stamp duty does not apply to communications and reports that the Italian financial intermediaries

send to investors who do not qualify as “clients” according to the regulations issued by Bank of Italy. Communications and reports sent to this type of investors are subject to the ordinary €2.00 stamp duty for each copy. Moreover, the proportional stamp duty does not apply to communications sent to Pension Funds. The taxable base of the 0.20% stamp duty is the market value or, in the lack thereof, the nominal value or the redemption amount of any financial product or financial instrument (including the Notes).

The stamp duty cannot exceed €14,000 per year if the Notes are held by noteholders other than individuals. Stamp duty applies both to Italian-resident noteholders and to non-Italian-resident noteholders, to the extent that the Notes are held with an Italian-based financial intermediary (and not directly held by the noteholders outside Italy, in which case Italian wealth tax (see below under “Wealth tax on securities deposited abroad (IVAFE)”) applies to Italian-resident noteholders only).

### **Wealth tax on securities deposited abroad**

Pursuant to Article 19, paragraphs 18-23, of Decree 201, Italian resident individuals, non-commercial entities, including trusts and foundations, and so called *società semplici* (and similar partnerships pursuant to Article 5 of Decree No. 917) holding Notes outside the Italian territory are required to pay wealth tax in Italy (“IVAFE”) at a rate of 0.2% (the level of tax being determined in proportion to the period of ownership).

Pursuant to the provision of Article 134 of Law Decree No. 34 of 19 May 2020, the wealth tax cannot exceed €14,000 per year for taxpayers different from individuals. This tax is calculated on the market value of the Notes at the end of the relevant year or, if no market-value figure is available, the nominal value or the redemption value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the IVAFE due).

### **Registration tax**

Pursuant to Article 11 of the Tariff (Part I) attached to Presidential Decree No. 131 of 26 April 1986 and Article 2 of the same Tariff (Part II), contracts relating to the transfer of the Notes are subject to the registration tax as follows: (i) public deeds and notarised deeds (*atti pubblici e scritture private autenticate*) executed in Italy should be subject to a fixed registration tax (€200); (ii) private deeds (*scritture private non autenticate*) should be subject to registration tax only in “case of use” or voluntary registration at a fixed amount (€200).

### **Tax monitoring**

Pursuant to Law Decree No. 167 of 28 June 1990, converted by Law No. 227 of 4 August 1990, as amended by Law No. 97 of 6 August 2013 and by Law No. 50 of 28 March 2014, individuals, non-profit entities and certain partnerships (*società semplici* or similar partnerships in accordance with Article 5 of ITC), resident in Italy for tax purposes who, at the end of the fiscal year, hold investments abroad or have financial activities abroad must, in certain circumstances, disclose the aforesaid and related transactions to the Italian tax authorities in their income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return).

The requirement also applies where the persons abovementioned, being not the direct holders of the financial instruments, are the actual beneficial owners of the instruments for anti-money laundering purposes. Furthermore, the abovementioned reporting requirement is not required to comply with respect to Notes deposited for management or administration with qualified Italian financial intermediaries, with respect to contracts entered into through their intervention, on the condition that the items of income derived from the Notes have been subject to tax by the same intermediaries.

## **OECD Common Reporting Standards and EU DAC 6 reporting obligations**

The EU Savings Directive adopted on June 3, 2003, by the EU Council of Economic and Finance Ministers (as subsequently amended) on taxation of savings income in the form of interest payments has been repealed from January 1, 2016 to prevent overlap between the Savings Directive and the 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).

Drawing extensively on the intergovernmental approach to implementing the United States Foreign Account Tax Compliance Act, the OECD developed the Common Reporting Standard (“CRS”) to address the issue of offshore tax evasion on a global basis. Aimed at maximising efficiency and reducing cost for financial institutions, the CRS provides a common standard for due diligence, reporting and exchange of financial account information. Pursuant to the CRS, participating jurisdictions will obtain from reporting financial institutions, and automatically exchange with exchange partners on an annual basis, financial information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence and reporting procedures. The first information exchanges are expected to begin in 2017.

Italy has enacted Italian Law No. 95 of June 18, 2015 (“**Law 95/2015**”), implementing the CRS and the amended EU Directive on Administrative Cooperation, which provides for the exchange of information in relation to the calendar year 2016 and later. Law 95/2015 has been implemented by the Italian Ministerial Decree dated December 28, 2015 which has been recently amended by the Italian Ministerial Decree dated 20 June 2019 and published in the Official Gazette on 9 July 2019.

In the event that holders of the Notes hold the Notes through an Italian financial institution (as meant in the Italian Ministerial Decree dated 20 June 2019), they may be required to provide additional information to such financial institution to enable it to satisfy its obligations under the Italian implementation of the CRS.

As a consequence of the OECD project on “*Base erosion and Profit Shifting*” (BEPS), the EU DAC 6 Directive (“**DAC 6**”) has been adopted on May 25, 2018 by the EU Council, amending Council Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements. According to DAC 6, intermediaries and, in some circumstances, taxpayers are required to notify the competent tax authorities of each Member States any cross-border arrangements that have at least one of the so-called “hallmarks” designed by the EU legislator as “markers” of potential risk of international tax evasion or avoidance or circumvention of disclosure requirements on financial accounts (CRS).

On August 26, 2020, the Legislative Decree No. 100, July 30, 2020 (the “**DAC 6 Decree**”), implementing the said Directive, with disclosure obligations for intermediaries and taxpayers, was published. Italian Ministry of Finance issued a Ministerial Decree on November 20, 2020, clarifying certain criteria set by the Italian law that trigger the reporting obligations.

### **The proposed European financial transaction tax (EU FTT)**

The EU Commission and certain EU member states (including Italy) are currently intending to introduce a financial transaction tax (presumably on secondary market transactions involving at least one financial intermediary). The timing of its potential introduction is, however, still unclear. Prospective holders of the Notes are advised to seek their own professional advice in relation to the financial transaction tax.

## SUBSCRIPTION AND SALE

The Dealers have, in a programme agreement (such Programme Agreement as modified and/or supplemented and/or restated from time to time, the “**Programme Agreement**”) dated 28 September 2021 agreed with the Issuer the basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “*Form of the Notes*” and “*Terms and Conditions of the Notes*”. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

### United States

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

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

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each Dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

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

### Prohibition of Sales to EEA Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available, and any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the EEA.

For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
    - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
    - (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II;
- and

- (b) the expression “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

#### **Prohibition of Sales to UK Retail Investors**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available, and any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the UK.

For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
  - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of United Kingdom domestic law by virtue of the EUWA; or
  - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of United Kingdom domestic law by virtue of the EUWA; and
- (b) the expression an “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

#### **United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (“**FSMA**”) by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

#### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No.25 of 1948, as amended; the “**FIEA**”) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949,

as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

### **Republic of Italy**

The offering of the Notes has not been registered with the Commissione Nazionale per le Società e la Borsa (“CONSOB”) pursuant to Italian securities legislation. Each Dealer has represented and agreed that any offer, sale or delivery of the Notes or distribution of copies of the Notes or distribution of copies of this Base Prospectus or any other document relating to any Notes in the Republic of Italy will be effected in accordance with all Italian securities, tax and exchange controls and other applicable laws and regulations.

Any such offer, sale or delivery of the Notes or distribution of copies of this Base Prospectus or any other document relating to the Notes in the Republic of Italy must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Legislative Decree No. 58 of 24 February 1998, CONSOB Regulation No. 20307 of 15 February 2018 and Legislative Decree No. 385 of 1 September 1993 (in each case, as amended from time to time) and any other applicable laws and regulations;
- (b) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority.

### **Switzerland**

This Base Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Notes. The Notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (“FinSA”) and no application has or will be made to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Base Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to the FinSA, and neither this Base Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

### **Canada**

Each Dealer has represented, warranted and agreed that the Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

### **General**

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus.

Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or

change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed “*General*” above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or in a supplement to this Base Prospectus.

Neither the Issuer nor any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.



## GENERAL INFORMATION

### Authorisation

The establishment of the Programme was authorised by a resolution of the Board of Directors of the Issuer dated 16 September 2021.

The issue of Notes under the Programme will be authorised prior to each relevant issue of Notes by the competent bodies of the Issuer in accordance with applicable laws and the relevant provisions of the Issuer's By-Laws. Each issuance resolution (*delibera di emissione*) shall be passed in notarial form and registered in the competent Companies' Register (*Registro delle Imprese*).

### Listing of Notes, Approval and Admission to Trading

Application has been made to the Central Bank to approve this document as a base prospectus with a certificate of such approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Regulation and any applicable Irish laws and regulations.

Application has also been made to the Irish Stock Exchange plc trading as Euronext Dublin for Notes issued under the Programme to be admitted to trading on Euronext Dublin's regulated market and to be listed on the Official List of Euronext Dublin. Euronext Dublin's regulated market is a regulated market for the purposes of the MiFID II.

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

### Documents Available

For so long as any Notes issued in the period of 12 months following the date of this Base Prospectus shall be outstanding, copies of the following documents will, when published, be available for inspection in electronic form on the Issuer's website at <https://www.fnmgroup.it/en/il-gruppo-fnm-in-borsa> and in electronic form from the specified office of the Paying Agent for the time being in London.

- (a) the By-laws (*statuto*) of the Issuer (with an English translation thereof);
- (b) the audited consolidated annual financial statements of FNM in respect of the financial years ended 31 December 2020 and 31 December 2019 (with an English translation thereof), in each case together with the audit reports prepared in connection therewith. FNM currently prepares audited accounts on an annual basis;
- (c) the unaudited interim consolidated financial statements of FNM as at and for the six-months ended on 30 June 2021;
- (d) the unaudited pro forma consolidated statement of comprehensive income for the year ended 31 December 2020, together with the auditor's report prepared in connection therewith;
- (e) the Agency Agreement, the Deed of Covenant and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;
- (f) a copy of this Base Prospectus; and
- (g) any future Base Prospectus, prospectuses, supplements and Final Terms (save that Final Terms relating to Notes which are neither admitted to trading on a regulated market in the EEA nor offered in the EEA in circumstances where a prospectus is required to be published under the Prospectus Regulation will only be available for inspection by a holder of such Notes and such holder must

produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference.

In addition, copies of this Base Prospectus, any supplement thereto, each Final Terms relating to Notes which are admitted to trading on the Euronext Dublin's regulated market are available on the Euronext Dublin's website at <https://live.euronext.com/>. Unless specifically incorporated by reference into this Base Prospectus, information contained on the website of the Issuer does not form part of this Base Prospectus.

### **Clearing Systems**

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms and, if applicable, FISN and CFI codes. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

### **Conditions for determining price**

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

### **Material or significant change**

There has been no material adverse change in the financial position or prospects of FNM or the FNM Group since 31 December 2020. There has been no significant change in the financial position or financial performance of FNM or the FNM Group since 30 June 2021.

### **Litigation**

Save as disclosed in the section "*Description of the Issuer – Legal Proceedings*" above, neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Group.

### **Websites**

The website of the Issuer is [www.fnmgroup.it](http://www.fnmgroup.it). The information on [www.fnmgroup.it](http://www.fnmgroup.it) does not form part of this Base Prospectus, except where that information has been incorporated by reference into this Base Prospectus. Other than the information incorporated by reference, the content of the FNM Group website has not been scrutinised or approved by the competent authority.

Any information contained in any other website specified in this Base Prospectus does not form part of this Base Prospectus, except where that information has been incorporated by reference into this Base Prospectus.

### **Auditors**

The auditors of the Issuer are PricewaterhouseCoopers S.p.A., who have audited the Issuer's financial statements, without qualification, in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, as at and for the financial years ended on 31 December 2020 and on 31 December 2019, who have performed a limited review on the unaudited interim condensed consolidated financial statements of FNM as at and for the six-months ended on 30 June 2021 and who have issued a report on the Group's unaudited pro forma consolidated statement of comprehensive income for the year ended 31 December 2020 in accordance with Prospectus Regulation.

PricewaterhouseCoopers S.p.A. is registered under No. 119644 in the Register of auditing firms (*Registro dei Revisori Legali*) held by the Ministry of Economy and Finance pursuant to Legislative Decree No. 39 of 27 January 2010. PricewaterhouseCoopers S.p.A., with registered office in Piazza Tre Torri 2, Milan, is registered under No. 119644 in the Register of Accountancy Auditors (*Registro Revisori Legali*) by the Italian Ministry of Economy and Finance, in compliance with the provisions of Legislative Decree of 27 January 2010, No. 39. PricewaterhouseCoopers S.p.A. is also a member of ASSIREVI, the Italian association of auditing firms.

The auditors' report in respect of the Group's unaudited pro forma consolidated statement of comprehensive income for the year ended 31 December 2020 is incorporated by reference in this Base Prospectus in the form and context in which it is incorporated, with the consent of PricewaterhouseCoopers S.p.A. who have authorised the contents of that part of this Base Prospectus.

### **Dealers transacting with the Issuer**

Certain of the Dealers and their affiliates, including parent companies, have engaged, and may in the future engage, in lending, advisory, in investment banking and/or commercial banking transactions or other related transactions with, and may perform services for the Issuer and its affiliates in the ordinary course of business and/or with companies involved directly or indirectly in the sectors in which the Issuer operates. In addition, in the ordinary course of their business activities, the Dealers and their affiliates (including parent companies) may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Dealers or their affiliates (including parent companies) that have a lending relationship with the Issuer and/or its affiliates routinely hedge their credit exposure to the Issuer and/or its affiliates consistent with their customary risk management policies. Typically, such Dealers and their affiliates (including parent companies) would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates (including parent companies) may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the avoidance of doubt, the term 'affiliates' includes also parent companies. In addition, part of the net proceeds from the issue of Notes will be to prepay in full its outstanding indebtedness in connection with the facilities made available by certain of the Dealers (for more details see "Use of Proceeds" paragraph). The relevant Final Terms will specify any other interests of natural and legal persons involved in each issue/offer of Notes under the Programme.

### **Yield**

The yield for any series of Fixed Rate Notes will be set out in the applicable Final Terms. The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

### **Legal Entity Identifier**

The Legal Entity Identifier (LEI) of the Issuer is: 815600AB6FA8AADC8739.

## **ISSUER**

**FNM S.p.A.**  
Piazzale Cadorna 14  
20123 Milan  
Italy

## **FISCAL AGENT**

**The Bank of New York Mellon, London Branch**  
One Canada Square  
London E14 5AL  
England

## **LEGAL ADVISERS**

*To the Issuer*

**Linklaters Studio Legale Associato**  
Via Broletto 9  
20121 Milan  
Italy

*To the Dealers as to English and Italian law*

**Clifford Chance Studio Legale Associato**  
Via Broletto 16  
20121 Milan  
Italy

## **AUDITORS TO THE ISSUER**

**PricewaterhouseCoopers S.p.A**  
Piazza Tre Torri 2  
20145 Milan  
Italy

## **ARRANGERS**

**BNP Paribas**  
16, Boulevard des Italiens  
75009 Paris  
France

**Intesa Sanpaolo S.p.A.**  
**Divisione IMI Corporate & Investment**  
**Banking**  
Via Manzoni 4 20121 Milan  
Italy

**J.P. Morgan AG**  
Taunustor 1 (TaunusTurm)  
60310 Frankfurt am Main  
Germany

## **DEALERS**

**BNP Paribas**  
16, Boulevard des Italiens  
75009 Paris  
France  
**Intesa Sanpaolo S.p.A.**  
**Divisione IMI Corporate & Investment Banking**  
Via Manzoni 4 20121 Milan  
Italy

**Equita SIM S.p.A.**  
Via Filippo Turati 9  
20121 Milan  
Italy  
**J.P. Morgan AG**  
Taunustor 1 (TaunusTurm)  
60310 Frankfurt am Main  
Germany

## **IRISH LISTING AGENT**

**Walkers Listing Services Limited**  
5<sup>th</sup> Floor, The Exchange  
George's Dock, IFSC,  
Dublin 1  
Ireland