P&A Public Lighting S.p.A.

a limited liability company with its registered office in Centro Direzionale Isola C/2, Napoli, Italy

Share capital of Euro 1,000,000.00 (paid-in for Euro 250,000.00)
Tax code, VAT number and registration number in the Napoli chamber of commerce 09069651215
R.E.A. No. NA - 1006988

Admission Document

*in connection with the application for admission to trading of the financial instruments named "€ **17,300,000.00 P&A Public Lighting S.p.A. Senior Secured 2038**", ISIN IT0005359077 (issue price: 100%) on the professional segment (ExtraMOT PRO) of the multilateral trading facility*
ExtraMOT operated by Borsa Italiana S.p.A.

*The financial instruments are issued in dematerialised form (forma dematerializzata) in accordance with article 83-bis and subsequent of the Italian Legislative Decree no. 58 of 24 February 1998 as amended and supplemented from time to time (the **Financial Law**) and the Regulation issued by the Bank of Italy and CONSOB on 22 February 2008, as amended and supplemented from time to time (the **BoI/CONSOB Regulation**) and will be held through and accounted for in book entry form with the central securities depository and management system managed by Monte Titoli S.p.A.*

CONSOB AND THE ITALIAN STOCK EXCHANGE HAVE NOT EXAMINED NOR APPROVED THE CONTENT OF THIS ADMISSION DOCUMENT

This admission document is dated January 31, 2019

Contents

Clause **Page**

1. DEFINITIONS 3
2. RESPONSIBLE PERSONS 6
3. DESCRIPTION OF THE PROJECTS 7
4. RISK FACTORS 9
5. INFORMATION ABOUT THE ISSUER 22
6. ORGANISATIONAL STRUCTURE 24
7. MAJOR SHAREHOLDERS 25
8. ISSUER'S FINANCIAL STATEMENTS 26
9. USE OF PROCEEDS 27
10. ADMISSION TO TRADING AND DEALING ARRANGEMENTS 28

1. DEFINITIONS

In this Admission Document the words and expressions used in capital will have the meaning ascribed to it in the Terms and Conditions (as defined below) save as specified hereinafter.

Admission Document means this admission document relating to the trading of the Notes prepared in accordance with the Rules of ExtraMOT.

Agency Agreement means the agreement dated on or about the Issue Date between the Issuer, the Paying Agent and the Calculation Agent under which, amongst other things, each of them is appointed, respectively, as paying agent and calculation agent for the purposes of the Notes.

Annual Debt Service Coverage Ratio or **ADSCR** has the meaning given to it in the Terms and Conditions.

Arranger means Foresight Group LLP.

Bankruptcy Law means Italian Royal Decree no. 267 of 16 March 1942, as amended and/or supplemented from time to time.

Calculation Agent means the calculation agent under the Agency Agreement, or its successors thereto.

Civil Code means the Italian civil code set out in Royal Decree no. 262 of 16th March, 1942 as amended and/or integrated from time to time.

Closing Date means January 31, 2019.

Code means Legislative Decree no. 50/2016.

CONSOB means the *Commissione Nazionale per le Società e la Borsa* (*i.e.* the Italian securities authority).

Consob Regulation no. 11971 means CONSOB Regulation no. 11971 dated 14 May 1999 as subsequently amended and supplemented.

Energia S.r.l. means Energia S.r.l., with registered office at VIA Isaac Rabin 14, Cardito (NA), VAT No. 08959261218.

Euro means the single currency unit of the Participating Member States of the European Union as constituted by the Treaty on the Functioning of the European Union and as referred to in the legislative measure of the Council of the European Union for the introduction of, changeover to or operation of a single or unified European currency (whether or not known as the Euro), being in part the implementation of the third stage of the European Monetary Union.

ExtraMOT PRO means the multilateral trading system named "*segmento professionale ExtraMOT PRO*" which is part of the multilateral trading system (*sistema multilaterale di negoziazione delle obbligazioni*) held by Borsa Italiana S.p.A. and named "ExtraMOT".

Finance Law means Italian Legislative Decree no. 58 dated 24 February 1998, as subsequently amended and supplemented.

Financial Model is the Base Case contained in the CD-Rom attached to the Terms and Conditions.

Icostrade S.r.l. means ICOSTRADE S.R.L., with registered office at via S.P. 39 n. 23, San Pietro al Tanagro (SA - Italy) VAT and registration no. in the Salerno chamber of commerce 02692890656.

Issuer means P&A Public Lighting S.p.A.

Issue Date means the date of issue of the Notes, being January 31, 2019.

Italian Civil Code means the Italian civil code set out in Royal Decree No. 262 of 16th March, 1942 as amended and/or integrated from time to time.

Italian Consolidated Banking Act means the Italian consolidated banking act (*T.U. delle leggi in material bancaria e creditizia*) set out in Legislative Decree no. 385 of 1 September 1993, as amended and/or integrated from time to time.

Italian Stock Exchange means Borsa Italiana S.p.A., with its registered office in Milan, Piazza degli Affari, no. 6.

Monte Titoli means Monte Titoli S.p.A., with its registered office in Milano, Piazza degli Affari no. 6.

Notes means the Fixed Rate/Floating Rate Notes and the issued by the Issuer from time to time, and **Note** shall be construed accordingly.

Noteholders means, at any time, the holder for the time being of a Note and **Noteholders** means all of them, including the Notes Subscribers.

Notes Subscribers means the initial investors who will subscribe for the Notes pursuant to the terms of the Notes Subscription Agreement.

Notes Subscription Agreement means the agreement executed on the Signing Date between among others, the Issuer, and the Notes Subscriber for the sale by the Issuer and the subscription as principal by such investor of the Notes.

Pagano & Ascolillo S.p.A. means Pagano & Ascolillo S.p.A. with registered office at Via Luigi Vittorio Bertarelli, n. 143, Rome (Italy) VAT and registration no. in the Rome chamber of commerce 03579660659.

P&A Public Lighting Polla S.r.l. means P&A Public Lighting Polla S.r.l. with registered office at Centro Direzionale Isola C/2 SNC, Naples (NA), VAT no. 09069661214.

P&A Public Lighting Service S.r.l. means P&A Public Lighting Service S.r.l. with registered office at Centro Direzionale Isola C/2 SNC, Naples (NA), VAT no. 09069641216.

Paying Agent means the paying agent under the Agency Agreement, or its successors thereto.

Project means each energy efficiency project regarding the design, construction and management of the public lighting systems and ancillary services in the territory of the Giugliano (NA) Municipality, Polla (SA) Municipality and any of other Italian Municipality where Pagano & Acolillo S.p.A. will be successful bidder in the public tender performed by the relevant Municipality.

Qualified Investors means the persons referred to in article 100 of the Finance Law who, as provided under article 34-ter of Consob Regulation no. 11971 dated 14 May 1999 and article 35 of Consob Regulation no. 20307 of 15 February 2018, are equivalent to the persons falling under the definition of "professional clients" pursuant to Directive 2004/39/CE (MiFID).

Rules of ExtraMOT means the rules of ExtraMOT issued by the Italian Stock Exchange in force from 8 June 2009 as subsequently amended and supplemented.

Signing Date means January 31, 2019.

Sponsor means Pagano & Ascolillo S.p.A., with registered office at Via L.V. Bertarelli n. 143, VAT number no. 03579660659, REA No. RM - 03579660659.

SPV means each *società a responsabilità limitata* or *società per azioni* (i) incorporated, in accordance with the provisions of article 184 of Legislative Decree no. 50/2016, by the Sponsor, after this latter is duly awarded the public tender performed by the relevant Municipality in relation to a Project in accordance with the provisions of article 183 of Legislative Decree no. 50/2016, or (ii) that is or was duly awarded the public tender performed by the relevant Municipality in relation to a Project in accordance with the provisions of article 183 of Legislative Decree no. 50/2016, whose quotas or shares have been or will be purchased by the Issuer or the Issuer and the Sponsor.

SPV Distribution means:

(i) any payment of dividends or other distribution (whether in cash or in kind) and any bonus issue or any return of capital (including capital reserves) including any payment in respect, or on the redemption, of any share capital whether at a premium or otherwise; and

(ii) any payment, including by way of set-off of interest, principal or any other amount in respect of the relevant SPV Loan, including any purchase by the relevant SPV of any such SPV Loan.

SPV Loan means each loan the Issuer has granted or will grant to any SPV.

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

Terms and Conditions means the terms and conditions of the Notes which are set out in Annex 4 (*Terms and Conditions of the Notes*) to this Admission Document and which provides for the common definitions of the capitalized terms utilised in the Finance Documents.

2. RESPONSIBLE PERSONS

P&A Public Lighting S.p.A., with its registered office in Centro Direzionale C/2, Napoli, Italy, is the only subject responsible for the information provided under this Admission Document.

To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Admission Document for which the Issuer takes responsibility is in accordance with the facts and does not contain any omission likely to affect the reliability of such information.

According to the subscription Agreement the Notes will be subscribed by the subscriber. No conflicts of interest exist between the Issuer and the subscriber.

3. DESCRIPTION OF THE PROJECTS

All of the Projects concern public lighting systems and ancillary services.

Each SPV (other than the SPV managing the Giugliano Project, see sub (B)(vi) below) may result to be awarded a PPP Concession following the development by Pagano & Ascolillo S.p.A. of the Projects pursuant to art. 183 of the Code regarding the design, construction and management of the public lighting systems and ancillary services in the territory of the several Municipalities, including Polla (SA) and Giugliano.

B. With respect to the tender procedures, and with the exception of the Project in the Giugliano Municipality, the procedure implemented by all the Municipalities is the Private Proposal Procedure provided by art. 183, para. 15-21

Regarding the Municipality of Polla, the open tender - pursuant to art. 60 of the Code and announced on the basis of the proposal submitted by Pagano & Ascolillo S.p.A. (that participated to the relevant tender) has been awarded to Pagano & Ascolillo S.p.A. with note n. 5513 dated 3/8/2018 and available on the Municipality website, and P&A Public Lighting Polla S.r.l. (owned 80% by Pagano Ascolillo S.p.A. and 20% by the Issuer) has been established on November 15, 2018 for the replacement of Pagano & Ascolillo S.p.A. as assignee of the Polla Project PPP Concession.

Regarding the Municipality of Giugliano, the PPP Concession, for managing, ordinary and extraordinary maintaining, development, requalifying and adapting to the European lighting regulation and Regional Law no. 12/2002 the public lighting systems, has been already awarded following an open tender procedure pursuant to art. 32 and art. 142 of Legislative Decree n. 163/2006 (the former Code).

D. With reference to the duration of the PPP Concessions, it should be noted that the duration of all the agreements is 20 years.

In addition to the above:

(i) with regard to the Municipality of Giugliano, the Concession, issued on 25 February 2013, effective from 30 January 2013 will expire on 29 January 2033;

(ii) with regard to the Municipality of Polla, the tender procedure has been already published on the basis of the proposal submitted by Pagano & Ascolillo S.p.A. The tender has been awarded to Pagano & Ascolillo S.p.A. and P&A Public Lighting Polla S.r.l. has been established for the replacement of Pagano & Ascolillo S.p.A. as assignee of the relevant PPP Concession.

If and when Pagano & Ascolillo S.p.A. will be awarded any of a Project it may (i) incorporate an SPV for having this letter enter into the relevant PPP Concession or (ii) enter into a PPP Concession and thereafter incorporate an SPV and novate the relevant PPP Concession in favour of such SPV.

With regard to the Municipality of Giugliano, the refurbishment and upgrading of the lighting system and the traffic light system shall consist of:

- replacement of new n. 543 SHP lamps;
- revision of n. 6,310 road poles;
- replacement/integration with flow regulators of electrical cabinets;
- total integration of centralized setting remote management and control system;

- new excavations/replacement of cables and wires (ref. “Computo Opere da eseguire.pdf” by Sepem);
- replacement of road poles (ref. “Computo Opere da eseguire.pdf” by Sepem);
- adaptation/integration of traffic light systems (ref. “Computo Opere da eseguire.pdf” by Sepem);
- supply and installation of n. 3,000 ballasts.

The Concession includes:

- supply of electricity,
- planned and unplanned maintenance.

With regard to the Municipality of Polla, the refurbishment and upgrading of the lighting system shall consist of:

- re-lamping of n. 1,935 light points;
- replacement of n. 523 old street lighting fixtures;
- replacement of n. 599 street lighting furniture;
- replacement of n. 234 road poles;
- replacement of n. 42 arms;
- replacement of n. 36 shelves for street lighting furniture;
- replacement of n. 22 electrical cabinets;
- supply and installation of a point to point remote management and control system;
- supply and installation of charging stations (for electric cars);
- supply and installation of charging stations (for smartphone and tablet);
- supply and installation of artistic head lamps;
- supply and installation of WI-FI hot spot.

The proposal includes:

- supply of electricity,

planned and unplanned maintenance.

4. RISK FACTORS

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

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may, exclusively or concurrently, occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not be able to anticipate at present. In addition, the order in which the risk factors are presented below is not intended to be indicative either of the relative likelihood that each risk will materialise or of the magnitude of their potential impact on the business, financial condition and results of operations of the Issuer.

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

Additional risks and uncertainties not presently known to the Issuer or that it currently believes to be immaterial could also have a material impact on its business operations.

Prospective investors should read the whole of this Admission Document, including the information incorporated by reference in this Admission Document.

The risk factors addressed in the following paragraphs have been grouped in different categories, as follows:

(a) risk factors related to the Issuer;

(b) risk factors related to the SPVs;

(c) risk factors related to the energy efficiency market; and

(d) risk factors related to the Notes.

4.1 Risk factors related to the Issuer

(a) <u>Issuer risk</u>

By purchasing the Notes, the Noteholders will become financiers of the Issuer and will have the right to receive from the Issuer the payment of capital and interest of the Notes, according to the repayment profile of the Notes described under the Terms and Conditions. Therefore, the Notes are generally subject to the risk that the Issuer may not be in the condition to fulfill its payment obligations under the Notes on the relevant scheduled payment dates.

(b) <u>Risk related to other indebtedness of the Issuer</u>

As at the date of this Admission Document the Issuer has no commercial or financial debts, provided that on or about the date of this Admission Document the Issuer will incur the debt for the acquisition of Energia S.r.l., equal to Euro 5,800,000.00 (five million and eight hundred thousand/00), to be paid through a portion of the proceeds deriving from the issuance of the Notes.

It is not excluded that the Issuer will negotiate and/or enter any other financing necessary for its regular course of business and/or the development of its activity or for the re-financing of the current debts.

As a consequence, any future financing instrument entered by the Issuer or any alteration of the terms and conditions of the current financing instruments will influence the general indebtedness of the Issuer and could alter its growth.

The Issuer has not and will not enter into any agreement to hedge the risk deriving from the fixed/floating rate applicable to the Notes.

(c) Sources of payments to the Noteholders

As at the date hereof the Issuer has no participation in any SPV, other than P&A Public Lighting Polla S.r.l. The Issuer is a newly incorporated company whose only assets will be its participations in the SPVs. Accordingly, the only source of funds available to the Issuer for payment of interest and the repayment of principal on the Notes will be the payments made by the SPVs as SPV Distributions (as dividend and/or as repayment of the relevant SPV Loans granted by the Issuer to the relevant SPV) to the Issuer when purchased or operating, as the case may be.

SPVs' ability to make such payments will, in turn, depend almost entirely on the Project Revenues (see Section 3 for further details).

Only the SPV managing the Giugliano Project, Energia S.r.l., is currently an operating company. All other SPV shall be incorporated if and when Pagano & Ascolillo S.p.A. will be awarded the relevant Project.

Accordingly, there is no assurance that, over the life of the Notes or at the redemption date of the Notes (whether on maturity or otherwise), there will be sufficient funds to enable the Issuer to pay interest when due on the Notes and/or to repay the outstanding principal of the Notes in full.

The ability of the Issuer to meet its obligations in respect of the Notes will be dependent mainly on the timely payment of amounts due under the PPP Concessions and, inter alia, of amounts due under the other Project Documents by the various counterparties of the relevant SPV. The performance by such parties of their respective obligations under the relevant Project Documents is dependent, *inter alia*, on the solvency of each relevant party.

(d) Liquidity risk

Liquidity risk is defined as the risk that the Issuer will not be able to meet its payment obligations when they fall due.

The compliance by the Issuer with its payment obligations under the Notes is mainly dependent on (i) the ability of each SPV: (a) to make distributions in favour of the Issuer; (b) to comply with its payment obligations under the SPV Loans, whereby the Issuer advanced a shareholder facility to them.

Therefore, the Issuer's liquidity could be damaged by unexpected cash outflows or by a reduction in the Project Revenues generated by the SPVs due to (i) lower efficiency in electricity savings, or (ii) a reduction in the ability of the relevant Municipality to pay the amounts due to the relevant SPV under the relevant PPP Concession. Such circumstance might have an adverse effect on the ability of the Issuer to fulfil its payment obligations under the Notes.

(e) Insolvency risk

The performance by each SPV of the obligations under the relevant SPV Loan is dependent on the solvency of each SPV. The payments made by each SPV under the relevant SPV Loan may be subject to a claw back action (*azione revocatoria*) under article 67 of the Bankruptcy Law or the declaration of ineffectiveness (*dichiarazione di inefficacia*) under article 65 of the Bankruptcy Law, as the case may be, in case of adjudication of bankruptcy of the relevant SPV. The bankruptcy of one or more of the SPV may therefore imply an obligation by the Issuer to return to the SPV estate certain amounts received under the relevant SPV Loan.

(f) Risks related to litigation regarding the Issuer

Currently the Issuer is not a party to nor is it aware of any actual or threatened proceedings by any third party, nor is it contemplating commencing any proceedings against any third parties. However, the Issuer may become involved in litigation as part of the ordinary course of its business. There can be no assurance that it will be successful in defending or pursuing any such actions and, as a consequence, there could be significant negative effects on the financial, economic and equity situation of the Issuer.

(g) Acquisition contract of the SPV managing the Giugliano Project

The SPV managing the Giugliano Project, Energia S.r.l., will be purchased by the Issuer and was not incorporated by this latter. Accordingly, even though the Issuer run a due diligence on the Project and the SPV and the seller will provide certain representations and warranties upon sale, there is not guarantee that all of the information were and will be duly provided by the seller. The entire equity participation in such SPV will be transferred pursuant a transfer agreement preceding the issuance of the Notes, and the relevant acquisition cost will be paid using a portion of the proceeds deriving from the issuance of the Notes as at the Issue Date. In order to avoid issues of financial assistance, Energia S.r.l. will not provide securities nor guarantees in relation to the portion of the proceeds arising from the Notes aimed at purchasing such SPV.

(h) Incorporation and participation in the SPVs

All SPVs, other than Energia S.r.l. managing the Giugliano Project, will be incorporated if and when Pagano & Ascolillo S.p.A. will be awarded the Project. The activation by Pagano & Ascolillo S.p.A. of all of the Project via art. 183 of the Code shall not be deemed to secure it will be awarded the relevant Project.

Once each SPV is incorporated, at least the absolute majority of the participation in each SPV will be owned by Pagano & Ascolillo S.p.A., for the purposes of complying with the requisites required by art. 80 of the Code until the construction of the relevant Project is completed. Accordingly, should Pagano & Ascolillo S.p.A. be subject to bankruptcy proceedings, the Issuer will be a minority shareholder in each SPV, and may have limited or no control on the management thereof.

(i) Risk of increasingly high levels of corporate income taxes

Any future adverse changes in the income tax rate or other taxes or charges applicable to the Issuer would have an adverse impact on the Issuer's future results of operations and cash flows. This, as well as any other changes to the tax regime generally applicable to Italian companies, may have an adverse effect on the Issuer's ability to pay interest on the Notes and to repay the Notes in full at their maturity.

Nevertheless, due to the above, no material risk (additional to those burdening any tax payer carrying on business activity in Italy), might be currently envisaged with a reasonable forecast.

4.2 Risk factors related to the SPVs

(a) Risks related to failure of awarding of the Projects

The activation by Pagano & Ascolillo S.p.A. of all of the Projects via art. 183 of the Code shall not be deemed to secure it will be awarded the relevant Project.

Accordingly, even if the Issuer would incorporate and provide the relevant SPV an SPV Loan for carrying of the construction of the Project only once the relevant PPP Concession is signed by, or novated to, such SPV, there is not guarantee any of the SPVs will enter into the PPP Concessions (other than the SPVs managing the Giugliano Project and the Polla Project). Therefore, there is no assurance that the Issuer will finance any other SPV but the SPV managing the Giugliano Project and the Polla Project thereby leading to a higher concentration risk for the Issuer.

(b) Risks related to construction of the Projects

Other than with respect to the Energia S.r.l. managing the Giugliano Project, none of the other SPV is existing, has entered into the relevant PPP Concession and started the construction of the Project. Accordingly, the Project Revenues that may derive from those Projects are subject to the due and timely performance by the SPV of its obligations under the relevant PPP Concession and by any third parties performing the activities required to the SPV under the relevant PPP Concession, including, but not limited to, the ECP Contractor. However, the Issuer would incorporate and provide the relevant SPV an SPV Loan for carrying of the construction of the Project solely once the relevant Project is awarded to Pagano & Ascolillo S.p.A or a PPP Concession is signed by this latter.

(c) Self-annulment power ("*autotutela*") and termination of PPP Concession by Municipality

Pagano & Ascolillo S.p.A. activated the process for carrying out the Projects pursuant to art. 183 of the Code (please see Section 3). Should Pagano & Ascolillo be awarded the relevant Project it may (i) incorporate, together with the Issuer, the relevant SPV and have this latter enter into the relevant PPP Concession or (ii) enter into the relevant PPP Concession and have it novated in favour of the relevant SPV.

Depending on whether the relevant PPP Concession is signed or not, the relevant Municipality may act to protect its interest, upon the occurrence of certain conditions, either (i) via self-annulment power ("autotutela") before entering into a PPP Concession or (ii) by terminating a PPP Concession following the entering into thereof.

Self-annulment power ("autotutela")

A public authority is entitled to act in self-defense and annul an administrative act formerly issued/approved when the following cumulative conditions are met: (i) the relevant administrative act is not lawful (i.e., is in breach of any provision of law), and (ii) an actual and current public interest exists to support annulment of the act, which interest must be different from the mere intention to restore a lawful situation.

When deciding whether to act in self-defense, the public authority must consider and assess all interests at play for all parties involved and whether public policy reasons exist for such action.

After the most recent enactment of modifications to the national law on administrative proceeding (i.e. Law 241/1990) by Law 124/2015, which entered into force starting from 29 August 2015, an administrative act deemed illegitimate by the competent authority can be annulled in self-defense only within a period of 18 months from the issuance of the act itself.

The only exception, is regulated in par 2 bis of Article 21 nonies of the abovementioned national law (introduced by Article 6 of Law 124/2015), according to which administrative acts which have been obtained as a consequence of false representations of the factual situation or on the basis of false declarations (provided that the untruthfulness is ascertained following a criminal judicial proceeding) can be annulled also following the expiry of the above-mentioned 18-months deadline.

The revocation or annulment of the administrative act approving the relevant PPP Concession by the relevant Municipality would result in the impossibility to carry out the Project by the relevant SPV, eliminating its Project Revenues, and therefore in the inability of the Issuer to fulfil its obligations under the Notes.

Termination of PPP Concessions by the relevant Municipality

Once the relevant SPV will have entered into the relevant PPP Concession, pursuant to Art. 176, para. 1 of the Code, such PPP Concession can be terminated by relevant Municipality for reasons of public interest ("*revoca per motivi di pubblico interesse*") or if the following conditions occur:

a) The relevant SPV ceases to have the requirements provided for in Art. 80 of the Code;

b) The relevant Municipality has infringed the UE Law when awarding the contract, as recognized by UE Court of Justice in the procedure provided for in Art. 258 TFUE;

c) There is a substantial change in the subject of the PPP Concession, which requires a new call for tender.

For what concerns the money payable to the contractor, Art. 176, para. 4 specifies that if the contract terminates for the relevant Municipality's breach or for reasons of public interest, the relevant SPV is entitled to have:

a) The value of works carried out (inclusive of charges ancillary), after consumption of fixed capital, or if the works do not pass the testing, the costs actually incurred;

b) The penalties and the other costs actually incurred or to be incurred for the resolution of the relevant PPP Concession, inclusive of charges resulting from the early termination of the contract for risk coverage of fluctuation of interest rate;

c) A compensation for loss of earnings equal to 10% of value of the works to be carried out; if the works have passed a completion test, the compensation is equal to 10% of the present value of revenues as resulted from the economic – financial plan for reaming years of management.

Should a PPP Concession terminate due to an SPV breach, art. 176, para. 8 provides that the relevant Municipality shall inform in writing the SPV and the financial investor (i.e., the Noteholders) of its intention to terminate the PPP Concession. The financial investor can indicate a new contractor to step-in the PPP Concession within 90 days from the relevant Municipality's communication. The step-in in the PPP Concession shall take effect upon Municipality's consensus.

(d) Inability by the Municipality to perform under the relevant PPP Concession: "*Dissesto*"

The Project Revenues are mainly based on the ability of the relevant SPV to produce an energy saving in accordance with the relevant PPP Concession, on one side, and on the ability of the relevant Municipality to pay the amounts due under such PPP Concession.

Should any Municipality be unable to carry out its functions or to pay its debts to its creditors, it shall declare a "dissesto" status in order to reduce its indebtedness with the aim of reaching the integral satisfaction of the relevant creditors.

During the "dissesto" procedure (the duration of such procedure is at least about five years):

i). any new enforcement proceeding can't be introduced by the relevant Municipality's creditors and those already started are suspended;

ii). no interest will accrue on the amount owed by the relevant Municipality;

iii). Municipalities is, inter alia, obliged to increase the taxes it can charge until the maximum of the relevant rate.

However, the public lighting service to be provided by each SPV under the relevant PPP Concession is an "essential public service". As such, it enjoys a priority in the payments due by the Municipality during the "dissesto" status: in fact, following the payment of taxes and lenies to the central government and the salaries or its employees, the Municipality shall pay (if enough cash is available) any "essential public service", including, but not limited to, public lighting.

(e) Contracting to third parties

Each SPV has contracted or will contract to third parties all activities related to the relevant Project, including its operation and maintenance activities which have been or will be contracted to the O&M Contractor. The Issuer therefore indirectly relies on the creditworthiness and expertise of such third parties. If any of these persons experienced financial difficulties and did not perform their services, this might temporarily adversely affect the operation of the relevant Project with negative effects on the financial, economic and equity situation of the relevant SPV and, in turn, of the Issuer.

(f) Operations risk

Cost increases or delays could arise from shortages of materials and labour, engineering or structural defects, work stoppages, labour disputes and unforeseen engineering, environmental problems. Any such delay might have an adverse effect on the ability of each SPV to perform its obligations under the relevant PPP Concessions and, as an effect, the ability of the Issuer to fulfil its payment obligations under the Notes.

(g) Operating expenditures may exceed expectations

The financial forecasts for the operating costs of each Project are and will be, as the case may be, based partly on the terms of the O&M Contract, supply contracts and certain assumptions. As a result of any cost increase exceeding the estimated amount, the Issuer's ability to fulfill its payment obligations under the Notes, may be adversely affected.

Operating costs include expenses for repair, maintenance and replacement and other technical costs. If the replacement of a main component becomes necessary in advance of schedule or with greater frequency than anticipated, or is more expensive, and is not covered by the relevant O&M Contract, the cost of repair or replacement may need to be met by different means. In addition, running expenses, repair and other technical expenses might be higher than expected for other reasons. Again, any such unforeseen higher costs might have an adverse effect on the relevant SPV and, in turn, on the Issuer's ability to fulfil its payment obligations under the Notes.

(h) Insurance and co-insurance risk

Insurance obtained by each SPV and the O&M Contractor may not be comprehensive and sufficient in all circumstances and may be subject to certain deductibles or obligations to meet a proportion of the total amount of the liabilities arising from certain insured risks under the relevant Project.

Moreover, such insurances may not be available in the future on commercially reasonable terms.

An event could result in severe damage or destruction to one or more sites, reductions in the energy savings of the relevant Project or personal injury or loss of life to personnel. Insurance proceeds may not be adequate to cover lost revenues or to compensate for any injuries or loss of life.

Actual insurance premiums may be materially higher than those projected. In addition, in cases of frequent damage, insurance contracts might be amended or cancelled by the insurance company to the detriment of the Issuer. Further, the insurance may not cover any damage or loss and/or insurance premiums may increase more than had been provided for. In each such case, this could have a material adverse effect on the Issuer's ability to fulfill its payment obligations under the Notes.

(i) Risk of increasingly high levels of corporate income taxes

Any future adverse changes in the income tax rate or other taxes or charges applicable to the Issuer would have an adverse impact on the Issuer's future results of operations and cash flows. This, as well as any other changes to the tax regime generally applicable to Italian companies, may have an adverse effect on the Issuer's ability to pay interest on the Notes and to repay the Notes in full at their maturity.

Nevertheless, due to the above, no material risk (additional to those burdening any tax payer carrying on business activity in Italy), might be currently envisaged with a reasonable forecast.

4.3 Risk factors related to the energy efficiency market

(a) Delay in the construction of the Projects

Under each PPP Concession the SPVs will undertake to complete the relevant Project within a certain timeframe. Failure to comply with such obligation may trigger certain provisions of the PPP Concessions allowing the relevant Municipality to request the relevant SPV to pay amounts as penalty or even terminate the relevant PPP Concession.

(b) Performance risk of the Projects

The consideration to be received by any SPV under the relevant PPP Concession is based on the energy savings achieved in the relevant Project such SPV will build. Should the construction, the maintenance or any event affect the performance of the energy savings under the Projects, the SPVs will not receive the Project Revenues forecasted in the Financial Model.

(c) Inflation risk

The consideration received by the SPVs under the relevant PPP Concessions is not indexed to inflation over time, while certain operating costs to be borne by the SPVs might exceed estimates if the inflation rate were to increase significantly. Consequently, a significant increase in the inflation rate may affect the Project Revenues and, in turn, the ability of the Issuer to repay the Notes.

4.4 Risk factors related to the Notes

(a) Risks related to the quotation, the liquidity of the markets and the possible volatility of the price of the Notes

The Issuer has applied for admission of the Notes to trading on ExtraMOT PRO. ExtraMOT PRO is the professional segment of the ExtraMOT, reserved exclusively to Qualified Investors. Therefore, investors other than Qualified Investors do not have access to ExtraMOT PRO with a consequent limitation of the possibility to sell the Notes. As a consequence, the Qualified Investors should evaluate, in their financial strategies, the risk that that the duration of their investment could have the same duration as the Notes.

(b) Risks related to the interest rate

The investment in the Notes has the typical risks of an investment in fixed/floating rate notes as fluctuation of the interest rates on the financial markets influences the prices and the performance of the Notes.

More in general, changes in market interest rates may adversely affect the market value of the Notes. As a consequence, if the Notes are sold before their final maturity date, the initial investment in the Notes could be higher than the market price of the Notes.

(c) Risks related to an event beyond the control of the Issuer

Events such as the publication of the annual financial statements of the Issuer and/or market announcements or the change in the general conditions of the market could influence the market value of the Notes. Moreover, fluctuations in the market and general economic and political conditions could adversely affect the value of the Notes.

(d) Risks associated with the absence of a rating of the Issuer and the Notes

The risk associated with the absence of ratings of the Issuer and the Notes consists of the risk relating to the lack of a synthetic indicator on the Issuer's ability to fulfil its obligations and on the riskiness of the Notes. The Issuer has not requested any rating assessment for itself and for the Notes subject to the offer, so that there is no immediate availability of a synthetic indicator representing the Issuer's solvency and the riskiness of the Notes. However, it should be taken into account that the absence of ratings of the Issuer and the Notes is not in itself indicative of the Issuer's solvency and, consequently, of the riskiness of the Notes themselves.

(e) Risks related to variations of the tax system

All the present and future taxes applicable to any payments made in accordance with the payment obligations of the Notes will be borne by each Noteholder. There is no certainty that the tax system as at the date of this Admission Document will not be modified during the term of the Notes with consequent adverse effects on the net yield received by the Noteholders.

(f) The tax regime applicable to the Notes is subject to a listing requirement and/or Noteholders qualification

The Notes will be listed and negotiated on ExtraMOT PRO and, as such, the Issuer will be entitled to pay the interest, premiums and similar proceeds on Notes due to qualified Noteholders without application of any withholding tax as per Legislative Decree no. 239 of 1st April 1996.

No assurance can be given that the Notes will be listed or that, once listed, the listings will be maintained or that such listings will satisfy the listing requirement under Legislative Decree no. 239 of 1 April 1996 in order for the Notes to be eligible to benefit from the provisions of such legislation relating to the exemption from the requirement to apply withholding tax. However, as provided by Law Decree no. 91 dated 24 June 2014 (so called "Decreto Competitività", converted into Law no. 116 dated 11 August 2014), the mentioned favorable tax treatment, applicable under Legislative Decree n. 239 of 1 April 1996, has been extended also to non-listed bonds issued by Italian non-listed companies when held by “Qualified Investors” (as defined under article 100 of Finance Law). If the Notes are not listed or that listing requirement is not satisfied, and the Noteholders should not qualify as Qualified Investors, payments of interest, premium and other income with respect to the Notes would be subject to a withholding tax currently at a rate of 26 per cent, and this would eventually result in Noteholders receiving less interest than expected and could significantly affect their return on the Notes.

(g) Risks related to the amendment of the terms and conditions of the Notes without the consent of all Noteholders

The Terms and Conditions and the Italian Civil Code include rules whereby the determination by Noteholders' meeting of certain matters is subject to the achievement of specific majorities. Such determinations, if correctly implemented, are binding on all the

Noteholders whether or not present at such meeting and whether or not voting and whether or not approving the resolution.

(h) Risks related to conflict of interest

The entity or entities involved in the issuance and the placement of the Notes could have an autonomous interest potentially conflicting with the interests of the Noteholders. The activities performed by the Arranger, being an entity operating with the appointment of the Issuer and receiving a fee in relation to the placement of the Notes, imply a conflict of interest towards the Noteholders.

(i) Limited liquidity of secondary market

Although an application has been made for the Notes to be admitted to trading on ExtraMOT PRO, there is not, at present, an active and liquid secondary market for the Notes. There can be no assurance that a secondary market for any of the Notes may develop for the Notes or, if a secondary market does develop, that it will provide the holders of the Notes with liquidity of investments or that any such liquidity will continue for the life of such Notes. Consequently, any purchaser of Notes must be prepared to hold such Notes until the Maturity Date. In addition, prospective Noteholders should be aware of the prevailing and widely-reported global credit market conditions (which continue at the date hereof).

Consequently, whilst these market conditions persist, an investor in the Notes may not be able to sell or acquire credit protection on its Notes readily and market values of the Notes are likely to fluctuate. Any of these fluctuations may be significant and could result in significant losses to an investor. In addition, there exist other significant risks to investors. These risks include: (i) increased illiquidity and price volatility of the Notes as there is currently only limited secondary trading in securities of this kind; and (ii) a reduction in enforcement recoveries. These additional risks may affect the returns on the Notes to investors.

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Subject to applicable Italian laws and regulations, the transfer of the Notes may also be restricted by securities laws or regulations of certain countries or regulatory bodies. See Annex 1 (*Selling Restrictions*) below.

(j) Suitability

Prospective investors in the Notes should make their own independent decision as to whether to invest in the Notes and whether an investment in the Notes is appropriate or proper for them, based upon their own judgment, and should consult with their legal, business and tax advisers to determine the consequences of an investment in the Notes and to reach their own evaluation of their investment.

Investment in the Notes is only suitable for investors who, in addition of being Qualified Investors subject to prudential supervision and/or Qualified Investors:

(i) have the required knowledge and experience in financial and business matters to evaluate the merits and risks of an investment in the Notes;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate such merits and risks in the context of their financial situation;

(iii) are capable of bearing the economic risk of an investment in the Notes; and

(iv) recognize that it may not be possible to dispose of the Notes for a substantial period of time.

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

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

(k) The Notes may be redeemed prior to their maturity at the option of the Issuer

The Issuer has the option to redeem the outstanding Notes in whole or in part in accordance with the Terms and Conditions at any time after two years from the issue of the Notes. The amount due to the Noteholders upon exercise of that option is their principal amount together with accrued interest and Make-Whole Amount.

If the Issuer calls and redeems the Notes in the circumstances mentioned above, the Noteholders may not be able to reinvest the redemption proceeds in comparable securities offering a yield as high as that of the Notes.

(l) Insolvency laws applicable to the Issuer

The Issuer is incorporated in the Republic of Italy. The Issuer will be subject to Italian insolvency laws.

For instance, if the Issuer becomes subject to certain bankruptcy proceedings, payments made by the Issuer in favour of the Noteholders or on their behalf prior to the commencement of the relevant proceeding may be liable to claw-back by the relevant trustee. In particular, in a bankruptcy proceeding (*fallimento*), Italian law provides for a standard claw-back period of up to one year (6 (six) months in some circumstances), although in certain circumstances such term can be up to 2 (two) years. In this regard, article 65 of the Bankruptcy Law may be interpreted as to provide for a claw back period for two years applicable to any payment by the Issuer pursuant to an early redemption at the option of the Issuer if the stated maturity of the Notes falls on or after the date of declaration of bankruptcy of the Issuer.

(m) Change of law

The structure of the transaction described hereunder and, *inter alia*, the issue of the Notes are based on Italian law and tax and administrative practice in effect at the date hereof and have due regard to the expected tax treatment of the Notes under such law and practice. No assurance can be given as to any possible change to Italian law or tax or administrative practice after the date of this Admission Document or that such change will not adversely impact the structure of the transaction and the treatment of the Notes.

(n) Financial Model

The results of the Financial Model are not projections or forecasts. A financial model simply illustrates hypothetical results that are mathematically derived from specified assumptions. In addition, the Financial Model shows cash flows available for debt service and does not model individual financial performance of individual Projects. Actual Project Revenues, operating, maintenance and capital costs, interest rates and taxes might differ significantly from those assumed for the purposes of any run of the Financial Model. Accordingly, actual performance and cash flows for any future period might differ significantly from those shown by the results of the Financial Model. The inclusion of summary information derived from the Financial Model herein should not be regarded as a representation by the Issuer or any other person that the results contained in the Financial Model will be achieved. Prospective investors in the Notes are cautioned not to place undue reliance on the Financial Model or summary information derived therefrom and should make their own independent assessment of the future results of operations, cash flows and financial condition of the Issuer.

(o) Forward-looking statements

This Admission Document contains certain forward-looking statements. The reader is cautioned that no forward-looking statement is a guarantee of future performance. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Words such as “may”, “will”, “seek”, “continue”, “aim”, “anticipate”, “target”, “projected”, “expect”, “estimate”, “intend”, “plan”, “goal”, “believe”, “achieve” or similar expressions are intended to identify forward-looking statements and subjective assessments. Such statements are subject to risks and uncertainties that could cause the actual results to differ materially from those expressed or implied by such forward-looking statements.

The reader is cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Admission Document and are based on assumptions that may prove to be inaccurate. No-one undertakes any obligation to update or revise any forward-looking statements contained herein to reflect events or circumstances occurring after the date of this Admission Document.

(p) Legal investments considerations may restrict certain investments

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

(q) Exchange rate risks and exchange controls

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

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

5. INFORMATION ABOUT THE ISSUER

Legal and commercial name of the Issuer

P&A Public Lighting S.p.A.

The place of registration of the Issuer and its registration number

The Issuer has its registered office in Napoli (NA), Centro Direzionale Isola C/2, CAP 80143, with REA no. NA – 1006988 and Tax code and registration at Business Register n. 09069651215.

The date of incorporation

The Issuer was incorporated on November 15, 2018.

Term

The duration of the Issuer is until December 31, 2100.

Domicile and legal form of the Issuer, legislation under which the Issuer operates, its country of incorporation, and the address and telephone number of its registered office (or principal place of business if different from its registered office)

The Issuer is a *società per azioni* incorporated under the laws of the Republic of Italy, with its registered office in Centro Direzionale Isola C/2, 84143 Napoli (NA), certified mail: peapubliclighting@pec.it and telephone number: 0975.190.83.15.

Description of the Issuer

P&A Public Lighting S.p.A. is a company limited by shares owned 2% by Pagano & Ascolillo S.p.A and 98% by P&A Public Lighting Service S.r.l., this latter owned 99% Pagano & Ascolillo S.p.A., the Sponsor, and 1% by Icostrade S.r.l.

The Issuer's main corporate purpose is to purchase, maintain and dispose of participations in companies, enterprises, consortiums, joint ventures and temporary companies associations.

External auditor

Core Finance S.r.l. is appointed as external auditor of the Issuer until the approval of the audited consolidated pro forma financial statement as of 31 December 2018.

Core Finance S.r.l. main details are the following:

Registered office at Via Andrea Alfano Bolino, 22 - 84126 Salerno (SA)

Website: http://www.core-finance.it/

Enrolled in the auditor's register with No: 166054

Ministerial decree of: May 18, 2012

Published on the Official Gazzette (Gazzetta Ufficiale) n. 44 of June 8, 2012

As long as the Notes will be listed in ExtraMOT, the Issuer shall procure that its annual consolidated financial statements will be audited by an external auditor.

Any recent events particular to the Issuer, which are to a material extent relevant to the evaluation of the Issuer's solvency.

The Issuer believes that there are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency (other than disclosed in this Admission Document).

6. ORGANISATIONAL STRUCTURE

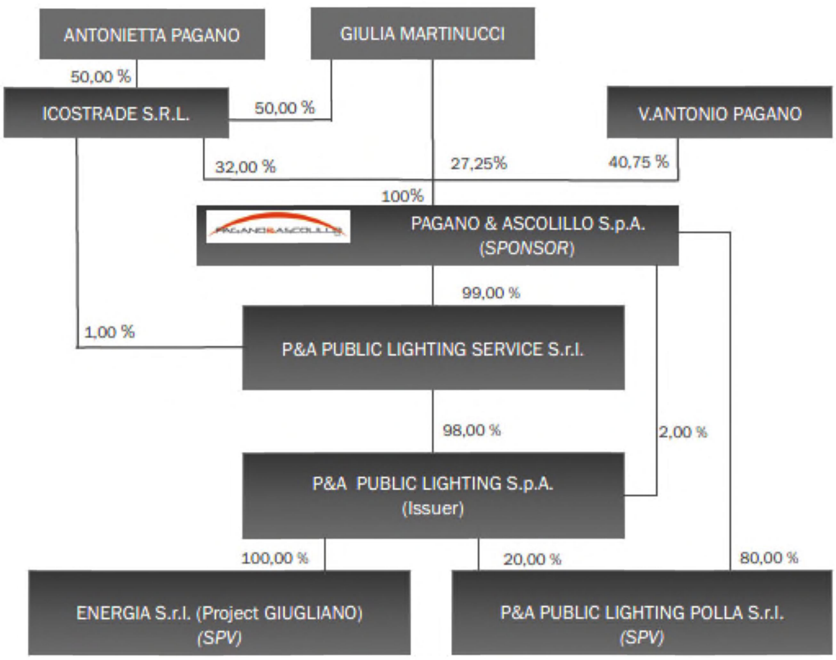
P&A Public Lighting S.p.A. is a company, directly owned by P&A Public Lighting Service S.r.l. and Pagano & Ascolillo S.p.A., operating in the Italian renewable energy sector, indirectly controlled by Pagano & Ascolillo S.p.A.

Below a table indicating the board of directors and of statutory auditors of the Issuer. No further role is relevant in the corporate structure of the Issuer at the date of this Admission Document.

Member	**Name**
Chairman of the board of directors	Ms. Emilia Pagano
Director	Alfonso Bonaiuto
Director	Francesco Labruna
Chairman of the statutory auditor board	Mario Della Porta
Statutory auditor	Emilio Vincenzo
Statutory auditor	Francesco Grattola

The board of directors of the Issuer above has been mandated for for a period of three years.

P&A Public Lighting S.p.A. is part of the Pagano & Ascolillo S.p.A. group operating in the construction and energetic and environmental field in Italy, through its subsidiaries, as outlined below.



7. MAJOR SHAREHOLDERS

As at the date hereof &A Public Lighting Service S.r.l. and Pagano & Ascolillo S.p.A. hold 100% of the Issuer's share capital.

The current ownership structure of the Issuer is:

- P&A Public Lighting Service S.r.l. owns 98.00%; and
- Pagano & Ascolillo S.p.A. owns 2.00%.

P&A Public Lighting Service S.r.l. is a limited liability company (*società a responsabilità limitata*) incorporated under the laws of the Republic of Italy which is in turn owned 1% by Icostrade S.r.l. and 99% by the Sponsor, Pagano & Ascolillo S.p.A.

Pagano & Ascolillo S.p.A. is a company limited by shares (*società per azioni*) incorporated under the laws of the Republic of Italy with registered office in Via Luigi Vittorio Bertarelli, 143, 00159 Roma (RM) operating in the energetic and environmental fields in Italy. Pagano & Ascolillo S.p.A. was founded in August 26, 1999 with the aim to production, distribution, sale, realization in yourself or for third party, directly or indirectly, research and training activities, plants for production, management, distribution, sales of electricity, sold with every procurement method, wind, water , from traditional and / or innovative sources, as well as technological plants, transform cabins, various apparatus and lighting and ventilation systems, only example title.

Pagano & Ascolillo S.p.A. operates through its subsidiaries in the direct heating, photovoltaic, and thermal energy from renewable sources.

The Issuer is fully managed by Pagano & Ascolillo S.p.A., which is a subsidiary company of Pagano & Ascolillo S.p.A. group focusing on purchasing, maintaining, disposition partecipations in companies and other entities.

As of today there are no shareholders´ agreements or other kind of agreement aiming at modify and/or govern the corporate structure of the Issuer.

8. ISSUER'S FINANCIAL STATEMENTS

The audited consolidated pro forma financial statement of the Issuer is attached to this Admission Document as Annex 3 (*Issuer's financial statements as of 31 December 2017*). Consistent approach with the principles applied to the pro forma financial statements as of 31 December 2017, was kept in drafting the accounts as of 31 December 2018.

9. USE OF PROCEEDS

The proceeds deriving from the issue of the Notes as at the Issue will be used by the Issuer to finance the purchase of the full participation in the SPV managing the Giugliano Project and the construction of the Polla Project.

The proceeds that will derive from each Notes Further Instalment Payments will be used by the Issuer to finance the carrying out of further Projects from time to time.

10. ADMISSION TO TRADING AND DEALING ARRANGEMENTS

Application for admission to trading

The Issuer has applied to the Italian Stock Exchange for admission of the Notes to trading on ExtraMOT PRO. The decision of the Italian Stock Exchange and the date of commencement of trading of the Notes on ExtraMOT PRO, together with the information required in relation to trading, shall be communicated by the Italian Stock Exchange by the issuance of a notice, pursuant to Section 11.6 of the guidelines contained in the Rules of ExtraMOT.

Other regulated markets and multilateral trading facilities

At the date of this Admission Document, the Notes are not listed on any other regulated market or multilateral trading facility in Italy or elsewhere, nor does the Issuer intend to submit, for the time being, an application for admission to listing of the Notes on any other regulated market or multilateral trading facilities other than ExtraMOT PRO.

Intermediaries in secondary market transactions

No entities have made a commitment to act as intermediaries on a secondary market.