

**Esселунга S.p.A.***(incorporated as a società per azioni under the laws of the Republic of Italy)***€500,000,000 0.875 per cent. Notes due 25 October 2023****€500,000,000 1.875 per cent. Notes due 25 October 2027**

The €500,000,000 0.875 per cent. Notes due 25 October 2023 (the “**2023 Notes**”) of Esселунга S.p.A. (the “**Issuer**”) are expected to be issued on 25 October 2017 (the “**Closing Date**”) at an issue price of 99.281 per cent. of their principal amount. The €500,000,000 1.875% per cent. Notes due 25 October 2027 (the “**2027 Notes**”) and, together with the 2023 Notes, the “**Notes**” and each a “**Series of Notes**”) of the Issuer are expected to be issued on the Closing Date at an issue price of 99.289 per cent. of their principal amount.

Unless previously redeemed or purchased and cancelled, the 2023 Notes will be redeemed at their principal amount on 25 October 2023. Unless previously redeemed or purchased and cancelled, the 2027 Notes will be redeemed at their principal amount on 25 October 2027. Each Series of Notes is subject to redemption in whole at their principal amount, together with interest accrued to the date fixed for redemption, at the option of the Issuer at any time in the event of certain changes affecting taxation in the Republic of Italy, as described under “*Terms and Conditions of the 2023 Notes – Redemption for tax reasons*” and “*Terms and Conditions of the 2027 Notes – Redemption for tax reasons*”. The 2023 Notes may be redeemed in whole at their principal amount, together with interest accrued to the date fixed for redemption, at the option of the Issuer during the period starting on (and including) 25 July 2023 up to (but excluding) the 2023 Notes’ Maturity Date, as described under “*Terms and Conditions of the 2023 Notes – Redemption at the Option of the Issuer from (and including) 25 July 2023*”. The 2027 Notes may be redeemed in whole at their principal amount, together with interest accrued to the date fixed for redemption, at the option of the Issuer during the period starting on (and including) 25 July 2027 up to (but excluding) 2027 Notes’ Maturity Date, as described under “*Terms and Conditions of the 2027 Notes – Redemption at the Option of the Issuer from (and including) 25 July 2027*”. Each Series of Notes may be redeemed in whole at their principal amount, together with interest accrued to the date fixed for redemption, at the option of the Issuer in the event that at least 85 per cent. of the aggregate principal amount of each Series of Notes has been purchased and cancelled by the Issuer, as described under “*Terms and Conditions of the 2023 Notes – Clean-Up Call Option*” and “*Terms and Conditions of the 2027 Notes – Clean-Up Call Option*”. In addition, upon the occurrence of a Change of Control giving rise to a Change of Control Event (both terms as defined in 2023 Notes’ Condition 5(c) (*Redemption upon a Change of Control*) and in 2027 Notes’ Condition 5(c) (*Redemption upon a Change of Control*)), the Issuer will be required to communicate to each Noteholder that it is entitled to request that the Issuer redeem or repurchase each Series of Notes at their principal amount plus accrued and unpaid interest to the date of purchase, as described under “*Terms and Conditions of the 2023 Notes – Redemption upon a Change of Control*” and “*Terms and Conditions of the 2027 Notes – Redemption upon a Change of Control*”.

The 2023 Notes will bear interest from 25 October 2017 at the rate of 0.875 per cent. per annum, payable annually in arrear on 25 October in each year commencing on 25 October 2018. The 2027 Notes will bear interest from 25 October 2017 at the rate of 1.875 per cent. per annum, payable annually in arrear on 25 October in each year commencing on 25 October 2018. Payments on the Notes will be made in Euros without deduction for or on account of taxes imposed or levied by the Republic of Italy to the extent described under “*Terms and Conditions of the 2023 Notes – Taxation*” and “*Terms and Conditions of the 2027 Notes – Taxation*”.

Investing in the Notes involves risks. For a discussion of these risks, see “Risk Factors” beginning on page 1.

Each Series of Notes will constitute direct, general and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for certain mandatory exceptions of applicable law.

Application has been made to the Luxembourg *Commission de Surveillance du Secteur Financier* (the “**CSSF**”), which is the Luxembourg competent authority for the purpose of Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU) (the “**Prospectus Directive**”) and for the purposes of the Luxembourg Act dated 10 July 2005 on prospectuses for securities, as amended (the “**Prospectus Act 2005**”) to approve this document as a Prospectus. By approving this Prospectus, the CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Prospectus or the quality or solvency of the Issuer in accordance with Article 7(7) of the Prospectus Act 2005. Application has also been made for each Series of Notes to be admitted to listing on the official list and trading on the Luxembourg Stock Exchange’s Regulated Market (defined by Directive 2004/39/EC) in accordance with the Prospectus Directive. This Prospectus (together with the documents incorporated by reference herein) is available on the Luxembourg Stock Exchange website (www.bourse.lu). This Prospectus constitutes a prospectus for the purposes of article 5.3 of the Prospectus Directive and for the purposes of the Prospectus Act 2005.

Each Series of Notes will be in bearer form and in the denominations of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. Each Series of Notes will initially be in the form of a temporary global note (each a “**Temporary Global Note**”), which will be deposited on or around the Closing Date with a common safekeeper for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A., Luxembourg (“**Clearstream, Luxembourg**”). The Temporary Global Note of each Series of Notes will be exchangeable, in whole or in part, for interests in a permanent global note of each Series of Notes (each a “**Permanent Global Note**”) not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of each Series of Notes cannot be collected without such certification of non-U.S. beneficial ownership. Each Temporary Global Note and each Permanent Global Note (each a “**Global Note**”) will be issued in new global note (“**NGN**”) form. Ownership of the beneficial interests in each Series of Notes will be shown on, and transfers thereof will be effected through, records maintained in book-entry form by the Clearing Systems and their respective participants. Each Permanent Global Note will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive form. See “*Summary of Provisions Relating to the Notes in Global Form*”. Subject to the provisions contained in this Prospectus, the Notes are freely transferable.

The Notes of each series have not been, and will not be, registered under the United States Securities Act of 1933 (the “**Securities Act**”) and are subject to United States tax law requirements. The Notes are being offered outside the United States 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.

Each Series of Notes is expected to be rated Baa2 (outlook negative) by Moody’s Investors Service Ltd. (“**Moody’s**”) and BBB- (outlook stable) by Standard & Poor’s Credit Market Services Europe Limited (“**S&P**”). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Each of Moody’s and S&P is established in the European Union (the “**EU**”), domiciled in the United Kingdom, and is included in the list of credit rating agencies registered in accordance with Regulation (EC) No. 1060/2009 on Credit Rating Agencies as amended by Regulation (EU) No. 513/2011 (the “**CRA Regulation**”). This list is available on the ESMA website (<http://www.esma.europa.eu/page/list-registered-and-certified-CRAs>).

Joint Lead Managers**Banca IMI****Citigroup****Mediobanca****UniCredit Bank****Co-Managers****Banca Akros – Gruppo Banco BPM****UBI Banca**

The date of this Prospectus is 24 October 2017

NOTICE TO INVESTORS

The Issuer has confirmed that this Prospectus contains all information regarding the Issuer and its subsidiaries (together with the Issuer, the “**Group**”) and the Notes which is (in the context of the issue of the Notes) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Prospectus on the part of the Issuer are honestly held or made and are not misleading in any material respect; this Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading in any material respect. The Issuer accepts responsibility for the information contained or incorporated by reference in this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained or incorporated by reference in this Prospectus to the best of its knowledge is in accordance with the facts and contains no omission likely to affect its import.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes other than as contained in this Prospectus or as approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer, the Trustee (as defined herein) or any of Banca IMI, Citigroup, Mediobanca and UniCredit Bank (together, the “**Joint Lead Managers**”) or Banca Akros – Gruppo Banco BPM and UBI Banca (the “**Co-Managers**” and, together with the Joint Lead Managers, the “**Managers**”).

Neither the Issuer nor the Managers have authorised, nor do they authorise, the making of any offer of the Notes through any financial intermediary, other than offers made by the Managers which constitute the final placement of the Notes contemplated in this Prospectus.

The Issuer is under no obligation to update the information contained in this Prospectus after the initial distribution of the Notes and their admission to trading on the regulated market of the Luxembourg Stock Exchange. Furthermore, save as required by applicable laws or regulations, or under the terms and conditions relating to the Notes, the Issuer does not intend to provide any post issuance information to investors.

This Prospectus has not been submitted to the clearance procedure of CONSOB and may not be used in connection with the offering of the Notes in the Republic of Italy, its territories and possessions and any areas subject to its jurisdictions other than in accordance with applicable Italian securities laws and regulations, as more fully set out under “*Subscription and Sale*”. In particular, no action has been taken by the Issuer or the Managers which is intended to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations

The distribution of this Prospectus and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. This Prospectus may only be used for the purposes for which it has been published. For a description of certain restrictions on offers, sales and deliveries of the Notes and on distribution of this Prospectus and other offering material relating to the Notes, see “*Subscription and Sale*”.

In particular, the Notes have not been and will not be registered under the Securities Act and are subject to United States tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered in the United States or to U.S. persons. The Notes are subject to restrictions on transferability and resale and may not be transferred or resold in the United States or to U.S. persons except as permitted under applicable U.S. federal and state securities laws pursuant to a registration statement or an exemption from registration.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer or the Group since the date of this Prospectus.

This Prospectus is to be read and construed in conjunction with all documents which are deemed to be incorporated herein by reference. This Prospectus shall, save as specified herein, be read and construed on the basis that such documents are so incorporated and form part of this Prospectus. See “*Documents Incorporated by Reference*” below.

None of the Managers or the Trustee makes any representation or warranty, expressed or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus. This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer or the Managers or the Trustee that any recipient of this Prospectus should purchase the Notes. In making an investment decision, prospective investors must rely on their own examination of the Issuer’s business and the terms of the offering. Prospective investors should not consider any information contained in this Prospectus to be investment, legal, business or tax advice. Each prospective investor should consult its own counsel, business adviser, accountant, tax adviser and other advisers for legal, financial, business, tax and related advice regarding an investment in the Notes.

Prospective investors should understand that they may have to bear the financial risks of their investment for an indefinite period of time.

The information set out in the sections of this Prospectus describing clearing arrangements is subject to any change or reinterpretation of the rules, regulations and procedures of Euroclear and Clearstream, Luxembourg, in each case as currently in effect. The information in such sections concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy of such information. If prospective investors wish to use the facilities of any of the Clearing Systems, they should confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. The Issuer will not be responsible or liable for any aspect of the records relating to, or payments made on account of, book-entry interests held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such book-entry interests.

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

Certain figures included in this 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.

PRESENTATION OF FINANCIAL INFORMATION

Historical financial information

This Prospectus includes the following historical financial information:

- (i) the audited consolidated annual financial statements of the Group as of and for the year ended 31 December 2016 (the “**Esselunga 2016 Consolidated Financial Statements**”). The Esselunga 2016 Consolidated Financial Statements have been prepared in accordance with EU-IFRS and audited by PricewaterhouseCoopers S.p.A.;
- (ii) the audited consolidated annual financial statements of the Group as of and for the year ended 31 December 2015 (the “**Esselunga 2015 Consolidated Financial Statements**”). The Esselunga 2015 Consolidated Financial Statements have been prepared in accordance with EU-IFRS and audited by PricewaterhouseCoopers S.p.A.;
- (iii) the unaudited interim condensed consolidated financial statements of the Group as of and for the six months ended 30 June 2017 (the “**Unaudited Esselunga June 2017 Interim Condensed Consolidated Financial Statements**”). The Unaudited Esselunga June 2017 Interim Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34 “*Interim Financial Reporting*”;

- (iv) the audited consolidated financial statements of Villata Partecipazioni (as defined in “*Description of the Issuer—Recent Developments*”) as of and for the year ended 31 December 2016 (the “**Villata Partecipazioni 2016 Consolidated Financial Statements**”). The Villata Partecipazioni 2016 Consolidated Financial Statements have been prepared in accordance with EU-IFRS and audited by PricewaterhouseCoopers S.p.A.; and
- (v) the unaudited interim condensed consolidated financial statements of Villata Partecipazioni (as defined in “*Description of the Issuer—Recent Developments*”) as of and for the six months ended 30 June 2017 (the “**Unaudited Villata Partecipazioni June 2017 Interim Condensed Consolidated Financial Statements**”). The Unaudited Villata Partecipazioni June 2017 Interim Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34 “*Interim Financial Reporting*”

Pro forma financial information

This Prospectus also includes in respect of the Issuer and the Group the unaudited pro forma consolidated statement of financial position as of 30 June 2017, the unaudited pro forma consolidated income statement for the six months ended June 30 2017 and the unaudited pro forma consolidated income statement for the year ended 31 December 2016 and the related explanatory notes prepared on a voluntary basis to represent (i) the Villata Acquisition, as defined in “*Description of the Issuer—Recent Developments*” and (ii) the issuance of the Notes (the “**Unaudited Pro Forma Consolidated Financial Information**”).

MARKET SHARE INFORMATION AND STATISTICS

This Prospectus contains information and statistics which are derived from, or are based upon, the Issuer’s analysis of data obtained from miscellaneous sources quoted in “*Description of the Issuer*” below. Such information has been identified where used and reproduced accurately in this Prospectus and, as far as the Issuer is aware and is able to ascertain from information published by those sources, no facts have been omitted which would render such reproduced information inaccurate or misleading.

ALTERNATIVE PERFORMANCE MEASURES

This Prospectus contains the following alternative performance measures as defined by the European Securities and Markets Authority’s Guidelines on Alternative Performance Measures (ESMA/2015/1415), (“**APM**”) which are used by the Issuer’s management to monitor the Issuer’s financial and operating performance:

- (i) Adjusted Total Sales
- (ii) EBITDA
- (iii) Adjusted EBITDA
- (iv) Adjusted Operating Profit

It should be noted that APMs are not identified as accounting measures within the IFRS and have not been audited and should not be recognised as alternative to performance measure derived in accordance with IFRS or any other generally accepted accounting principles. The APMs have been calculated based on historic data of the Group and are not indicators of the Group’s future performance. The criterion applied for APMs calculation may not be consistent with that adopted by other groups, which means that those measures may not be comparable with the measures presented by those groups. Therefore, undue reliance should not be placed on these data. The APMs have been prepared in continuity and according to the same definition and presentation for all the periods for which financial information has been provided in this Prospectus.

FORWARD LOOKING STATEMENTS

This Prospectus contains certain statements that are, or may be deemed to be, forward-looking, including statements with respect to the Issuer's and the Group's business strategies, expansion of operations, trends in their business and their competitive advantage, information on technological and regulatory changes and information on exchange rate risk and generally includes all statements preceded by, followed by or that include the words "believe", "expect", "will", "project", "anticipate", "seek", "estimate", "aim", "intend", "plan", "continue" or similar expressions. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. Potential investors are cautioned not to place undue reliance on forward-looking statements, which are made only as of the date of this Prospectus.

The Issuer does not intend, and does not assume any obligation, to update forward-looking statements set out in this Prospectus. Many factors may cause the Issuer's or the Group's results of operations, financial condition and liquidity, and the development of the industries in which they compete, to differ materially from those expressed or implied by the forward-looking statements contained in this Prospectus.

This Prospectus describes factors that could adversely affect the Issuer's and the Group's results of operations, financial condition and liquidity. New risks can emerge from time to time, and it is not possible for the Issuer to predict all such risks, nor can the Issuer assess the impact of all such risks on their business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not rely on forward looking statements as a prediction of actual results.

CERTAIN DEFINED TERMS

In this Prospectus, unless otherwise specified:

- (i) "**Esselunga**" or the "**Issuer**" means Esselunga S.p.A;
- (ii) references to the "**Trustee**" are to the 2023 Notes' Trustee and/or the 2027 Notes' Trustee, as appropriate, each as defined in the "*Terms and Conditions of the 2023 Notes*" and "*Terms and Conditions of the 2027 Notes*", respectively, being in each case BNP Paribas Trust Corporation UK Limited, London;
- (iii) references to "**billions**" are to thousands of millions;
- (iv) references to the "**Conditions**" are to the terms and conditions relating to the 2023 Notes set out in this Prospectus in the section "*Terms and Conditions of the 2023 Notes*" (the "**2023 Notes' Conditions**") and to the terms and conditions relating to the 2027 Notes set out in this Prospectus in the section "*Terms and Conditions of the 2027 Notes*" (the "**2027 Notes' Conditions**"), as applicable, and any reference to a numbered "**Condition**" is to the correspondingly numbered provision of the Conditions;
- (v) references to "**€**", "**EUR**" or "**Euro**" are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended;
- (vi) references to the "**Paying Agent**" are to the 2023 Notes' Paying Agent and/or the 2027 Notes' Paying Agent, as appropriate, each as defined in the "*Terms and Conditions of the 2023 Notes*" and "*Terms and Conditions of the 2027 Notes*", respectively, being in each case BNP Paribas Securities Services, Luxembourg Branch;
- (vii) the "**Group**" means the group consisting of the Issuer and its consolidated subsidiaries;

- (viii) references to “**IFRS**” are to International Financial Reporting Standards, as adopted by the European Union;
 - (ix) the “**Joint Lead Managers**” means Banca IMI, Citigroup, Mediobanca, and UniCredit Bank;
 - (x) the “**Co-Managers**” means Banca Akros – Gruppo Banco BPM and UBI Banca;
 - (xi) the “**Managers**” means the Joint Lead Managers and the Co-Managers;
 - (xii) references to a “**Member State**” are to a Member State of the European Economic Area; and
 - (xiii) references to the “**Noteholders**” are to the 2023 Noteholders and/or the 2027 Noteholders, as appropriate, each as defined in the “*Terms and Conditions of the 2023 Notes*” and “*Terms and Conditions of the 2027 Notes*”, respectively.
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RISK FACTORS

Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider risk factors associated with any investment in the Notes, the business of the Issuer and its Group and the industry in which it operates together with all other information contained in this Prospectus, including the information incorporated by reference and, in particular, the risk factors described below. Words and expressions defined in the "Terms and Conditions of the 2023 Notes" and "Terms and Conditions of the 2027 Notes" below or elsewhere in this Prospectus have the same meanings in this section, unless otherwise specified.

The risks discussed below could adversely affect the Issuer's or the Group's business, results of operations and financial conditions, which, in turn, could have a material adverse effect on the payment of interest and the repayment of principal in relation to the Notes. Additional risks and uncertainties of which management is not aware or that management currently believes are immaterial may also adversely affect the Issuer or the Group. In addition, the risks discussed below could adversely affect the trading or the trading price of the Notes or the rights of investors under the Notes and, as a result, investors could lose some or all of their investment.

Investors should consider carefully whether an investment in the Notes is suitable for them in light of the information in this Prospectus and their personal circumstances, based upon their own judgement and upon the advice from such financial, legal and tax advisers as they may deem necessary.

Risks Relating to the Issuer

Risks Related to the Business of the Group

General or macro-economic factors, both domestically and internationally, may materially adversely affect the Group's financial performance.

The Group is exposed to the risk of possible future losses of revenues due to the decrease in average consumer disposable income caused by the economic slowdown and other economic factors in Italy. In particular, the Group's business, results of operation and financial condition may be materially impacted by changes in overall economic conditions that impact consumer confidence and spending, including discretionary spending. In particular, future economic conditions affecting disposable consumer income such as employment levels, business conditions, changes in housing market conditions, the availability of credit, interest rates, tax rates, fuel and energy costs, the impact of natural disasters or acts of terrorism, political uncertainties and other matters could reduce consumer spending or cause consumers to shift their spending to lower-priced competitors.

The general economic climate and the perceived unlikelihood of a substantial financial recovery could further influence consumers' preferences and spending habits. In view of the fact that the Issuer generates all of its revenues in Italy, its business, results of operations and financial condition are affected by the general performance of the Italian economy. Although the Italian macroeconomic environment is recovering, it is still characterised by uncertainty as to future growth (data published by IMF indicates that Italian GDP growth was 0.1% in 2014, 0.8% in 2015 and 0.9% in 2016 (*Source: IMF – World Economic Outlook, April 2017 set out under ISTAT 2017 Annual Report*). In particular, the unstable economic climate and the decline in available income after the 2007 financial crisis, have led to a significant alteration in purchasing choices and the profile of the average consumer. In addition, there can be no assurance that various governmental activities to stimulate the economy will restore consumer confidence or change spending habits.

Although the Group has internal controls and frameworks to mitigate economic and market risk, it has no control over changes in inflation and interest rates, foreign currency exchange rates and controls, the price of commodities or other economic factors affecting its business such as household and consumer spending. These factors make it more difficult for the Group to anticipate changes in its supplier costs, its customers' propensity to spend within the Group and may have a material adverse effect on the Group's business, results of operations and financial condition.

The economic factors that affect the Group's operations may also adversely affect the operations of its suppliers, which can result in an increase in the cost of the goods the Group sells to its customers or, in more extreme cases, in certain suppliers not producing goods in the volume typically available to the Group for sale.

If the products sold by the Group are not safe the Group could lose customers, incur liability for any injuries suffered by customers using or consuming a product it sells or otherwise experience material adverse effects to its brand, reputation and financial performance.

The Group's customers count on its provision to them of safe products, also in consideration of the applicable regulatory framework set out at both a national and EU level (such as the provisions set out under Regulation No. 478/2004/EC on the hygiene of foodstuffs). Concerns regarding the safety of food and non-food products that the Group sources from its suppliers or that it prepares and then sells could cause customers to avoid purchasing certain products from the Group or to seek alternative sources of supply for all of their food and non-food needs, even if the basis for the concern is outside of the Group's control. In particular, as most of the Group's end products are for human consumption, the Group is exposed to possible food safety liability claims and issues, such as in relation to food poisoning. Unexpected side effects, illness, injury or death related to allergens, food-borne illnesses or other food safety incidents (including food tampering or contamination) caused by products sold by the Group, or involving suppliers that supply to the Group with ingredients and other products, could cause consumers to avoid the Group's stores and harm its reputation. In addition, the Group is exposed to possible product liability claims and issues in connection with other product offerings such as contact and comfort items. For example, plastic items may have sharp edges or may include toxic colours if they are not made to the appropriate standards and could cause harm to the end user, and in some cases the Group may need to withdraw or recall a product batch.

Any lost confidence on the part of the Group's customers would be difficult and costly to re-establish. In addition, any breach by the Group of the regulatory framework concerning food safety could cause a lack of customer confidence which would also be difficult for the Issuer to re-establish. As such, any issue regarding the safety of any food or non-food items sold by the Group, regardless of the cause, could cause consumers to avoid the Group's stores and/or adversely affect its reputation which could result in a material adverse effect on the Group's business, results of operations and financial condition.

If the technology-based systems that give the Group's customers the ability to shop online do not function effectively, the Group's operating results, as well as its ability to grow its e-commerce business, could be materially adversely affected.

Many of the Group's customers shop using its e-commerce website and mobile commerce application, which are a part of the multi-channel sales strategy of the Group. Increasingly, customers are using computers, tablets, and smart phones to shop online and through a mobile commerce application with both the Group and its competitors and to do comparison shopping. The Group uses social media and electronic mail to interact with its customers and as a means to enhance their shopping experience. Multi-channel retailing is a rapidly evolving part of the retail industry and of the Group's operations. As a part of its multi-channel sales strategy, in addition to home delivery, the Group offers an online grocery program under which many products available for purchase online can be picked up by the customer.

The Group must anticipate and meet its customers' changing expectations while adjusting for technology investments and developments in its competitors' operations through focusing on the building and delivery of a seamless shopping experience across all sales channels. Any failure of the Group to provide attractive, user-friendly secure e-commerce platforms that offer a wide assortment of merchandise at competitive prices and with low cost and rapid delivery options and that continually meet the changing expectations of online shoppers and developments in online and mobile commerce application merchandising and related technology could place the Group at a competitive disadvantage, resulting in a material adverse effect on the growth of its e-commerce business and, therefore, in a material adverse effect on the Group's business, results of operations and financial condition.

The Group relies on information systems to process transactions, summarise results and manage its business and any security breaches could have a material adverse effect on its business operations.

The Group's e-commerce website and mobile commerce application, which are increasingly important to its business and continue to grow in complexity and scope, and the computer systems and operating systems on which they run, including those applications and systems in the Group's e-commerce businesses, may be subject to cyber-attacks. Those attacks could involve attempts to gain access to the website or mobile commerce application to obtain and make unauthorised use of customers' or members' payment information. Such attacks, if successful, can also create denials of service or otherwise disable, degrade or sabotage one or more of the Group's retail website or mobile commerce application and otherwise significantly disrupt the Group's customers' and members' shopping experience on the Group's retail website or mobile commerce application. If the Group is unable to maintain the security of its retail commerce website and mobile commerce application and keep them operating within acceptable parameters, it could suffer loss of sales, reductions in traffic, reputational damage and deterioration of its competitive position and incur liability for any damage to customers whose personal information is unlawfully obtained and used, any of which events could have a material adverse effect on the Group's business, results of operations and financial condition, as well as impede the execution of the Group's strategy for the growth of its business. In addition, a security breach could require the Group to devote significant management resources to address the problems created by the security breach and to expend significant additional resources to upgrade further the security measures employed by the Group to guard personal information against cyberattacks and other attempts to access such information with a material adverse effect on the Group's business, results of operations and financial condition.

Furthermore, the Group accepts payments using a variety of methods, including cash, checks, credit and debit cards, its private label debit cards and gift cards, and the Group may offer new payment options over time, which may have information security risk implications. As a retailer accepting debit and credit cards for payment, the Group is subject to various industry data protection standards and protocols. Even though the Group complies with these standards and protocols and other information security measures, it cannot be certain that the security measures it maintains to protect all of its information technology systems are able to prevent, contain or detect any cyber-attacks, cyber terrorism, or security breaches from known cyber-attacks or malware that may be developed in the future. To the extent that any cyber-attack or incursion in the Group's or one of its third-party service provider's information systems results in the loss, damage or misappropriation of information, the Group may be materially adversely affected by claims from customers, financial institutions, regulatory authorities, payment card networks and others with a material adverse effect on the Group's business, results of operations and financial condition.

The Group's financial position and results of operations may differ materially from the pro forma financial information included in this Prospectus.

This Prospectus contains the unaudited pro forma consolidated statement of financial position as of 30 June 2017, and the unaudited pro forma consolidated income statement for the six months ended 30 June 2017 and for the year ended 31 December 2016 of Esselunga S.p.A. (hereinafter “**Esselunga**” and, together with its subsidiaries, the “**Group**”) and the related explanatory notes (the “**Unaudited Pro Forma Consolidated Financial Information**”).

The Unaudited Pro Forma Consolidated Financial Information has been prepared on a voluntary basis to reflect the Issuer's acquisition of Villata Partecipazioni S.p.A. (the “**Villata Acquisition**”) and the issuance of the Notes together with the use of the proceeds therefrom (together with the Villata Acquisition, the “**Transactions**”), based on available information and certain assumptions described in the Unaudited Pro Forma Consolidated Financial Information. The Unaudited Pro Forma Consolidated Financial Information has been prepared to simulate, using accounting principles that are consistent with those used in relation to the preparation of the Esselunga's published historical consolidated financial statements and compliant with the applicable legislation, the main effects of the

Transactions on the consolidated financial position and consolidated results of operations of the Group, as if the Transactions had occurred on:

- (i) 30 June 2017, for the purpose of the unaudited pro forma consolidated statement of financial position as of 30 June 2017;
- (ii) 1 January 2017, for the purpose of the unaudited pro forma consolidated income statement for the six months ended 30 June 2017; and
- (iii) 1 January 2016, for the purpose of the unaudited pro forma consolidated income statement for the year ended 31 December 2016.

The Unaudited Pro Forma Consolidated Financial Information represents a simulation, for illustrative purposes only, of the main potential impacts that may derive from the Transactions. In particular, as pro forma information is prepared to illustrate retrospectively the effects of transactions that will occur subsequently using generally accepted regulations and reasonable assumptions, there are limitations that are inherent to the nature of pro forma information; hence, had the Transactions taken place on the dates assumed above, the actual effects would not necessarily have been the same as those presented in the Unaudited Pro Forma Consolidated Financial Information. Furthermore, in consideration of the different purposes of the Unaudited Pro Forma Consolidated Financial Information as compared to the historical consolidated financial statements and the different methods of calculation of the effects of the Transactions on the unaudited pro forma consolidated statement of financial position and on the unaudited pro forma consolidated income statement, the latter two statements should be read and interpreted without comparisons between them.

The Unaudited Pro Forma Consolidated Financial Information was not prepared in accordance with the requirements of Regulation S-X under the United States Securities Act of 1933, as amended.

The Unaudited Pro Forma Consolidated Financial Information is not in any way intended to be a forecast of the Issuer's future results and therefore should not be construed in this sense. Therefore, investors should not rely on the Unaudited Pro Forma Consolidated Financial Information in making their investment decision.

The Group is exposed to a series of environmental risks that may lead to the interruption of its business operation.

In the conduct of its activities, the Group may be exposed to a wide range of environmental risks (water, air and ground pollution, noise pollution or visual pollution) with respect to its food stores and the sites it operates. As environmental regulations are tightening and consumers are becoming increasingly aware of the need to protect the environment, certain activities and processes have become particularly sensitive (waste treatment, recycling of own-brand product packaging, consumption of refrigerants and energy, explosive atmospheres, alternative transport, etc.) and particular attention needs to be paid to natural resource management (water, fish stocks, wood, etc.).

The occurrence of one or more natural disasters, such as hurricanes, floods, earthquakes, weather conditions such as major or extended winter storms, droughts and tornadoes, whether as a result of climate change or otherwise and severe changes in climate could materially adversely affect the Group's business, results of operations and financial condition. A major incident, such as a natural disaster, strike action or major system failure, could cause significant disruption to business operations. The Group's manufacturing, distribution and technology systems infrastructures are fundamental to ensuring the normal continuity of trading in its stores and online. If a major incident occurred to this infrastructure or another key facility this could have a detrimental impact on the Group's ability to operate effectively with a material adverse effect to the Group's business, results of operations and financial condition.

Although the Group maintains coverages against catastrophic losses, the Group still bears the risk of losses incurred as a result of any physical damage to, or the destruction of, any stores and distribution facilities, loss or spoilage of inventory, and business interruption caused by any such events to the extent they are below catastrophic levels of coverage, as well as in the event of a catastrophe, to the extent they exceed the Group's aggregate limits of applicable coverages. Significant losses caused by

such events could materially adversely affect the Group's business, results of operations and financial condition.

The Group relies on a limited number of facilities for the distribution of its products and the supply of fresh meat and fresh fish to its store network. Disruption to such facilities could adversely impact the Group's business, results of operations and financial condition.

The Group relies on three distribution centres (located in Pioltello, Biandrate and Florence) to support the delivery of products to its store network. In addition, the Group operates a processing plant for fresh meat in Limoto di Pioltello and another for fresh fish in Biandrate, which supplied, respectively, approximately 60% and 90% of the Group's needs in each sector in 2016.

If complications arise with the Group's facilities or if the facilities (or a significant portion of inventory located there) is severely damaged or destroyed, including due to fire, severe weather or other natural disaster, the Group could face shortages of inventory and would incur additional cost to replace any destroyed or damaged products. In addition, the Group could incur significantly higher costs and longer lead times associated with distributing product to its stores during the time it takes for the Group to reopen or replace its facilities. Any of such events could cause a material adverse effect on the Group's business, results of operations and financial condition.

The Group may be unable to identify suitable locations to expand its food stores or effectively manage the associated investment and costs of expansion.

As part of its strategy, the Group intends to expand the number of food stores with the goal of increasing revenues, consolidating its brand image and competitive positioning and strengthening its presence in certain locations.

Increasing the number of stores requires taking investment risks and increasing fixed costs, such as costs related to searching for new commercial space, rental payments under new leases and/or concession agreements and costs of the personnel hired to manage the stores. In addition, the Group operates in a very competitive market against competitors with significant financial resources and therefore its ability to expand its food stores channel will also depend on its ability to secure spaces in particular strategic locations on favourable financial terms. If the Group is unable to secure commercial space in strategic locations on terms that are financially consistent with its business model, it may be unable to achieve its growth strategy with a material adverse effect on the Group's business, results of operations and financial condition.

In addition, if the Group adds new food stores but sales growth is lower than predicted, it will be required to bear increased fixed costs that are not offset by a corresponding increase in revenues and, therefore, the Group's profitability will decrease, requiring it to incur losses and/or close stores that are not sufficiently profitable.

Finally, the Group's ability to expand its number of food stores may also be limited by laws relating to zoning permits and other administrative authorisations required to conduct its business. Any inability to obtain such authorisations or delays in obtaining the permits and/or authorisations necessary to open new stores could delay or prevent the opening of new food stores and/or increase the costs and burdens thereof, with a material adverse effect on the Group's business, results of operations and financial condition.

The Group's failure to attract and retain qualified personnel, increases in wage and benefit costs, changes in laws and other labour issues could materially adversely affect the Group's financial performance.

The Group's ability to continue to conduct and expand its operations depends on its ability to attract and retain a large and growing number of qualified personnel. The Group's ability to meet its labour needs, including its ability to find qualified personnel to fill positions that become vacant at its existing stores and distribution centres, while controlling its personnel wage and related labour costs, is generally subject to numerous external factors, including the availability of a sufficient number of qualified persons in the work force, prevailing wage rates, changing demographics, health and other

insurance costs and adoption of new or revised employment and labour laws and regulations. If the Group is unable to locate, to attract or to retain qualified personnel, the quality of service provided by the Group to its customers may decrease with a material adverse effect to the Group's business, results of operations and financial condition.

The Group collects, stores and processes sensitive personal data of its customers and any failure to properly treat data may lead to reputational damages or legal liabilities.

In the ordinary course of its business, the Group is required to process personal data of its customers, in particular in connection with its loyalty program. The collection, storage and any form of use of personal data are regulated and protected by Legislative Decree No. 196/2003 ("**Italian Privacy Code**") and are subject to the Italian Personal Data Protection Authority.

In the event of a violation of the Italian Privacy Code, the persons and entities processing personal data may be held liable in various capacities for the consequences of the unlawful data processing and violations of the Privacy Code, such as a lack of or insufficient information and notification, violation of laws on adopting security measures and false statements.

If the Group is held liable for violation of personal data rules or the laws enacted to protect personal data, it could be subject to claims for compensation pursuant to Article 15 of the Italian Privacy Code and Article 2050 of the Italian Civil Code, as well as the imposition of administrative sanctions by the Personal Data Protection Authority. In addition, if the procedures adopted by the Group are inadequate and/or the Group does not properly implement the necessary corporate safeguards to protect privacy, the Group will also be exposed to the risk that personal data will be damaged or lost, or that it will be subjected to unauthorized access, disclosure or communication, and unintended total or partial destruction caused, for example, by interruptions in IT services, other environmental events and/or unlawful actions of third parties. Such violations and inadequate procedures could have adverse effects on the Group's reputation and business, results of operations and financial condition.

On 24 May 2016, European Regulation (EU) 2016/679 was published regarding the protection of natural persons in relation to the processing of personal data, as well as the free circulation of that data, with the goal of establishing a common legal framework for protecting personal data for all member states of the European Union. Such regulation will become effective in the European Union member states on 25 May 2018. If the Group is unable to comply with the new European law in a timely manner and is held liable for any violations of such laws, it will be subject to administrative sanctions with a material adverse effect on the Group's business, results of operations and financial condition.

The Group's business is exposed to credit, liquidity and market risks.

The Group's activities expose it to a variety of financial risks including the availability of funding to meet business needs ("liquidity risk") and the risk of default by counterparties to financial transactions ("credit risk") and uncertainty produced by fluctuations in commodity prices ("market risk"). The Group's central treasury function is responsible for managing these financial risks in accordance with its approved policies.

The ability of the Group to manage its cash flow and to hedge market risk may be impacted by a variety of events beyond its control including credit events, corporate activity and market dislocation. Such risks are heightened by any turbulence in the financial markets and could have negative implications for the Group's business, results of operations and financial condition.

In particular, as of 30 June 2017, the total amount of trade receivables owed to the Group was equal to €341.4 million, €50.3 million of which was represented by trade receivables mainly consisting in receivables held towards clients who use the loyalty card ("*Fidaty Oro*") offered by the Group as a method of payment. Should counterparties to financial transactions entered into with the Group not be able to meet their payment obligations, this could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group is also exposed to a possible liquidity risk in that it may be unable to meet payment obligations because it has insufficient cash at its disposal, which may in turn arise from matters outside of its control, such as a credit crisis or severe conditions of the Italian economy. The inability to ensure sufficient liquidity could have a material adverse effect on the Group's business, results of operations and financial condition.

Finally, the Group faces a series of market risks connected to the fluctuation of the prices of the products it purchases within the context of its retail sales business. The management of these risks is taken into consideration by the Group in the definition of its commercial policies, with the aim of limiting the impact on the prices of products offered to clients. As such impact is influenced by the instability and unpredictability of the economic climate at both a global and local level, the changes in market prices are affected by factors which are out of the Group's control and therefore may have a material adverse effect on the Group's business, results of operations and financial condition.

The Group is exposed to risks related to interest rate fluctuation.

The Group is exposed to the risk of interest rate changes relating to its borrowings and the cash held by it to manage day-to-day liquidity. Interest rate fluctuations could affect interest received on cash holdings, the amount of interest payable on existing debt or refinancing costs or, in the case of fixed interest debt, result in interest payments that are significantly above market rates.

The main sources of financial indebtedness of the Group are represented by financing owed to banks and debts due under leasing agreements entered into by the Group. As of 30 June 2017, interest-bearing debt with floating interest rates represented 72.4% of the Group's total financial indebtedness, which is not covered by specific forms of hedging or derivative instruments. Therefore, the Group is exposed to fluctuating interest rates in respect of debt and therefore a rise in interest rates could have a material adverse effect on the Group's business, results of operations and financial condition.

The Issuer has carried out related party transactions with its affiliates.

The Issuer maintains relationships of a commercial and financial nature with companies belonging to the Group, subsidiaries, holding companies and other related-parties identified on the basis of the criteria defined by international accounting standard IAS 24.

These relationships between the Group and related-parties mainly consist of: (i) commercial relationships for real estate leasing and administrative services; (ii) financial relationships; and (iii) relationships concerning the management of tax consolidation aspects.

In particular, on 27 June 2017, the Issuer acquired a 45% stake (amounting to no. 20,745,646 shares) in Villata Partecipazioni S.p.A. ("**Villata Partecipazioni**") for a price equal to €643.5 million from Ms. Violetta Caprotti and Mr. Giuseppe Caprotti, each owning 15% of Supermarkets Italiani S.p.A., the controlling shareholder of the Issuer. See "*Description of the Issuer—Share Capital and Shareholders—Shareholders*". On 21 September 2017 the Issuer purchased from Unione Fiduciaria S.p.A. an additional 22.5% stake (amounting to no. 10,372,821 shares) in Villata Partecipazioni for a price equal to €321.8 million (the "**Villata Acquisition**"). As of the date of this Prospectus, Esselunga holds 67.5% of Villata Partecipazioni. See "*Description of the Issuer—History and Recent Developments—La Villata Acquisition*". Villata Partecipazioni is the parent company of La Villata S.p.A. ("**La Villata**"), whose real estate portfolio consisted of 84 stores leased to the Issuer as of 30 June 2017. Total rent under the relative lease agreements is equal to approximately €100 million per annum and, as a result of the Villata Acquisition, these transactions will become an intercompany transaction.

While the Issuer believes the abovementioned related party transactions were established under market terms and conditions, there is no guarantee that where these operations were concluded between or with, non-related parties, they would have negotiated and agreed the contracts, or carried out the operations governed by the same, under the same conditions and the same methods. Related-party transactions are heavily regulated. Should the Issuer be found to be in violation of any such

regulations, this could have a material adverse effect on its business, results of operations and financial condition.

The Group may not be able to ensure awareness of its brand.

The success of the Group is also linked to the recognition and distinctive features of the Esselunga brand. The Group's strategy is aimed at increasing its level of reputation and its brand by both taking into consideration the range of offered products and their quality, striving to achieve higher standards of innovation and ensuring that a range of affordable products is offered to its clientele.

In order to raise the general awareness of the Esselunga brand, the Issuer has pursued publicity campaigns through both traditional means of communication (such as television commercials, leaflets, catalogues and billboard advertisements) and more advanced communication channels like the internet and social media. Any promotional activities that may not align with the market position of the Group's brand and with the Group's sales strategy may not be effective and therefore negatively influence the public image of the Esselunga brand. A failure of a publicity campaigns to achieve expected results could lead to the Group's incurrence of further costs for the purpose of maintaining the brand's competitive position on the market, with a material adverse effect on the Group's business, results of operations and financial condition.

The Group's success also depends on its ability to monitor the level of Esselunga brand awareness and the consumers' perception of Esselunga products. While the Group carries out regular monitoring activities concerning its brand awareness, any failure to correctly determine its level of brand awareness could have a material adverse effect on the Group's business, results of operations and financial condition.

This Prospectus contains information based on the Group's experience and specific knowledge of its industry and its own investigation of market conditions, which has not been independently verified and is based on assumptions which may prove to be inaccurate or which incorrectly reflect the Group's market position.

This Prospectus contains statements about the Group's industry and competitive position which are based on the Group's experience and specific knowledge of its industry and its own investigation of market conditions based on available data. The Group cannot assure that any of the assumptions underlying these statements are accurate or correctly reflect its position in the industry and none of its internal surveys or information has been verified by independent sources. Furthermore, several statements of market dominance are based more on qualitative rather than quantitative parameters, such as brand strength and thus contain subjective elements. See "*Description of the Issuer*".

The Group cannot assure that such information is accurate or will prove to be correct. The Group's market position and trends in the industry could turn out to be different from the ones contained herein due to various risks, uncertainties, and other factors, including, but not limited to, those described in these Risk Factors.

The Group is involved in disputes and legal proceedings that could have a material adverse effect on the Group or on its recovery capability.

In the ordinary course of its business, the Group is exposed to the risk of being party to legal, civil, administrative and tax proceedings or actions. In the six months ended 30 June 2017, the Group made no provisions, in application of prudential criteria, to cover risks and charges. Although the Group believes that the absence of any reserves to cover ongoing proceedings is adequate, it cannot predict with certainty the outcome of such proceedings, which may be unfavourable for the Group, or whether new unexpected proceedings may arise, both of which could have a material adverse effect on its business, results of operations and financial condition. See "*Description of the Issuer—Legal Proceedings*".

The Issuer may be exposed to risks of non-compliance with Legislative Decree No. 231/2001.

Legislative Decree No. 231/2001 (“**Decree 231**”) imposes administrative liability on entities as the consequence of certain crimes committed by officers, directors, managers, employees, executives, their subordinates and those acting on behalf of the entity, in the interest or for the benefit of the entity itself. However, pursuant to Decree 231, a defense can be established by an entity involved in a Decree 231 investigation, if such entity can prove, *inter alia*, that: (i) it adopted and properly implemented, prior to the carrying out of the unlawful conduct, an organization, management and control model aimed at effectively preventing the commission of the criminal acts involved; and (ii) management appointed a dedicated internal body, entrusted with adequate powers, has been appointed by the management, to oversee the implementation and updating of such model. In 2010, the Issuer adopted the organizational model required by Decree 231 to exempt the Issuer from liability resulting from crimes set forth therein by its officers, directors, managers, employees, executives, their subordinates and those acting on behalf of the Issuer. Failure to comply with Decree 231 could result in the imposition of criminal sanctions on the Issuer’s directors and/or monetary sanctions, other types of sanctions (*e.g.* interdictory sanctions, including prohibitions, confiscation of the price or profits deriving from the crime and publication of the judgment) and loss of confidence of its customer base, which could have a material adverse effect on the Issuer’s business, results of operations and financial condition.

Risks Related to the Group's Industry

The Group faces strong competition from other retailers and wholesale operators (whether through physical retail, digital retail or the integration of both).

The retail business is highly competitive. The Group competes for customers, employees, store sites, products and services and in other important aspects of its business with many other local, regional, national and global retailers, as well as other national and international internet-based retailers and retail intermediaries.

The Group competes in a variety of ways, including the prices at which it sells its merchandise, merchandise selection and availability, services offered to customers, location, store hours, in-store amenities, the shopping convenience and overall shopping experience offered by the Group, the attractiveness and ease of use of its e-commerce websites and mobile commerce applications, cost and speed of and options for delivery to customers of merchandise purchased online, through mobile commerce applications or through the integration of the Group's physical and digital retail operations. The Group's competitors may penetrate or consolidate their position in the market in which the Group operates, attracting the Group's customers and depriving it of a significant market share by offering more innovative or more aggressively priced products and services.

Where necessary to compete effectively with competitors who price merchandise at points lower than the prices set by the Group, the latter will lower its prices on goods for sale. A failure to respond effectively to competitive pressures and changes in the retail markets could materially adversely affect its business, results of operations and financial condition.

Although the retail industry as a whole is highly fragmented, certain segments of the retail industry may undergo consolidation from time to time, which could result in increased competition and significantly alter the dynamics of the retail marketplace. Such consolidation may result in competitors with greatly improved financial resources, improved access to merchandise, greater market penetration than they previously enjoyed and other improvements in their competitive positions. Such business combinations could result in the provision of a wider variety of products and services at competitive prices by such consolidated companies, which could materially adversely affect the Group's business, results of operations and financial condition.

The Group may not timely identify or effectively respond to consumer trends or preferences, which could negatively affect the Group's relationship with its customers, demand for the products and services offered by the Group, its market share and the growth of its business.

It is difficult to predict consistently and successfully the products and services the Group's customers will demand and changes in their shopping patterns. The success of the Group's business depends in part on how accurately the Group predicts consumer demand, availability of merchandise, the related impact on the demand for existing products and the competitive environment, whether for customers purchasing products at its stores. Price transparency, assortment of products, customer experience, convenience and the speed and cost of shipping are of primary importance to customers and continue to increase in importance, particularly as a result of digital tools and social media available to consumers and the choices available to consumers for purchasing products.

As a result of these factors, the Group plans to increase investments in e-commerce, technology, store remodels and other customer initiatives and rely to a greater extent on comparable store sales and e-commerce for growth. Any failure of these investments or initiatives to adequately or effectively respond to changing consumer tastes, preferences and shopping patterns, or any other failure of the Group to timely identify or effectively respond to changing consumer tastes, preferences and shopping patterns could negatively affect the Group's relationship with its customers, the demand for the products it sells, its market share and the growth of its business, which could materially adversely affect the Group's business, results of operations and financial condition.

Risks associated with the suppliers from whom the Group's products are sourced could materially adversely affect the Group's financial performance.

The products sold by the Group are sourced from a wide variety of domestic and international suppliers. Global sourcing of many of the products sold by the Group is an important factor in its financial performance. The Group expects all of its suppliers to comply with applicable laws, including labour, safety and environmental laws, and otherwise to meet its required supplier standards of conduct. The Group's ability to find qualified suppliers who uphold its standards, and to access products in a timely and efficient manner, is a significant challenge, especially with respect to suppliers located and goods sourced outside Italy.

Political and economic instability in the countries in which the Group's foreign suppliers and their manufacturers are located, the financial instability of suppliers, suppliers' failure to meet certain of the Group's supplier standards (including its *Code of Conduct*), labour problems experienced by its suppliers and their manufacturers, the availability of raw materials to suppliers, merchandise safety and quality issues, disruption in the transportation of merchandise from the suppliers and manufacturers to its stores, and other facilities, including as a result of labour slowdowns at any port at which a material amount of merchandise the Group purchases enters into Italy, currency exchange rates, transport availability and cost, transport security, inflation and other factors relating to the suppliers and the countries in which they are located are beyond the Group's control.

In addition, EU foreign trade policies, tariffs and other impositions on imported goods, trade sanctions imposed on certain countries, the limitation on the importation of certain types of goods (*e.g.* cereals, milk and milk products, meat, eggs, alcohol, fruit and vegetables) or of goods containing certain materials from other countries and other factors relating to foreign trade are beyond the Group's control. These and other factors affecting the Group's suppliers and the Group's access to products could adversely affect its business, results of operations and financial condition.

The Group's operations are exposed to legislative risks and conditions concerning environmental protection and health and safety regulations, which could materially adversely affect its business or financial performance.

The Group is subject to a range of legal, regulatory and compliance obligations set out at both a national and EU level. Therefore, the Group is exposed to many forms of risk, which may arise in a number of ways, including failure to conduct its business in accordance with applicable laws and regulations concerning environmental protection and workplace health and safety. While the Issuer carries out the investments necessary in order to comply with the relevant legal and regulatory framework, any failure or suspected failure to comply with any of these regulations may result in increased regulatory scrutiny by means of inquiries or investigations, liability claims or sanctions and increased compliance costs. The Group could also be subject to governmental and private civil remedies, including fines, penalties, damages, injunctions, and loss of licences, as well as potential criminal sanctions. Any regulatory sanctions or threat of sanction could also attract adverse media attention, adversely affect the Group's reputation and require the attention of management to the detriment of operations or otherwise limit business operations. Any of these risks could have a material adverse effect on the Group's business, financial condition and/or results of operations.

Risk Relating to the Notes

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

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

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

Each potential investor in the Notes should determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has 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 Prospectus or any applicable supplement;
- (ii) has 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 such investment will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understands thoroughly the terms of the Notes and be familiar with the behaviour of financial markets; and
- (v) is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in the Notes, unless the potential investor 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.

Redemption prior to maturity for tax reasons.

In the event that the Issuer would be obliged to increase the amounts payable in respect of the Notes due to any change in or amendment to the laws or regulations of the Republic of Italy or any political subdivision thereof or of any authority therein or thereof having the power to tax or in the interpretation or administration thereof, the Issuer may redeem all outstanding Notes in accordance with the Conditions of the Notes. If this occurs, there can be no assurance that it will be possible for Noteholders to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes.

The Issuer may not have sufficient funds at the time of occurrence of a Change of Control Event to redeem outstanding Notes.

Upon the occurrence of certain events relating to the Issuer as set out in "*Terms and Conditions of the 2023 Notes—Redemption and Purchase— Redemption upon a Change of Control*" and "*Terms and Conditions of the 2027 Notes—Redemption and Purchase— Redemption upon a Change of Control*", the Issuer will be required to communicate to each Noteholder that it is entitled to request that the Issuer redeem or repurchase the Notes of such holder at their principal amount outstanding plus accrued and unpaid interest, if any, to the date of redemption. However, it is possible that the Issuer will not have sufficient funds at the time of occurrence of such events to make the required redemption or repurchase of Notes. If sufficient funds are not available to the Issuer for the purposes of carrying out the redemption, Noteholders may receive less than the principal amount of the Notes should they elect to exercise their right to redeem. Furthermore, if such a right to redeem is exercised by the Noteholders, this might adversely affect the Issuer's financial position. Except as specifically set out in "*Terms and Conditions of the 2023 Notes—Redemption and Purchase— Redemption upon a Change of Control*" and "*Terms and Conditions of the 2027 Notes—Redemption and Purchase— Redemption upon a Change of Control*", the Notes do not contain provisions that provide a right to Noteholders to require the Issuer to purchase or redeem the Notes in any other circumstances.

The Notes are unsecured.

The Notes constitute unsecured obligations of the Issuer, do not contain any restriction on the amount of indebtedness which the Issuer and its Subsidiaries may from time to time incur or, save as provided in the 2023 Notes' Condition 3 (*Negative Pledge*) and 2027 Notes' Condition 3 (*Negative Pledge*), on the giving of security by the Issuer and its subsidiaries over present and future indebtedness. In the event of any insolvency or winding-up of the Issuer, each series of Notes will rank equally with the Issuer's other unsecured senior indebtedness and, accordingly, any increase in the amount of the Issuer's unsecured senior indebtedness in the future may reduce the amount recoverable by Noteholders of each series of Notes. In addition, as each series of Notes are unsecured, where security has been granted over assets of the Issuer to secure indebtedness, in the event of any insolvency or winding-up of the Issuer, such indebtedness will, in respect of such assets, rank in priority over each series of Notes and the other unsecured indebtedness of the Issuer.

Payments in respect of the Notes may in certain circumstances be made subject to withholding or deduction of tax.

All payments in respect of each series of 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, the Issuer will pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding or deduction been required. The Issuer's obligation to gross up is, however, subject to a number of exceptions, including withholding or deduction of Italian substitute tax (*imposta sostitutiva*), pursuant to Italian Legislative Decree No. 239 of 1 April 1996 ("**Decree No. 239/1996**"). See "*Terms and Conditions of the 2023 Notes—Taxation*" and "*Terms and Conditions of the 2027 Notes—Taxation*".

Prospective purchasers of each series of Notes should consult their tax advisers as to the overall tax consequences of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes, including, in particular, the effect of any state, regional or local tax laws of any country or territory. See also "*Taxation*".

The tax regime applicable to the Notes is subject to a listing requirement.

No assurance can be given that each series of Notes will be listed or that, once listed, the listing will be maintained or that such listing will satisfy the listing requirement under Decree No. 239/1996 in order for the Notes to be eligible to benefit from the exemption from the requirement to apply withholding tax. If the Notes are not listed or that listing requirement is not satisfied, 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 the Issuer would be required to pay additional amounts with

respect to such withholding taxes such that Noteholders receive a net amount that is not less than the amount that they would have received in the absence of such withholding.

Decisions at Noteholders' meetings bind all Noteholders.

Provisions relating to the meetings of Noteholders are contained in Schedule 3 to the Trust Deed and are summarised in the 2023 Notes' Condition 12 (*Meetings of Noteholders; Modification – Meetings of Noteholders*) and 2027 Notes' Condition 12 (*Meetings of Noteholders; Modification – Meetings of Noteholders*). Noteholders' meetings may be called to consider matters affecting Noteholders' interests generally, including modifications to the terms and conditions relating to the Notes. These provisions permit defined majorities to bind all Noteholders, including those who did not attend and vote at the relevant meeting or who voted against the majority. Any such modifications to the Notes (which may include, without limitation, lowering the ranking of the Notes, reducing the amount of principal and interest payable on the Notes, changing the time and manner of payment, changing provisions relating to redemption, limiting remedies on the Notes and changing the amendment provisions) may have an adverse effect on Noteholders' rights and the market value of the Notes.

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

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

Risks relating to change of law or administrative practices.

The conditions of the Notes are based on English law in effect as of the date of this Prospectus, although certain provisions relating to the Notes are subject to compliance with certain mandatory provisions of Italian law, such as those applicable to Noteholders' meetings and to the appointment and role of the Noteholders' representative (*rappresentante comune*). No assurance can be given as to the impact of any possible judicial decision or change to English or Italian law or administrative practice after the date of this Prospectus. See also "*Noteholders' meeting provisions may change by operation of law or because of changes in the Issuer's circumstances*" above.

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

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

The Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the common safekeeper for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no

responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

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

Minimum Denomination.

As the Notes have a denomination consisting of the minimum denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of €100,000 (or its equivalent) that are not integral multiples of €100,000 (or its equivalent). In such case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum denomination 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 such that its holding amounts to the minimum denomination.

There is no active trading market for the Notes.

The Notes are new securities which may not be widely distributed and for which there is currently no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to the official list and trading on its regulated market, there is no assurance that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Notes.

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

Transfers of the Notes may be restricted, which may adversely affect the secondary market liquidity and/or trading prices of the Notes.

The ability to transfer the Notes may be restricted by securities laws or regulations of certain countries or regulatory bodies. See "*Subscription and Sale*".

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

Credit Rating.

Each Series of Notes is expected to be rated "Baa2" (outlook negative) by Moody's Investors Service Ltd. and BBB- (outlook stable) by Standard & Poor's Credit Market Services Europe Limited. Noteholders should be aware that:

- (a) a rating will reflect only the views of the rating agency and may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this Prospectus and other factors that may affect the value of the Notes;

- (b) a rating is not a recommendation to buy, sell or hold securities and may be subject to review, revision, suspension, reduction or withdrawal at any time by the assigning rating agency; and
- (c) notwithstanding the above, an adverse change in a credit rating could adversely affect the trading price for the Notes.

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. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes.

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 CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation.

The Notes may be delisted in the future.

Application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to the Official List and admitted to trading on its regulated market. The Notes may subsequently be delisted despite the best efforts of the Issuer to maintain such listing and, although no assurance is made as to the liquidity of the Notes as a result of listing, any delisting of the Notes may have a material effect on a Noteholder's ability to resell the Notes on the secondary market.

Legal investment considerations may restrict certain investments.

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

Exchange rate risks and exchange controls.

The Issuer will pay principal and interest on the Notes in euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit ("**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.

DOCUMENTS INCORPORATED BY REFERENCE

The following financial information is incorporated by reference in this Prospectus:

- (i) the audited consolidated annual financial statements of the Group as of and for the year ended 31 December 2016 (the “**Esselunga 2016 Consolidated Financial Statements**”), which can be found on the website of the Luxembourg Stock Exchange at:

<https://www.bourse.lu>

- (ii) the audited consolidated annual financial statements of the Group as of and for the year ended 31 December 2015 (the “**Esselunga 2015 Consolidated Financial Statements**”), which can be found on the website of the Luxembourg Stock Exchange at:

<https://www.bourse.lu>

- (iii) the unaudited interim condensed consolidated financial statements of the Group as of and for the six months ended 30 June 2017 (the “**Unaudited Esselunga June 2017 Interim Condensed Consolidated Financial Statements**” and, together with the Esselunga 2016 Consolidated Financial Statements and the Esselunga 2015 Consolidated Financial Statements, the “**Consolidated Financial Statements**”) which can be found on the website of the Luxembourg Stock Exchange at:

<https://www.bourse.lu>

- (iv) the audited consolidated financial statements of Villata Partecipazioni S.p.A. as of and for the year ended 31 December 2016 which can be found on the website of the Luxembourg Stock Exchange (the “**Villata Partecipazioni 2016 Consolidated Financial Statements**”) at:

<https://www.bourse.lu>

- (v) the unaudited interim condensed consolidated financial statements of Villata Partecipazioni S.p.A. as of and for the six months ended 30 June 2017 which can be found on the website of the Luxembourg Stock Exchange (the “**Unaudited Villata Partecipazioni June 2017 Interim Condensed Consolidated Financial Statements**”) at:

<https://www.bourse.lu>

in each case, together with the accompanying notes and auditors’ reports. See “*Presentation of Financial Information*”.

Cross-Reference List

The tables below show where the information incorporated by reference in this Prospectus can be found in the above-mentioned documents.

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Information contained in the above documents other than the information listed in the cross-reference list above is considered additional information and is not required by the relevant schedules of Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive.

The financial statements referred to above are available both in the original Italian and in English. Only the English language versions are incorporated by reference in, and form part of, this Prospectus. The English language versions are direct translations from the Italian language documents but, in the event of any inconsistencies or discrepancies between the Italian and English language versions, the original Italian versions will prevail.

This Prospectus should be read and construed together with the information incorporated by reference herein. Copies of any document incorporated by reference in this Prospectus are available free of charge at the specified office of the Paying Agent, unless such documents have been modified or superseded.

Such documents will also be available for viewing on the website of the Luxembourg Stock Exchange (www.bourse.lu).

This Prospectus includes also, in the section entitled “*Annex A – Unaudited Pro Forma Consolidated Financial Information*” the unaudited pro forma consolidated statement of financial position as of 30 June 2017, the unaudited pro forma consolidated income statement for the six months ended June 30 2017 and the unaudited pro forma consolidated income statement for the year ended 31 December 2016 and the related explanatory notes (the “**Unaudited Pro Forma Consolidated Financial Information**”).

The Unaudited Pro Forma Consolidated Financial Information has been prepared to present the main estimated effects on the Group's economic results and statement of financial position derived from the Villata Acquisition and the issuance of the Notes together with the use of the proceeds therefrom. See “*Description of the Issuer—History and Recent Developments—Recent developments—The Villata Acquisition.*”

TERMS AND CONDITIONS OF THE 2023 NOTES

The following is the text of the Terms and Conditions of the 2023 Notes, which (subject to completion and amendment) will be endorsed on each 2023 Note in definitive form. The terms and conditions applicable to any 2023 Note in global form will differ from those terms and conditions which would apply to the 2023 Notes in definitive form to the extent described in the next section of this Prospectus entitled "Summary of Provisions relating to the Notes in Global Form".

The EUR 500,000,000 0.875 per cent. Notes due 25 October 2023 (the "**2023 Notes**", which expression includes any further notes issued pursuant to 2023 Notes' Condition 14 (*Further Issues*) and forming a single series therewith) of Esselunga S.p.A. (the "**Issuer**") are subject to, and have the benefit of, a trust deed dated 25 October 2017 (as amended or supplemented from time to time, the "**2023 Notes' Trust Deed**") between the Issuer and BNP Paribas Trust Corporation UK Limited as trustee (the "**2023 Notes' Trustee**", which expression includes all persons for the time being trustee or trustees appointed under the 2023 Notes' Trust Deed) and are the subject of an agency agreement dated 25 October 2017 (as amended or supplemented from time to time, the "**2023 Notes' Paying Agency Agreement**") between the Issuer, BNP Paribas Securities Services, Luxembourg Branch as principal paying agent (the "**2023 Notes' Principal Paying Agent**", which expression includes any successor principal paying agent appointed from time to time in connection with the 2023 Notes), the paying agents named therein (together with the 2023 Notes' Principal Paying Agent, the "**2023 Notes' Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the 2023 Notes) and the 2023 Notes' Trustee. Certain provisions of these 2023 Notes' Conditions are summaries of the 2023 Notes' Trust Deed and the 2023 Notes' Paying Agency Agreement and subject to its detailed provisions. The holders of the 2023 Notes (the "**2023 Noteholders**") and the holders of the related interest coupons (the "**2023 Notes' Couponholders**" and the "**2023 Notes' Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the 2023 Notes' Trust Deed and the 2023 Notes' Paying Agency Agreement applicable to them. Copies of the 2023 Notes' Trust Deed and the 2023 Notes' Paying Agency Agreement are available for inspection by 2023 Noteholders during normal business hours at the registered office for the time being of the 2023 Notes' Trustee, being at the date hereof 10 Harewood Avenue, London NW1 6AA, United Kingdom and at the Specified Offices (as defined in the 2023 Notes' Paying Agency Agreement) of each of the 2023 Notes' Paying Agents, the initial Specified Offices of which are set out below.

1. **Form, Denomination and Title**

The 2023 Notes are in bearer form in the denominations of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000 with 2023 Notes' Coupons attached at the time of issue. Title to the 2023 Notes and the 2023 Notes' Coupons will pass by delivery. The holder of any 2023 Note or 2023 Notes' Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder. No person shall have any right to enforce any term or condition of the 2023 Notes or the 2023 Notes' Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

2. **Status**

The 2023 Notes constitute direct, general, unconditional and (subject to 2023 Notes' Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

3. **Negative Pledge**

So long as any 2023 Note remains outstanding (as defined in the 2023 Notes' Trust Deed):

- (a) the Issuer shall not create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness; and
- (b) the Issuer shall procure that none of its Subsidiaries will create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness,

without at the same time or prior thereto (i) securing the 2023 Notes equally and rateably therewith to the satisfaction of the 2023 Notes' Trustee or (ii) providing such other security for the 2023 Notes as the 2023 Notes' Trustee may in its absolute discretion consider to be not materially less beneficial to the interests of the 2023 Noteholders or as may be approved by an Extraordinary Resolution (as defined in the 2023 Notes' Trust Deed) of 2023 Noteholders.

As used in these 2023 Notes' Conditions:

"Group" means, at any time, the Issuer and its Subsidiaries at such time;

"Guarantee" means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

- (a) any obligation to purchase such Indebtedness;
- (b) 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;
- (c) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (d) any other agreement to be responsible for such Indebtedness;

"Indebtedness" means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (a) amounts raised by acceptance under any acceptance credit facility;
- (b) amounts raised under any note purchase facility;
- (c) 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;
- (d) 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 60 days; and
- (e) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

"Permitted Security Interest" means:

- (i) any Security Interest created by any member of the Group and existing as at 24 October 2017;

- (ii) any lien arising by operation of law and in the ordinary course of trading or any title transfer or retention of title arrangement entered into by a member of the Group in the ordinary course of trading;
- (iii) any Security Interest over or affecting any asset acquired by a member of the Group after 24 October 2017 if:
 - (A) the Security Interest was not created in contemplation of the acquisition of that asset by a member of the Group; and
 - (B) the principal amount secured has not been increased in contemplation of or since the acquisition of that asset by a member of the Group;
- (iv) any Security Interest over or affecting any asset of any company which becomes a member of the Group after 24 October 2017, where the Security Interest is created prior to the date on which that company becomes a member of the Group, if:
 - (A) the Security Interest was not created in contemplation of the acquisition of that company; and
 - (B) the principal amount secured has not increased in contemplation of or since the acquisition of that company;
- (v) any Security Interest arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to a member of the Group in the ordinary course of trading and on the supplier's standard or usual terms and not arising as a result of any default or omission by any member of the Group; or
- (vi) any Security Interest created in substitution of any existing Security Interest permitted pursuant to this 2023 Notes' Condition 3 over the same assets or replacement assets;

"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;

"Principal Subsidiary" means a Subsidiary the consolidated net turnover of which is at least 10 per cent. of the consolidated net turnover of the Issuer and its Subsidiaries or which owns at least 10 per cent. of the total consolidated assets of the Group, in each case calculated by reference to the latest audited consolidated accounts of the Issuer;

"Relevant Indebtedness" means any present or future Indebtedness (whether being principal, premium, interest or other amounts) which is in the form of or represented by any note, bond, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, traded, quoted, listed or dealt in on any stock exchange, over the counter or other securities market;

"Relevant 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 2023 Notes or the 2023 Notes' Coupons;

"Security Interest" means any mortgage, charge, pledge, lien or other security interest (*garanzia reale*) securing any obligation of any person, or any other agreement or

arrangement having a similar effect including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

"**Subsidiary**" means, in relation to a person which is a legal entity, another company, corporation or other type of legal entity:

- (i) which is controlled, directly or indirectly, by such person;
- (ii) more than half the issued share capital or stock of which is beneficially owned directly or indirectly by such person;
- (iii) which is a subsidiary of another Subsidiary of such person; or
- (iv) whose financial statements are in accordance with applicable law and generally accepted accounting principles applicable to such person consolidated with those of such person,

and for the purposes of this definition, a company or corporation shall be treated as being "**controlled**" by such person if the latter (whether by way of ownership of shares, capital, proxy, contract, agency or otherwise) has the power to (a) appoint or remove all, or the majority of, its directors or other equivalent officers, or (b) direct its operating and financial policies; and

"**Total Assets**" means the total assets (*totale attività*) as shown in the most recent consolidated financial statements of the Issuer.

4. **Interest**

The 2023 Notes bear interest from 25 October 2017 (the "**Issue Date**") at the rate of 0.875 per cent. per annum, (the "**Rate of Interest**") payable in arrear on 25 October in each year (each, an "**Interest Payment Date**"), subject as provided in 2023 Notes' Condition 6 (*Payments*).

Each 2023 Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such 2023 Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is seven days after the 2023 Notes' Principal Paying Agent or the 2023 Notes' Trustee has notified the 2023 Noteholders that it has received all sums due in respect of the 2023 Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

The amount of interest payable on each Interest Payment Date shall be EUR 8.75 per Calculation Amount in respect of each 2023 Note. If interest is required to be paid in respect of a 2023 Note on any other date, it shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest cent. (0.005 being rounded upwards) and multiplying such rounded figure by a fraction equal to the denomination of such 2023 Note divided by the Calculation Amount, where:

"**Calculation Amount**" means EUR 1,000;

"**Day Count Fraction**" means, in respect of any period, the number of days in the relevant period, from (and including) the first day in such period to (but excluding) the last day in such period, divided by the number of days in the Regular Period in which the relevant period falls; and

"**Regular Period**" means each period from (and including) the Issue Date or any Interest Payment Date to (but excluding) the next Interest Payment Date.

5. **Redemption and Purchase**

- (a) *Scheduled redemption:* Unless previously redeemed, or purchased and cancelled, the 2023 Notes will be redeemed at their principal amount on 25 October 2023 (the “**2023 Notes’ Maturity Date**”), subject as provided in 2023 Notes’ Condition 6 (*Payments*).
- (b) *Redemption for tax reasons:* The 2023 Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the 2023 Noteholders (which notice shall be irrevocable) at their principal amount, together with interest accrued to the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the 2023 Notes’ Trustee that:
 - (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in 2023 Notes’ Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 24 October 2017; and
 - (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it;

provided, however, 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 if a payment in respect of the 2023 Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the 2023 Notes’ Trustee:

- (A) 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
- (B) an opinion in form and substance satisfactory to the 2023 Notes’ Trustee 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.

The 2023 Notes’ Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the circumstances set out in (i) and (ii) above, in which event they shall be conclusive and binding on the 2023 Noteholders.

Upon the expiry of any such notice as is referred to in this 2023 Notes’ Condition 5(b), the Issuer shall be bound to redeem the 2023 Notes in accordance with this 2023 Notes’ Condition 5(b).

- (c) *Redemption upon a Change of Control:* a Change of Control event (a “**Change of Control Event**”) will occur if, at any time while any 2023 Note remains outstanding:
 - (i) a Change of Control occurs; and

- (ii) (in the event that the 2023 Notes carry a credit rating from any Rating Agency at the time of the Change of Control) the 2023 Notes carry a credit rating which is either:
- (A) an investment grade credit rating (BBB-/Baa3/BBB-, or equivalent, or better), and such credit rating is, within 180 days of the occurrence of the Change of Control, either downgraded to a non-investment grade credit rating (BB+/Ba1/BB+, or equivalent, or worse) or withdrawn and is not, within such 180-day period, subsequently (in the case of a downgrade) upgraded to an investment grade credit rating by such Rating Agency or (in the case of a withdrawal) replaced by an investment grade credit rating from any other Rating Agency; or
 - (B) a non-investment grade credit rating (BB+/Ba1/BB+, or equivalent, or worse), and such credit rating is, within 180 days of the occurrence of the Change of Control, either downgraded by one or more notches (for illustration purposes, with respect to Moody's Ba1 to Ba2 being one notch and, with respect to Standard & Poor's, BB+ to BB being one notch) or withdrawn and is not, within such 180-day period, subsequently (in the case of a downgrade) upgraded to its earlier credit rating or better by such Rating Agency or (in the case of a withdrawal) replaced by an equivalent credit rating or better from any other Substitute Rating Agency,

and, in the case of (ii) above, in making the relevant decision(s) referred to above, the relevant Rating Agency announces publicly or confirms in writing to the Issuer and the 2023 Notes' Trustee that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control.

For the avoidance of doubt, paragraph (ii) above shall only apply in the event the 2023 Notes carry a credit rating from any Rating Agency at the time of the Change of Control and, to the extent that there is no credit rating at such time, then only paragraph (i) above shall apply for determining a Change of Control Event, and this 2023 Notes' Condition 5(c) shall be read and construed accordingly.

Promptly upon the Issuer becoming aware that a Change of Control Event has occurred and in any event within 5 business days of the occurrence of such Change of Control Event, the Issuer shall give notice of an offer (a "**Change of Control Offer**") to the 2023 Noteholders in accordance with 2023 Notes' Condition 15 (*Notices*), with a copy to the 2023 Notes' Trustee and the 2023 Notes' Principal Paying Agent, specifying (i) that a Change of Control Event has occurred, (ii) that each 2023 Noteholder is entitled to request that the Issuer redeem or repurchase the 2023 Notes of such holder at 100 per cent. of their principal amount, plus accrued and unpaid interest, if any, to the date of purchase, (iii) the nature of the Change of Control Event, (iv) the circumstances giving rise to the Change of Control Event, and (v) the procedure for accepting the Change of Control Offer.

In order to accept the Change of Control Offer, the holder of a 2023 Note must upon the occurrence of a Change of Control Event and in any event within the period ending 60 days after such occurrence or, if later, 60 days after the date on which notice of the Change of Control Offer is given to 2023 Noteholders in accordance with 2023 Notes' Condition 15 (*Notices*) (the "**Change of Control Offer Period**"), deposit with any 2023 Notes' Paying Agent such 2023 Note together with all unmatured 2023 Notes' Coupons relating thereto and a duly completed Change of Control Offer Acceptance notice (a "**Change of Control Offer Acceptance Notice**")

in the form obtainable from any 2023 Notes' Paying Agent stating that such 2023 Noteholder requests early redemption of all or some of its 2023 Notes pursuant to this paragraph (c). Subject to the deposit of any such 2023 Notes to the account of a 2023 Notes' Paying Agent as described above, and to the delivery by the Issuer to the 2023 Notes' Trustee of a certificate signed by a duly authorised officer of the Issuer stating the aggregate principal amount of 2023 Notes or portions thereof being purchased by the Issuer in the Change of Control Offer, the Issuer shall redeem the 2023 Notes in respect of which the Change of Control Offer has been validly accepted as provided above on the date which is the 15th business day following the end of the Change of Control Offer Period (a "**Change of Control Offer Settlement Date**").

The 2023 Notes' Paying Agent with which a 2023 Note is so deposited shall deliver a duly completed receipt for such 2023 Note (a "**Change of Control Offer Receipt**") to the depositing Noteholder. No 2023 Note, once deposited with a duly completed Change of Control Offer Acceptance Notice in accordance with this 2023 Notes' Condition 5(c), may be withdrawn; *provided, however, that* if, prior to the relevant Change of Control Offer Settlement Date, any such 2023 Note becomes immediately due and payable or, upon due presentation of any such 2023 Note on the relevant Change of Control Offer Settlement Date, payment of the redemption moneys is improperly withheld or refused, the relevant 2023 Notes' Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such 2023 Noteholder in the relevant Change of Control Offer Acceptance Notice and shall hold such 2023 Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Change of Control Offer Receipt. For so long as any outstanding Note is held by a 2023 Notes' Paying Agent in accordance with this 2023 Notes' Condition 5(c), the depositor of such 2023 Note and not such 2023 Notes' Paying Agent shall be deemed to be the holder of such 2023 Note for all purposes.

- (d) *Redemption at the Option of the Issuer from (and including) 25 July 2023:* The Issuer may, having given not less than 15 nor more than 30 days' notice to the 2023 Noteholders in accordance with 2023 Notes' Condition 15 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all, but not some only, of the 2023 Notes, at their principal amount together with interest accrued to, but excluding, the date fixed for redemption, at any time during the period starting on (and including) 25 July 2023 up to (but excluding) the 2023 Notes' Maturity Date.
- (e) *Clean-Up Call Option:* In the event that at least 85 per cent. of the aggregate principal amount of the 2023 Notes has been purchased and cancelled by the Issuer, the Issuer may, at its option (the "**Clean-Up Call Option**") but subject to having given not less than 30 nor more than 60 days' notice to the 2023 Noteholders, redeem all, but not some only, of the outstanding 2023 Notes. Any such redemption of 2023 Notes shall be at 100 per cent. of their principal amount, together with interest accrued to the date fixed for redemption.
- (f) *No other redemption:* The Issuer shall not be entitled to redeem the 2023 Notes otherwise than as provided in paragraphs (a) (*Scheduled redemption*) to (e) (*Clean-Up Call Option*) above.
- (g) *Purchase:* The Issuer or any of its Subsidiaries may at any time purchase 2023 Notes in the open market or otherwise and at any price, *provided that* all unmatured 2023 Notes' Coupons are purchased therewith, and at the option of the Issuer or any such Subsidiaries any 2023 Notes so purchased may be retained or cancelled.

- (h) *Cancellation:* All 2023 Notes so redeemed by the Issuer or any of its Subsidiaries and any unmatured 2023 Notes' Coupons attached to or surrendered with them shall be cancelled and may not be held, reissued or resold.

In these 2023 Notes' Conditions:

"Acting in Concert" means a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition directly or indirectly of shares in the Issuer by any of them, either directly or indirectly, to obtain Control of the Issuer, provided that no group of persons shall be deemed to be Acting in Concert in any transaction where the Principal Shareholder retains Control;

a **"Change of Control"** will be deemed to occur if any person or group of persons Acting in Concert (in each case, other than the members of the Principal Shareholder, jointly or severally) gains direct or indirect Control of the Issuer;

"Control" means the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to, directly or indirectly (a) cast more than one-half of the maximum number of votes that might be cast at a general meeting of the Issuer; or (b) appoint or remove all, or the majority, of the directors or other equivalent officers of the Issuer; or (c) give directions with respect to the operating and financial policies of the Issuer, with which the directors or other equivalent officers of the Issuer are obliged to comply;

"Principal Shareholder" means Giuliana Albera Caprotti and Marina Sylvia Caprotti, together with their respective spouses, children and grandchildren and any person, legal entity or trust controlled directly or indirectly by the foregoing, taken as a whole or of which the foregoing are the ultimate beneficiaries, taken as a whole; and

"Rating Agency" means Standard & Poor's Credit Market Services Europe Limited (**"Standard & Poor's"**) and Moody's Investor Services Limited (**"Moody's"**) or any of their respective successors or any rating agency (a **"Substitute Rating Agency"**) substituted for any of them by the Issuer from time to time with the prior written approval of the 2023 Notes' Trustee, such approval not to be unreasonably withheld or delayed.

6. **Payments**

- (a) *Principal:* Payments of principal shall be made only against presentation and (*provided that* payment is made in full) surrender of 2023 Notes at the Specified Office of any 2023 Notes' Paying Agent outside the United States by Euro cheque drawn on, or by transfer to a Euro account (or other account to which Euro may be credited or transferred) maintained by the payee with, a bank in a city in which banks have access to the TARGET System.

- (b) *Interest:* Payments of interest shall, subject to paragraph (g) (*Payments other than in respect of matured 2023 Notes' Coupons*) below, be made only against presentation and (*provided that* payment is made in full) surrender of the appropriate 2023 Notes' Coupons at the Specified Office of any 2023 Notes' Paying Agent outside the United States in the manner described in paragraph (a) (*Principal*) above.

- (c) *Interpretation:* In these 2023 Notes' Conditions:

"TARGET2" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

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

"**TARGET System**" means the TARGET2 system.

- (d) *Payments subject to fiscal laws:* All payments in respect of the 2023 Notes made in accordance with these 2023 Notes' Conditions shall be subject to:
 - (i) any applicable fiscal or other laws, regulations and directives applicable thereto; and,
 - (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, any intergovernmental agreement in place between the United States and another jurisdiction facilitating the implementation thereof, or any law implementing an intergovernmental approach thereto,but, in any case, without prejudice to the provisions of 2023 Notes' Condition 7 (*Taxation*). No commissions or expenses shall be charged to the 2023 Noteholders or 2023 Notes' Couponholders in respect of such payments.
- (e) *Deduction for unmatured 2023 Notes' Coupons:* If a 2023 Note is presented without all unmatured 2023 Notes' Coupons relating thereto, a sum equal to the aggregate amount of the missing 2023 Notes' Coupons will be deducted from the amount of principal due for payment; provided, however, that, if the gross amount available for payment is less than the outstanding principal amount of such 2023 Note, the sum deducted will be that proportion of the aggregate amount of such missing 2023 Notes' Coupons which the gross amount actually available for payment bears to the outstanding principal amount of such 2023 Note. Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) (*Principal*) above against presentation and (provided that payment is made in full) surrender of the relevant missing 2023 Notes' Coupons.
- (f) *Payments on business days:* If the due date for payment of any amount in respect of any 2023 Note or 2023 Notes' Coupon is not a business day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding business day in such place and shall not be entitled to any further interest or other payment in respect of any such delay. In these 2023 Notes' Conditions, "**business day**" means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to a Euro account as referred to above, on which the TARGET System is open.
- (g) *Payments other than in respect of matured 2023 Notes' Coupons:* Payments of interest other than in respect of matured 2023 Notes' Coupons shall be made only against presentation of the relevant 2023 Notes at the Specified Office of any 2023 Notes' Paying Agent outside the United States.
- (h) *Partial payments:* If a 2023 Notes' Paying Agent makes a partial payment in respect of any 2023 Note or 2023 Notes' Coupon presented to it for payment, such 2023 Notes' Paying Agent will endorse thereon a statement indicating the amount and the date of such payment.

7. **Taxation**

All payments of principal (if applicable) and interest in respect of the 2023 Notes and the 2023 Notes' Coupons by or on behalf of the Issuer shall be made free and clear of, and

without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or on behalf of any Relevant Jurisdiction, unless the withholding or deduction of Taxes is required by law. In that event, the Issuer shall pay such additional amounts as may be necessary in order that the net amounts received by the 2023 Noteholders and 2023 Notes' Couponholders after such withholding or deduction shall be equal to the amounts of principal (if applicable) and interest which would have been received in respect of the 2023 Notes or the 2023 Notes' Coupons in the absence of such withholding or deduction, except that no such additional amounts shall be payable in respect of any 2023 Note or 2023 Notes' Coupon:

- (a) presented for payment by, or by a third party on behalf of, the holder who is liable to such Taxes in respect of such 2023 Note or 2023 Notes' Coupon by reason of it having some connection with the Relevant Jurisdiction other than a mere holding of the 2023 Note or the 2023 Notes' Coupon; or
- (b) presented for payment in the Relevant Jurisdiction; or
- (c) presented for payment by or on behalf of a holder of 2023 Notes or 2023 Notes' Coupons who would have been able to avoid such withholding or deduction by making a declaration of non-residence or other similar claim for an exemption; or
- (d) requested more than 30 days after the Relevant Date except to the extent that a holder of such 2023 Note or 2023 Notes' Coupon would have been entitled to such additional amounts on presenting such 2023 Note or 2023 Notes' Coupon for payment on the last day of the period of 30 days; or
- (e) in relation to any payment or deduction on principal, interest or other proceeds of any 2023 Note on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of 1 April 1996, as amended or supplemented from time to time, or related implementing regulations (the "**Decree No. 239**"); or
- (f) in circumstances in which the formalities to obtain an exemption from *imposta sostitutiva* under Decree No. 239 have not been complied with, except where such formalities have not been complied with due to the actions or omissions of the Issuer or its agents.

The Issuer will have no obligation to pay additional amounts or otherwise indemnify an investor for any amounts required to be withheld or deducted pursuant to Sections 1471 through 1474 of the Code, any regulation or agreements thereunder, any official interpretations thereof, any intergovernmental agreement in place between the United States and another jurisdiction facilitating the implementation thereof or any law implementing an intergovernmental approach thereto to be deducted or withheld by the Issuer, the paying agent or any other party.

In these 2023 Notes' Conditions, "**Relevant Date**" means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received in a city in which banks have access to the TARGET System by the 2023 Notes' Principal Paying Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the 2023 Noteholders, and "**Relevant 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 2023 Notes or the 2023 Notes' Coupons.

Any reference in these 2023 Notes' Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this 2023 Notes' Condition 7 (*Taxation*) or any undertaking given in addition to or in substitution of this 2023 Notes' Condition 7 (*Taxation*) pursuant to the 2023 Notes' Trust Deed.

If the Issuer becomes subject at any time to any taxing jurisdiction other than the Republic of Italy, references in these 2023 Notes' Conditions to the Republic of Italy shall be construed as references to the Republic of Italy and/or such other jurisdiction.

8. **Events of Default**

If any of the following events occurs then the 2023 Notes' Trustee at its discretion may and, if so requested in writing by holders of at least one quarter of the aggregate principal amount of the outstanding 2023 Notes or if so directed by an Extraordinary Resolution, shall (subject to the 2023 Notes' Trustee having been indemnified and/or prefunded and/or provided with security to its satisfaction) give written notice to the Issuer declaring the 2023 Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality:

- (a) *Non-payment:* the Issuer fails to pay any amount of principal in respect of the 2023 Notes on the due date for payment thereof or fails to pay any amount of interest in respect of the 2023 Notes within three days of the due date for payment thereof; 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 2023 Notes or the 2023 Notes' Trust Deed and such default (i) is, in the opinion of the 2023 Notes' Trustee, incapable of remedy or (ii) being a default which is, in the opinion of the 2023 Notes' Trustee, capable of remedy remains unremedied for 30 days or such longer period as the 2023 Notes' Trustee may agree after the 2023 Notes' Trustee has given written notice thereof to the Issuer; or
- (c) *Cross-default of Issuer or Subsidiary:*
 - (i) any Indebtedness of the Issuer or any of its Subsidiaries is not paid on the due date for payment as extended by any originally applicable grace period; or
 - (ii) any Indebtedness of the Issuer or any of its Subsidiaries is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described); or
 - (iii) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Indebtedness,

provided that no Event of Default will occur under this paragraph (c) if the aggregate amount of Indebtedness or Guarantee falling within sub-paragraphs (i) to (iii) above is less than Euro 50,000,000 (or its equivalent in any other currency or currencies); or

- (d) *Unsatisfied judgment:* 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) for the payment of any amount in excess of Euro 30,000,000 (or its equivalent in any other currency or currencies) is rendered against the Issuer or any Principal Subsidiary and continue(s) unsatisfied and unstayed for a period of 60 days after the date(s) specified for payment; or
- (e) *Security enforced:* a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any part of the undertaking, assets and

revenues of the Issuer or any Principal Subsidiary *provided that* no Event of Default will occur under this paragraph (e) if the aggregate amount of the undertaking, assets and revenues above is less than Euro 30,000,000 (or its equivalent in any other currency or currencies); or

- (f) *Insolvency, etc.*: (i) the Issuer or any Principal Subsidiary becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator is appointed (or application for any such appointment is made) in respect of the Issuer or any Principal Subsidiary or the whole or any part of the undertaking, assets and revenues of the Issuer or any Principal Subsidiary (other than for the purposes of, or pursuant to, a Permitted Reorganisation), or (iii) the Issuer or any Principal Subsidiary takes any action for a readjustment or deferment of any of its obligations, or makes a general assignment or an arrangement or composition with or for the benefit of its creditors, or declares a moratorium, in each case in respect of any of its Indebtedness or any Guarantee in respect of any Indebtedness given by it; or
- (g) *Cessation of business*: if the Issuer or any Principal Subsidiary ceases, threatens to cease or announces that it shall cease to carry on the whole or substantially the whole of its business or operations (otherwise than for the purposes of, or pursuant to, a Permitted Reorganisation); or
- (h) *Winding up, etc.*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any Principal Subsidiary (otherwise than for the purposes of, or pursuant to, a Permitted Reorganisation); or
- (i) *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 (d) (*Unsatisfied judgment*) to (h) (*Winding up, etc.*) above; or
- (j) *Failure to take action, etc.*: any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the 2023 Notes, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the 2023 Notes or the 2023 Notes' Coupons and the 2023 Notes' Trust Deed admissible in evidence in the courts of the Republic of Italy is not taken, fulfilled or done; or
- (k) *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 2023 Notes or the 2023 Notes' Trust Deed.

In these 2023 Notes' Conditions:

"Permitted Reorganisation" means:

- (i) in the case of the Issuer and to the extent the Issuer is not the surviving entity, any reorganisation, amalgamation, merger, demerger, consolidation, contribution in kind or restructuring or other similar transaction, in each case whilst solvent whereby all or Substantially All of the Issuer's assets and undertaking are transferred, sold, contributed, assigned or otherwise vested in a body corporate that is in good standing, validly organized and existing under the laws of the Republic of Italy, and (i) such body corporate continues to carry on all or Substantially All of the business of the Issuer and (ii) such body corporate assumes as principal debtor in respect of the 2023 Notes and the 2023 Notes' Coupons, and an opinion of an independent legal adviser of recognised standing in the Republic of Italy has been delivered to the 2023 Notes' Trustee confirming the same prior to the effective date of such Permitted Reorganisation; or

- (ii) in the case of any Subsidiary, any reorganisation, amalgamation, merger, demerger, consolidation, contribution in kind or restructuring or other similar transaction, in each case whilst solvent whereby all or a Substantial Part of the assets and undertaking of such Subsidiary are transferred, sold, contributed, assigned or otherwise vested in the Issuer and/or another Subsidiary of the Issuer; or
- (iii) any reorganisation, amalgamation, merger, demerger, consolidation, contribution in kind or restructuring or other similar transaction, in each case whilst solvent, on terms previously approved by an Extraordinary Resolution; and

“**Substantially All**” shall mean 80 per cent. or more; and

a “**Substantial Part**” of the assets and undertaking of any Subsidiary shall mean such assets, undertaking as account for at least 20 per cent. of the total assets of such Subsidiary calculated by reference to its latest annual financial statement (whether or not audited).

9. **Prescription**

Claims for principal shall become void unless the relevant 2023 Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant 2023 Notes’ Coupons are presented for payment within five years of the appropriate Relevant Date.

10. **Replacement of Notes and Coupons**

If any 2023 Note or 2023 Notes’ Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the 2023 Notes’ Principal Paying Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced 2023 Notes or 2023 Notes’ Coupons must be surrendered before replacements will be issued.

11. **Trustee and Paying Agents**

Under the 2023 Notes’ Trust Deed, the 2023 Notes’ Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid its costs and expenses in priority to the claims of the 2023 Noteholders. In addition, the 2023 Notes’ Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

In the exercise of its powers and discretions under these 2023 Notes’ Conditions and the 2023 Notes’ Trust Deed, the 2023 Notes’ Trustee will have regard to the interests of the 2023 Noteholders as a class and will not be responsible for any consequence for individual holders of 2023 Notes or 2023 Notes’ Coupons as a result of such holders being connected in any way with a particular territory or taxing jurisdiction.

In acting under the 2023 Notes’ Paying Agency Agreement and in connection with the 2023 Notes and the 2023 Notes’ Coupons, the 2023 Notes’ Paying Agents act solely as agents of the Issuer and (to the extent provided therein) the 2023 Notes’ Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the 2023 Noteholders or 2023 Notes’ Couponholders.

The initial 2023 Notes’ Paying Agents and their initial Specified Offices are listed below. The Issuer reserves the right (with the prior approval of the 2023 Notes’ Trustee) at any time to vary or terminate the appointment of any 2023 Notes’ Paying Agent and to appoint a successor principal paying agent and additional or successor paying agents; provided, however, that the Issuer shall at all times maintain a principal paying agent.

Notice of any change in any of the 2023 Notes' Paying Agents or in their Specified Offices shall promptly be given to the 2023 Noteholders.

12. **Meetings of Noteholders; Modification and Waiver**

- (a) *Meetings of 2023 Noteholders:* The 2023 Notes' Trust Deed contains provisions for convening meetings of 2023 Noteholders to consider matters relating to the 2023 Notes, including the modification of any provision of these 2023 Notes' Conditions or the 2023 Notes' Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution.

In relation to the convening of meetings, quorums and the majorities required to pass an Extraordinary Resolution, the following provisions shall apply in respect of the 2023 Notes but are subject to compliance with mandatory laws, legislation, rules and regulations of Italy in force from time to time and, where applicable Italian law so requires, the Issuer's by-laws:

- (i) a meeting of 2023 Noteholders may be convened by the Issuer (through its board of directors (*consiglio di amministrazione*) and/or by the 2023 Noteholders' Representative (as defined below) and shall be convened upon the request in writing of 2023 Noteholders holding not less than one-twentieth of the aggregate principal amount of the outstanding 2023 Notes;
- (ii) a meeting of 2023 Noteholders will be validly held 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 2023 Noteholders holding at least one-half of the aggregate principal amount of the outstanding 2023 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 first meeting (*prima convocazione*), there are one or more persons present being or representing 2023 Noteholders holding at least one-half of the aggregate principal amount of the outstanding 2023 Notes, (ii) in the case of a second meeting (*seconda convocazione*) or of any subsequent adjourned meeting (*convocazioni successive*) (together a "**Second or Further Meeting**"), there are one or more persons present being or representing 2023 Noteholders holding more than one-third of the aggregate principal amount of the outstanding 2023 Notes; provided that the Issuer's by-laws may in each case (to the extent permitted under the applicable laws and regulations of the Republic of Italy) provide for a higher quorum; and
- (iii) the majority required to pass an Extraordinary Resolution at any meeting (including, where applicable, any adjourned meeting) convened to vote on any resolution will be (a) for voting on any matter other than a Reserved Matter, more than one half of the aggregate principal amount of the outstanding 2023 Notes or in the case of a Second or Further Meeting, at least two thirds of the aggregate principal amount of the outstanding 2023 Notes represented at the Meeting or (b) for voting on a Reserved Matter, the higher of (i) one or more persons holding or representing not less than one half of the aggregate principal amount of the outstanding 2023 Notes, and (ii) one or more persons holding or representing not less than two thirds of the 2023 Notes represented at the meeting, *provided that*, to the extent permitted under applicable provisions of Italian law, the Issuer's by-laws may in each case provide for higher majorities. Any resolution duly passed at any such meeting shall be binding on all the 2023 Noteholders, whether or not they are present at the meeting and on all 2023 Notes' Couponholders.

In this 2023 Notes' Condition 12 (*Meetings of 2023 Noteholders; Modification*), "**Reserved Matter**" and "**Extraordinary Resolution**" have the meaning given to such terms in the 2023 Notes' Trust Deed.

- (b) *2023 Noteholders' Representative*: Pursuant to Articles 2415 and 2417 of the Italian Civil Code, a representative of the 2023 Noteholders (*rappresentante comune degli obbligazionisti* or "**2023 Noteholders' Representative**") may be appointed, inter alia, to represent the interests of 2023 Noteholders, such appointment to be made by an Extraordinary Resolution or by an order of a competent court at the request of one or more 2023 Noteholders or by the directors of the Issuer. Each such 2023 Noteholders' Representative shall have the powers and duties set out in Article 2418 of the Italian Civil Code.
- (c) *Modification and waiver*: The 2023 Notes' Trustee may, without the consent of the 2023 Noteholders or the 2023 Notes' Couponholders, agree to any modification of these 2023 Notes' Conditions or the 2023 Notes' Trust Deed (other than in respect of a Reserved Matter) which is, in the opinion of the 2023 Notes' Trustee, proper to make if, in the opinion of the 2023 Notes' Trustee, such modification will not be materially prejudicial to the interests of 2023 Noteholders and to any modification of the 2023 Notes or the 2023 Notes' Trust Deed which is of a formal, minor or technical nature or is to correct a manifest error. In addition, the 2023 Notes' Trustee may, without the consent of the 2023 Noteholders or the 2023 Notes' Couponholders, authorise or waive any proposed breach or breach of the 2023 Notes or the 2023 Notes' Trust Deed (other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the opinion of the 2023 Notes' Trustee, the interests of the 2023 Noteholders will not be materially prejudiced thereby.

Unless the 2023 Notes' Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified to the 2023 Noteholders as soon as practicable thereafter.

13. **Enforcement**

The 2023 Notes' Trustee may at any time, at its discretion and without notice, institute such proceedings as it thinks fit to enforce its rights under the 2023 Notes' Trust Deed in respect of the 2023 Notes, but it shall not be bound to do so unless:

- (a) it has been so requested in writing by the holders of at least one quarter of the aggregate principal amount of the outstanding 2023 Notes or has been so directed by an Extraordinary Resolution; and
- (b) it has been indemnified and/or prefunded and/ or provided with security to its satisfaction.

No 2023 Noteholder may proceed directly against the Issuer unless the 2023 Notes' Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

14. **Further Issues**

The Issuer may from time to time, without the consent of the 2023 Noteholders or the 2023 Notes' Couponholders and in accordance with the 2023 Notes' Trust Deed, create and issue further notes having the same terms and conditions as the 2023 Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the 2023 Notes. The Issuer may from time to time, with the consent of the 2023 Notes' Trustee, create and issue other series of notes having the benefit of the 2023 Notes' Trust Deed.

15. **Notices**

Notices to the 2023 Noteholders shall be valid if published in a leading English language daily newspaper published in London with an international circulation (which is expected to be the *Financial Times*) and (so long as the 2023 Notes are listed on a securities market of the Luxembourg Stock Exchange and it is a requirement of applicable laws and regulations or the

rules of the Luxembourg Stock Exchange) a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange (*www.bourse.lu*) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication. 2023 Notes' Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the 2023 Noteholders.

16. **Governing Law and Jurisdiction**

- (a) *Governing law:* The 2023 Notes and the 2023 Notes' Trust Deed and any non-contractual obligations arising out of or in connection with the 2023 Notes and the 2023 Notes' Trust Deed are governed by English law except for the provisions relating to meetings of 2023 Noteholders, which are governed by Italian law.
- (b) *Jurisdiction:* The Issuer has in the 2023 Notes' Trust Deed (i) agreed for the benefit of the 2023 Notes' Trustee and the 2023 Noteholders that the courts of England shall have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the 2023 Notes (including any non-contractual obligation arising out of or in connection with the 2023 Notes); (ii) agreed that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient; (iii) designated a person in England to accept service of any process on its behalf; and (iv) consented to the enforcement of any judgment. The 2023 Notes' Trust Deed also states that nothing contained in the 2023 Notes' Trust Deed prevents the 2023 Notes' Trustee or any of the 2023 Noteholders from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction and that, to the extent allowed by law, the 2023 Notes' Trustee or any of the 2023 Noteholders may take concurrent Proceedings in any number of jurisdictions.

There will appear at the foot of the 2023 Notes' Conditions endorsed on each 2023 Note in definitive form the names and Specified Offices of the 2023 Notes' Paying Agents as set out at the end of this Prospectus.

TERMS AND CONDITIONS OF THE 2027 NOTES

The following is the text of the Terms and Conditions of the 2027 Notes, which (subject to completion and amendment) will be endorsed on each 2027 Note in definitive form. The terms and conditions applicable to any 2027 Note in global form will differ from those terms and conditions which would apply to the 2027 Notes in definitive form to the extent described in the next section of this Prospectus entitled "Summary of Provisions relating to the Notes in Global Form".

The EUR 500,000,000 1.875 per cent. Notes due 25 October 2027 (the "**2027 Notes**", which expression includes any further notes issued pursuant to 2027 Notes' Condition 14 (*Further Issues*) and forming a single series therewith) of Esselunga S.p.A. (the "**Issuer**") are subject to, and have the benefit of, a trust deed dated 25 October 2017 (as amended or supplemented from time to time, the "**2027 Notes' Trust Deed**") between the Issuer and BNP Paribas Trust Corporation UK Limited as trustee (the "**2027 Notes' Trustee**", which expression includes all persons for the time being trustee or trustees appointed under the 2027 Notes' Trust Deed) and are the subject of an agency agreement dated 25 October 2017 (as amended or supplemented from time to time, the "**2027 Notes' Paying Agency Agreement**") between the Issuer, BNP Paribas Securities Services, Luxembourg Branch as principal paying agent (the "**2027 Notes' Principal Paying Agent**", which expression includes any successor principal paying agent appointed from time to time in connection with the 2027 Notes), the paying agents named therein (together with the 2027 Notes' Principal Paying Agent, the "**2027 Notes' Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the 2027 Notes) and the 2027 Notes' Trustee. Certain provisions of these 2027 Notes' Conditions are summaries of the 2027 Notes' Trust Deed and the 2027 Notes' Paying Agency Agreement and subject to its detailed provisions. The holders of the 2027 Notes (the "**2027 Noteholders**") and the holders of the related interest coupons (the "**2027 Notes' Couponholders**" and the "**2027 Notes' Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the 2027 Notes' Trust Deed and the 2027 Notes' Paying Agency Agreement applicable to them. Copies of the 2027 Notes' Trust Deed and the 2027 Notes' Paying Agency Agreement are available for inspection by 2027 Noteholders during normal business hours at the registered office for the time being of the 2027 Notes' Trustee, being at the date hereof 10 Harewood Avenue, London NW1 6AA, United Kingdom and at the Specified Offices (as defined in the 2027 Notes' Paying Agency Agreement) of each of the 2027 Notes' Paying Agents, the initial Specified Offices of which are set out below.

1. **Form, Denomination and Title**

The 2027 Notes are in bearer form in the denominations of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000 with 2027 Notes' Coupons attached at the time of issue. Title to the 2027 Notes and the 2027 Notes' Coupons will pass by delivery. The holder of any 2027 Note or 2027 Notes' Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder. No person shall have any right to enforce any term or condition of the 2027 Notes or the 2027 Notes' Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

2. **Status**

The 2027 Notes constitute direct, general, unconditional and (subject to 2027 Notes' Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

3. **Negative Pledge**

So long as any 2027 Note remains outstanding (as defined in the 2027 Notes' Trust Deed):

- (a) the Issuer shall not create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness; and
- (b) the Issuer shall procure that none of its Subsidiaries will create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness,

without at the same time or prior thereto (i) securing the 2027 Notes equally and rateably therewith to the satisfaction of the 2027 Notes' Trustee or (ii) providing such other security for the 2027 Notes as the 2027 Notes' Trustee may in its absolute discretion consider to be not materially less beneficial to the interests of the 2027 Noteholders or as may be approved by an Extraordinary Resolution (as defined in the 2027 Notes' Trust Deed) of 2027 Noteholders.

As used in these 2027 Notes' Conditions:

"Group" means, at any time, the Issuer and its Subsidiaries at such time;

"Guarantee" means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

- (a) any obligation to purchase such Indebtedness;
- (b) 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;
- (c) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (d) any other agreement to be responsible for such Indebtedness;

"Indebtedness" means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (a) amounts raised by acceptance under any acceptance credit facility;
- (b) amounts raised under any note purchase facility;
- (c) 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;
- (d) 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 60 days; and
- (e) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

"Permitted Security Interest" means:

- (i) any Security Interest created by any member of the Group and existing as at 24 October 2017;

- (ii) any lien arising by operation of law and in the ordinary course of trading or any title transfer or retention of title arrangement entered into by a member of the Group in the ordinary course of trading;
- (iii) any Security Interest over or affecting any asset acquired by a member of the Group after 24 October 2017 if:
 - (A) the Security Interest was not created in contemplation of the acquisition of that asset by a member of the Group; and
 - (B) the principal amount secured has not been increased in contemplation of or since the acquisition of that asset by a member of the Group;
- (iv) any Security Interest over or affecting any asset of any company which becomes a member of the Group after 24 October 2017, where the Security Interest is created prior to the date on which that company becomes a member of the Group, if:
 - (A) the Security Interest was not created in contemplation of the acquisition of that company; and
 - (B) the principal amount secured has not increased in contemplation of or since the acquisition of that company;
- (v) any Security Interest arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to a member of the Group in the ordinary course of trading and on the supplier's standard or usual terms and not arising as a result of any default or omission by any member of the Group; or
- (vi) any Security Interest created in substitution of any existing Security Interest permitted pursuant to this 2027 Notes' Condition 3 over the same assets or replacement assets;

"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;

"Principal Subsidiary" means a Subsidiary the consolidated net turnover of which is at least 10 per cent. of the consolidated net turnover of the Issuer and its Subsidiaries or which owns at least 10 per cent. of the total consolidated assets of the Group, in each case calculated by reference to the latest audited consolidated accounts of the Issuer;

"Relevant Indebtedness" means any present or future Indebtedness (whether being principal, premium, interest or other amounts) which is in the form of or represented by any note, bond, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, traded, quoted, listed or dealt in on any stock exchange, over the counter or other securities market;

"Relevant 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 2027 Notes or the 2027 Notes' Coupons;

"Security Interest" means any mortgage, charge, pledge, lien or other security interest (*garanzia reale*) securing any obligation of any person, or any other agreement or

arrangement having a similar effect including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

"**Subsidiary**" means, in relation to a person which is a legal entity, another company, corporation or other type of legal entity:

- (i) which is controlled, directly or indirectly, by such person;
- (ii) more than half the issued share capital or stock of which is beneficially owned directly or indirectly by such person;
- (iii) which is a subsidiary of another Subsidiary of such person; or
- (iv) whose financial statements are in accordance with applicable law and generally accepted accounting principles applicable to such person consolidated with those of such person,

and for the purposes of this definition, a company or corporation shall be treated as being "**controlled**" by such person if the latter (whether by way of ownership of shares, capital, proxy, contract, agency or otherwise) has the power to (a) appoint or remove all, or the majority of, its directors or other equivalent officers, or (b) direct its operating and financial policies; and

"**Total Assets**" means the total assets (*totale attività*) as shown in the most recent consolidated financial statements of the Issuer.

4. **Interest**

The 2027 Notes bear interest from 25 October 2017 (the "**Issue Date**") at the rate of 1.875 per cent. per annum, (the "**Rate of Interest**") payable in arrear on 25 October in each year (each, an "**Interest Payment Date**"), subject as provided in 2027 Notes' Condition 6 (*Payments*).

Each 2027 Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such 2027 Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is seven days after the 2027 Notes' Principal Paying Agent or the 2027 Notes' Trustee has notified the 2027 Noteholders that it has received all sums due in respect of the 2027 Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

The amount of interest payable on each Interest Payment Date shall be EUR 18.75 per Calculation Amount in respect of each 2027 Note. If interest is required to be paid in respect of a 2027 Note on any other date, it shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest cent. (0.005 being rounded upwards) and multiplying such rounded figure by a fraction equal to the denomination of such 2027 Note divided by the Calculation Amount, where:

"**Calculation Amount**" means EUR 1,000;

"**Day Count Fraction**" means, in respect of any period, the number of days in the relevant period, from (and including) the first day in such period to (but excluding) the last day in such period, divided by the number of days in the Regular Period in which the relevant period falls; and

"**Regular Period**" means each period from (and including) the Issue Date or any Interest Payment Date to (but excluding) the next Interest Payment Date.

5. **Redemption and Purchase**

- (a) *Scheduled redemption:* Unless previously redeemed, or purchased and cancelled, the 2027 Notes will be redeemed at their principal amount on 25 October 2027 (the “**2027 Notes’ Maturity Date**”), subject as provided in 2027 Notes’ Condition 6 (*Payments*).
- (b) *Redemption for tax reasons:* The 2027 Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the 2027 Noteholders (which notice shall be irrevocable) at their principal amount, together with interest accrued to the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the 2027 Notes’ Trustee that:
 - (ii) the Issuer has or will become obliged to pay additional amounts as provided or referred to in 2027 Notes’ Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 24 October 2017; and
 - (iii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it;

provided, however, 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 if a payment in respect of the 2027 Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the 2027 Notes’ Trustee:

- (A) 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
- (B) an opinion in form and substance satisfactory to the 2027 Notes’ Trustee 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.

The 2027 Notes’ Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the circumstances set out in (i) and (ii) above, in which event they shall be conclusive and binding on the 2027 Noteholders.

Upon the expiry of any such notice as is referred to in this 2027 Notes’ Condition 5(b), the Issuer shall be bound to redeem the 2027 Notes in accordance with this 2027 Notes’ Condition 5(b).

- (c) *Redemption upon a Change of Control:* a Change of Control event (a “**Change of Control Event**”) will occur if, at any time while any 2027 Note remains outstanding:
 - (i) a Change of Control occurs; and

- (ii) (in the event that the 2027 Notes carry a credit rating from any Rating Agency at the time of the Change of Control) the 2027 Notes carry a credit rating which is either:
- (A) an investment grade credit rating (BBB-/Baa3/BBB-, or equivalent, or better), and such credit rating is, within 180 days of the occurrence of the Change of Control, either downgraded to a non-investment grade credit rating (BB+/Ba1/BB+, or equivalent, or worse) or withdrawn and is not, within such 180-day period, subsequently (in the case of a downgrade) upgraded to an investment grade credit rating by such Rating Agency or (in the case of a withdrawal) replaced by an investment grade credit rating from any other Rating Agency; or
 - (B) a non-investment grade credit rating (BB+/Ba1/BB+, or equivalent, or worse), and such credit rating is, within 180 days of the occurrence of the Change of Control, either downgraded by one or more notches (for illustration purposes, with respect to Moody's Ba1 to Ba2 being one notch and, with respect to Standard & Poor's, BB+ to BB being one notch) or withdrawn and is not, within such 180-day period, subsequently (in the case of a downgrade) upgraded to its earlier credit rating or better by such Rating Agency or (in the case of a withdrawal) replaced by an equivalent credit rating or better from any other Substitute Rating Agency,

and, in the case of (ii) above, in making the relevant decision(s) referred to above, the relevant Rating Agency announces publicly or confirms in writing to the Issuer and the 2027 Notes' Trustee that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control.

For the avoidance of doubt, paragraph (ii) above shall only apply in the event the 2027 Notes carry a credit rating from any Rating Agency at the time of the Change of Control and, to the extent that there is no credit rating at such time, then only paragraph (i) above shall apply for determining a Change of Control Event, and this 2027 Notes' Condition 5(c) shall be read and construed accordingly.

Promptly upon the Issuer becoming aware that a Change of Control Event has occurred and in any event within 5 business days of the occurrence of such Change of Control Event, the Issuer shall give notice of an offer (a "**Change of Control Offer**") to the 2027 Noteholders in accordance with 2027 Notes' Condition 15 (*Notices*), with a copy to the 2027 Notes' Trustee and the 2027 Notes' Principal Paying Agent, specifying (i) that a Change of Control Event has occurred, (ii) that each 2027 Noteholder is entitled to request that the Issuer redeem or repurchase the 2027 Notes of such holder at 100 per cent. of their principal amount, plus accrued and unpaid interest, if any, to the date of purchase, (iii) the nature of the Change of Control Event, (iv) the circumstances giving rise to the Change of Control Event, and (v) the procedure for accepting the Change of Control Offer.

In order to accept the Change of Control Offer, the holder of a 2027 Note must upon the occurrence of a Change of Control Event and in any event within the period ending 60 days after such occurrence or, if later, 60 days after the date on which notice of the Change of Control Offer is given to 2027 Noteholders in accordance with 2027 Notes' Condition 15 (*Notices*) (the "**Change of Control Offer Period**"), deposit with any 2027 Notes' Paying Agent such 2027 Note together with all unmatured 2027 Notes' Coupons relating thereto and a duly completed Change of Control Offer Acceptance notice (a "**Change of Control Offer Acceptance Notice**") in the form obtainable from any 2027 Notes' Paying Agent stating that such 2027 Noteholder requests early redemption of all or some of its 2027 Notes pursuant to this paragraph (c). Subject to the deposit of any such 2027 Notes to the account of a 2027

Notes' Paying Agent as described above, and to the delivery by the Issuer to the 2027 Notes' Trustee of a certificate signed by a duly authorised officer of the Issuer stating the aggregate principal amount of 2027 Notes or portions thereof being purchased by the Issuer in the Change of Control Offer, the Issuer shall redeem the 2027 Notes in respect of which the Change of Control Offer has been validly accepted as provided above on the date which is the 15th business day following the end of the Change of Control Offer Period (a "**Change of Control Offer Settlement Date**").

The 2027 Notes' Paying Agent with which a 2027 Note is so deposited shall deliver a duly completed receipt for such 2027 Note (a "**Change of Control Offer Receipt**") to the depositing Noteholder. No 2027 Note, once deposited with a duly completed Change of Control Offer Acceptance Notice in accordance with this 2027 Notes' Condition 5(c), may be withdrawn; *provided, however, that* if, prior to the relevant Change of Control Offer Settlement Date, any such 2027 Note becomes immediately due and payable or, upon due presentation of any such 2027 Note on the relevant Change of Control Offer Settlement Date, payment of the redemption moneys is improperly withheld or refused, the relevant 2027 Notes' Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such 2027 Noteholder in the relevant Change of Control Offer Acceptance Notice and shall hold such 2027 Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Change of Control Offer Receipt. For so long as any outstanding Note is held by a 2027 Notes' Paying Agent in accordance with this 2027 Notes' Condition 5(c), the depositor of such 2027 Note and not such 2027 Notes' Paying Agent shall be deemed to be the holder of such 2027 Note for all purposes.

- (d) *Redemption at the Option of the Issuer from (and including) 25 July 2027:* The Issuer may, having given not less than 15 nor more than 30 days' notice to the 2027 Noteholders in accordance with 2027 Notes' Condition 15 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all, but not some only, of the 2027 Notes, at their principal amount together with interest accrued to, but excluding, the date fixed for redemption, at any time during the period starting on (and including) 25 July 2027 up to (but excluding) the 2023 Notes' Maturity Date.
- (e) *Clean-Up Call Option:* In the event that at least 85 per cent. of the aggregate principal amount of the 2027 Notes has been purchased and cancelled by the Issuer, the Issuer may, at its option (the "**Clean-Up Call Option**") but subject to having given not less than 30 nor more than 60 days' notice to the 2027 Noteholders, redeem all, but not some only, of the outstanding 2027 Notes. Any such redemption of 2027 Notes shall be at 100 per cent. of their principal amount, together with interest accrued to the date fixed for redemption.
- (f) *No other redemption:* The Issuer shall not be entitled to redeem the 2027 Notes otherwise than as provided in paragraphs (a) (*Scheduled redemption*) to (e) (*Clean-Up Call Option*) above.
- (g) *Purchase:* The Issuer or any of its Subsidiaries may at any time purchase 2027 Notes in the open market or otherwise and at any price, *provided that* all unmatured 2027 Notes' Coupons are purchased therewith, and at the option of the Issuer or any such Subsidiaries any 2027 Notes so purchased may be retained or cancelled.
- (h) *Cancellation:* All 2027 Notes so redeemed by the Issuer or any of its Subsidiaries and any unmatured 2027 Notes' Coupons attached to or surrendered with them shall be cancelled and may not be held, reissued or resold.

In these 2027 Notes' Conditions:

"Acting in Concert" means a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition directly or indirectly of shares in the Issuer by any of them, either directly or indirectly, to obtain Control of the Issuer, provided that no group of persons shall be deemed to be Acting in Concert in any transaction where the Principal Shareholder retains Control;

a **"Change of Control"** will be deemed to occur if any person or group of persons Acting in Concert (in each case, other than the members of the Principal Shareholder, jointly or severally) gains direct or indirect Control of the Issuer;

"Control" means the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to, directly or indirectly (a) cast more than one-half of the maximum number of votes that might be cast at a general meeting of the Issuer; or (b) appoint or remove all, or the majority, of the directors or other equivalent officers of the Issuer; or (c) give directions with respect to the operating and financial policies of the Issuer, with which the directors or other equivalent officers of the Issuer are obliged to comply;

"Principal Shareholder" means Giuliana Albera Caprotti and Marina Sylvia Caprotti, together with their respective spouses, children and grandchildren and any person, legal entity or trust controlled directly or indirectly by the foregoing, taken as a whole or of which the foregoing are the ultimate beneficiaries, taken as a whole; and

"Rating Agency" means Standard & Poor's Credit Market Services Europe Limited (**"Standard & Poor's"**) and Moody's Investor Services Limited (**"Moody's"**) or any of their respective successors or any rating agency (a **"Substitute Rating Agency"**) substituted for any of them by the Issuer from time to time with the prior written approval of the 2027 Notes' Trustee, such approval not to be unreasonably withheld or delayed.

6. **Payments**

(a) *Principal:* Payments of principal shall be made only against presentation and (*provided that* payment is made in full) surrender of 2027 Notes at the Specified Office of any 2027 Notes' Paying Agent outside the United States by Euro cheque drawn on, or by transfer to a Euro account (or other account to which Euro may be credited or transferred) maintained by the payee with, a bank in a city in which banks have access to the TARGET System.

(b) *Interest:* Payments of interest shall, subject to paragraph (g) (*Payments other than in respect of matured 2027 Notes' Coupons*) below, be made only against presentation and (*provided that* payment is made in full) surrender of the appropriate 2027 Notes' Coupons at the Specified Office of any 2027 Notes' Paying Agent outside the United States in the manner described in paragraph (a) (*Principal*) above.

(c) *Interpretation:* In these 2027 Notes' Conditions:

"TARGET2" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

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

"TARGET System" means the TARGET2 system.

(d) *Payments subject to fiscal laws:* All payments in respect of the 2027 Notes made in accordance with these 2027 Notes' Conditions shall be subject to:

- (i) any applicable fiscal or other laws, regulations and directives applicable thereto; and,
- (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, any intergovernmental agreement in place between the United States and another jurisdiction facilitating the implementation thereof, or any law implementing an intergovernmental approach thereto,

but, in any case, without prejudice to the provisions of 2027 Notes' Condition 7 (*Taxation*). No commissions or expenses shall be charged to the 2027 Noteholders or 2027 Notes' Couponholders in respect of such payments.

- (e) *Deduction for unmatured 2027 Notes' Coupons:* If a 2027 Note is presented without all unmatured 2027 Notes' Coupons relating thereto, a sum equal to the aggregate amount of the missing 2027 Notes' Coupons will be deducted from the amount of principal due for payment; provided, however, that, if the gross amount available for payment is less than the outstanding principal amount of such 2027 Note, the sum deducted will be that proportion of the aggregate amount of such missing 2027 Notes' Coupons which the gross amount actually available for payment bears to the outstanding principal amount of such 2027 Note. Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) (*Principal*) above against presentation and (provided that payment is made in full) surrender of the relevant missing 2027 Notes' Coupons.
- (f) *Payments on business days:* If the due date for payment of any amount in respect of any 2027 Note or 2027 Notes' Coupon is not a business day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding business day in such place and shall not be entitled to any further interest or other payment in respect of any such delay. In these 2027 Notes' Conditions, "**business day**" means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to a Euro account as referred to above, on which the TARGET System is open.
- (g) *Payments other than in respect of matured 2027 Notes' Coupons:* Payments of interest other than in respect of matured 2027 Notes' Coupons shall be made only against presentation of the relevant 2027 Notes at the Specified Office of any 2027 Notes' Paying Agent outside the United States.
- (h) *Partial payments:* If a 2027 Notes' Paying Agent makes a partial payment in respect of any 2027 Note or 2027 Notes' Coupon presented to it for payment, such 2027 Notes' Paying Agent will endorse thereon a statement indicating the amount and the date of such payment.

7. **Taxation**

All payments of principal (if applicable) and interest in respect of the 2027 Notes and the 2027 Notes' Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or on behalf of any Relevant Jurisdiction, unless the withholding or deduction of Taxes is required by law. In that event, the Issuer shall pay such additional amounts as may be necessary in order that the net amounts received by the 2027

Noteholders and 2027 Notes' Couponholders after such withholding or deduction shall be equal to the amounts of principal (if applicable) and interest which would have been received in respect of the 2027 Notes or the 2027 Notes' Coupons in the absence of such withholding or deduction, except that no such additional amounts shall be payable in respect of any 2027 Note or 2027 Notes' Coupon:

- (a) presented for payment by, or by a third party on behalf of, the holder who is liable to such Taxes in respect of such 2027 Note or 2027 Notes' Coupon by reason of it having some connection with the Relevant Jurisdiction other than a mere holding of the 2027 Note or the 2027 Notes' Coupon; or
- (b) presented for payment in the Relevant Jurisdiction; or
- (c) presented for payment by or on behalf of a holder of 2027 Notes or 2027 Notes' Coupons who would have been able to avoid such withholding or deduction by making a declaration of non-residence or other similar claim for an exemption; or
- (d) requested more than 30 days after the Relevant Date except to the extent that a holder of such 2027 Note or 2027 Notes' Coupon would have been entitled to such additional amounts on presenting such 2027 Note or 2027 Notes' Coupon for payment on the last day of the period of 30 days; or
- (e) in relation to any payment or deduction on principal, interest or other proceeds of any 2027 Note on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of 1 April 1996, as amended or supplemented from time to time, or related implementing regulations (the "**Decree No. 239**"); or
- (f) in circumstances in which the formalities to obtain an exemption from *imposta sostitutiva* under Decree No. 239 have not been complied with, except where such formalities have not been complied with due to the actions or omissions of the Issuer or its agents.

The Issuer will have no obligation to pay additional amounts or otherwise indemnify an investor for any amounts required to be withheld or deducted pursuant to Sections 1471 through 1474 of the Code, any regulation or agreements thereunder, any official interpretations thereof, any intergovernmental agreement in place between the United States and another jurisdiction facilitating the implementation thereof or any law implementing an intergovernmental approach thereto to be deducted or withheld by the Issuer, the paying agent or any other party.

In these 2027 Notes' Conditions, "**Relevant Date**" means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received in a city in which banks have access to the TARGET System by the 2027 Notes' Principal Paying Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the 2027 Noteholders, and "**Relevant 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 2027 Notes or the 2027 Notes' Coupons.

Any reference in these 2027 Notes' Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this 2027 Notes' Condition 7 (*Taxation*) or any undertaking given in addition to or in substitution of this 2027 Notes' Condition 7 (*Taxation*) pursuant to the 2027 Notes' Trust Deed.

If the Issuer becomes subject at any time to any taxing jurisdiction other than the Republic of Italy, references in these 2027 Notes' Conditions to the Republic of Italy shall be construed as references to the Republic of Italy and/or such other jurisdiction.

8. **Events of Default**

If any of the following events occurs then the 2027 Notes' Trustee at its discretion may and, if so requested in writing by holders of at least one quarter of the aggregate principal amount of the outstanding 2027 Notes or if so directed by an Extraordinary Resolution, shall (subject to the 2027 Notes' Trustee having been indemnified and/or prefunded and/or provided with security to its satisfaction) give written notice to the Issuer declaring the 2027 Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality:

- (a) *Non-payment:* the Issuer fails to pay any amount of principal in respect of the 2027 Notes on the due date for payment thereof or fails to pay any amount of interest in respect of the 2027 Notes within three days of the due date for payment thereof; 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 2027 Notes or the 2027 Notes' Trust Deed and such default (i) is, in the opinion of the 2027 Notes' Trustee, incapable of remedy or (ii) being a default which is, in the opinion of the 2027 Notes' Trustee, capable of remedy remains unremedied for 30 days or such longer period as the 2027 Notes' Trustee may agree after the 2027 Notes' Trustee has given written notice thereof to the Issuer; or
- (c) *Cross-default of Issuer or Subsidiary:*
 - (i) any Indebtedness of the Issuer or any of its Subsidiaries is not paid on the due date for payment as extended by any originally applicable grace period; or
 - (ii) any Indebtedness of the Issuer or any of its Subsidiaries is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described); or
 - (iii) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Indebtedness,

provided that no Event of Default will occur under this paragraph (c) if the aggregate amount of Indebtedness or Guarantee falling within sub-paragraphs (i) to (iii) above is less than Euro 50,000,000 (or its equivalent in any other currency or currencies); or

- (d) *Unsatisfied judgment:* 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) for the payment of any amount in excess of Euro 30,000,000 (or its equivalent in any other currency or currencies) is rendered against the Issuer or any Principal Subsidiary and continue(s) unsatisfied and unstayed for a period of 60 days after the date(s) specified for payment; or
- (e) *Security enforced:* a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any part of the undertaking, assets and revenues of the Issuer or any Principal Subsidiary *provided that* no Event of Default will occur under this paragraph (e) if the aggregate amount of the undertaking, assets and revenues above is less than Euro 30,000,000 (or its equivalent in any other currency or currencies); or

- (f) *Insolvency, etc.*: (i) the Issuer or any Principal Subsidiary becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator is appointed (or application for any such appointment is made) in respect of the Issuer or any Principal Subsidiary or the whole or any part of the undertaking, assets and revenues of the Issuer or any Principal Subsidiary (other than for the purposes of, or pursuant to, a Permitted Reorganisation), or (iii) the Issuer or any Principal Subsidiary takes any action for a readjustment or deferment of any of its obligations, or makes a general assignment or an arrangement or composition with or for the benefit of its creditors, or declares a moratorium, in each case in respect of any of its Indebtedness or any Guarantee in respect of any Indebtedness given by it; or
- (g) *Cessation of business*: if the Issuer or any Principal Subsidiary ceases, threatens to cease or announces that it shall cease to carry on the whole or substantially the whole of its business or operations (otherwise than for the purposes of, or pursuant to, a Permitted Reorganisation); or
- (h) *Winding up, etc.*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any Principal Subsidiary (otherwise than for the purposes of, or pursuant to, a Permitted Reorganisation); or
- (i) *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 (d) (*Unsatisfied judgment*) to (h) (*Winding up, etc.*) above; or
- (j) *Failure to take action, etc.*: any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the 2027 Notes, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the 2027 Notes or the 2027 Notes' Coupons and the 2027 Notes' Trust Deed admissible in evidence in the courts of the Republic of Italy is not taken, fulfilled or done; or
- (k) *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 2027 Notes or the 2027 Notes' Trust Deed.

In these 2027 Notes' Conditions:

"Permitted Reorganisation" means:

- (i) in the case of the Issuer and to the extent the Issuer is not the surviving entity, any reorganisation, amalgamation, merger, demerger, consolidation, contribution in kind or restructuring or other similar transaction, in each case whilst solvent whereby all or Substantially All of the Issuer's assets and undertaking are transferred, sold, contributed, assigned or otherwise vested in a body corporate that is in good standing, validly organized and existing under the laws of the Republic of Italy, and (i) such body corporate continues to carry on all or Substantially All of the business of the Issuer and (ii) such body corporate assumes as principal debtor in respect of the 2027 Notes and the 2027 Notes' Coupons, and an opinion of an independent legal adviser of recognised standing in the Republic of Italy has been delivered to the 2027 Notes' Trustee confirming the same prior to the effective date of such Permitted Reorganisation; or
- (ii) in the case of any Subsidiary, any reorganisation, amalgamation, merger, demerger, consolidation, contribution in kind or restructuring or other similar transaction, in each case whilst solvent whereby all or a Substantial Part of the assets and

undertaking of such Subsidiary are transferred, sold, contributed, assigned or otherwise vested in the Issuer and/or another Subsidiary of the Issuer; or

- (iii) any reorganisation, amalgamation, merger, demerger, consolidation, contribution in kind or restructuring or other similar transaction, in each case whilst solvent, on terms previously approved by an Extraordinary Resolution; and

“**Substantially All**” shall mean 80 per cent. or more; and

a “**Substantial Part**” of the assets and undertaking of any Subsidiary shall mean such assets, undertaking as account for at least 20 per cent. of the total assets of such Subsidiary calculated by reference to its latest annual financial statement (whether or not audited).

9. **Prescription**

Claims for principal shall become void unless the relevant 2027 Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant 2027 Notes’ Coupons are presented for payment within five years of the appropriate Relevant Date.

10. **Replacement of Notes and Coupons**

If any 2027 Note or 2027 Notes’ Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the 2027 Notes’ Principal Paying Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced 2027 Notes or 2027 Notes’ Coupons must be surrendered before replacements will be issued.

11. **Trustee and Paying Agents**

Under the 2027 Notes’ Trust Deed, the 2027 Notes’ Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid its costs and expenses in priority to the claims of the 2027 Noteholders. In addition, the 2027 Notes’ Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

In the exercise of its powers and discretions under these 2027 Notes’ Conditions and the 2027 Notes’ Trust Deed, the 2027 Notes’ Trustee will have regard to the interests of the 2027 Noteholders as a class and will not be responsible for any consequence for individual holders of 2027 Notes or 2027 Notes’ Coupons as a result of such holders being connected in any way with a particular territory or taxing jurisdiction.

In acting under the 2027 Notes’ Paying Agency Agreement and in connection with the 2027 Notes and the 2027 Notes’ Coupons, the 2027 Notes’ Paying Agents act solely as agents of the Issuer and (to the extent provided therein) the 2027 Notes’ Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the 2027 Noteholders or 2027 Notes’ Couponholders.

The initial 2027 Notes’ Paying Agents and their initial Specified Offices are listed below. The Issuer reserves the right (with the prior approval of the 2027 Notes’ Trustee) at any time to vary or terminate the appointment of any 2027 Notes’ Paying Agent and to appoint a successor principal paying agent and additional or successor paying agents; provided, however, that the Issuer shall at all times maintain a principal paying agent.

Notice of any change in any of the 2027 Notes’ Paying Agents or in their Specified Offices shall promptly be given to the 2027 Noteholders.

12. Meetings of Noteholders; Modification and Waiver

- (a) *Meetings of 2027 Noteholders:* The 2027 Notes' Trust Deed contains provisions for convening meetings of 2027 Noteholders to consider matters relating to the 2027 Notes, including the modification of any provision of these 2027 Notes' Conditions or the 2027 Notes' Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution.

In relation to the convening of meetings, quorums and the majorities required to pass an Extraordinary Resolution, the following provisions shall apply in respect of the 2027 Notes but are subject to compliance with mandatory laws, legislation, rules and regulations of Italy in force from time to time and, where applicable Italian law so requires, the Issuer's by-laws:

- (i) a meeting of 2027 Noteholders may be convened by the Issuer (through its board of directors (*consiglio di amministrazione*) and/or by the 2027 Noteholders' Representative (as defined below) and shall be convened upon the request in writing of 2027 Noteholders holding not less than one-twentieth of the aggregate principal amount of the outstanding 2027 Notes;
- (ii) a meeting of 2027 Noteholders will be validly held 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 2027 Noteholders holding at least one-half of the aggregate principal amount of the outstanding 2027 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 first meeting (*prima convocazione*), there are one or more persons present being or representing 2027 Noteholders holding at least one-half of the aggregate principal amount of the outstanding 2027 Notes, (ii) in the case of a second meeting (*seconda convocazione*) or of any subsequent adjourned meeting (*convocazioni successive*) (together a "**Second or Further Meeting**"), there are one or more persons present being or representing 2027 Noteholders holding more than one-third of the aggregate principal amount of the outstanding 2027 Notes; provided that the Issuer's by-laws may in each case (to the extent permitted under the applicable laws and regulations of the Republic of Italy) provide for a higher quorum; and
- (iii) the majority required to pass an Extraordinary Resolution at any meeting (including, where applicable, any adjourned meeting) convened to vote on any resolution will be (a) for voting on any matter other than a Reserved Matter, more than one half of the aggregate principal amount of the outstanding 2027 Notes or in the case of a Second or Further Meeting, at least two thirds of the aggregate principal amount of the outstanding 2027 Notes represented at the Meeting or (b) for voting on a Reserved Matter, the higher of (i) one or more persons holding or representing not less than one half of the aggregate principal amount of the outstanding 2027 Notes, and (ii) one or more persons holding or representing not less than two thirds of the 2027 Notes represented at the meeting, *provided that*, to the extent permitted under applicable provisions of Italian law, the Issuer's by-laws may in each case provide for higher majorities. Any resolution duly passed at any such meeting shall be binding on all the 2027 Noteholders, whether or not they are present at the meeting and on all 2027 Notes' Couponholders.

In this 2027 Notes' Condition 12 (*Meetings of 2027 Noteholders; Modification*), "**Reserved Matter**" and "**Extraordinary Resolution**" have the meaning given to such terms in the 2027 Notes' Trust Deed.

- (b) *2027 Noteholders' Representative:* Pursuant to Articles 2415 and 2417 of the Italian Civil Code, a representative of the 2027 Noteholders (*rappresentante comune degli obbligazionisti* or "**2027 Noteholders' Representative**") may be appointed, inter alia, to represent the interests of 2027 Noteholders, such appointment to be made by an

Extraordinary Resolution or by an order of a competent court at the request of one or more 2027 Noteholders or by the directors of the Issuer. Each such 2027 Noteholders' Representative shall have the powers and duties set out in Article 2418 of the Italian Civil Code.

- (c) *Modification and waiver:* The 2027 Notes' Trustee may, without the consent of the 2027 Noteholders or the 2027 Notes' Couponholders, agree to any modification of these 2027 Notes' Conditions or the 2027 Notes' Trust Deed (other than in respect of a Reserved Matter) which is, in the opinion of the 2027 Notes' Trustee, proper to make if, in the opinion of the 2027 Notes' Trustee, such modification will not be materially prejudicial to the interests of 2027 Noteholders and to any modification of the 2027 Notes or the 2027 Notes' Trust Deed which is of a formal, minor or technical nature or is to correct a manifest error. In addition, the 2027 Notes' Trustee may, without the consent of the 2027 Noteholders or the 2027 Notes' Couponholders, authorise or waive any proposed breach or breach of the 2027 Notes or the 2027 Notes' Trust Deed (other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the opinion of the 2027 Notes' Trustee, the interests of the 2027 Noteholders will not be materially prejudiced thereby.

Unless the 2027 Notes' Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified to the 2027 Noteholders as soon as practicable thereafter.

13. **Enforcement**

The 2027 Notes' Trustee may at any time, at its discretion and without notice, institute such proceedings as it thinks fit to enforce its rights under the 2027 Notes' Trust Deed in respect of the 2027 Notes, but it shall not be bound to do so unless:

- (a) it has been so requested in writing by the holders of at least one quarter of the aggregate principal amount of the outstanding 2027 Notes or has been so directed by an Extraordinary Resolution; and
- (b) it has been indemnified and/or prefunded and/ or provided with security to its satisfaction.

No 2027 Noteholder may proceed directly against the Issuer unless the 2027 Notes' Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

14. **Further Issues**

The Issuer may from time to time, without the consent of the 2027 Noteholders or the 2027 Notes' Couponholders and in accordance with the 2027 Notes' Trust Deed, create and issue further notes having the same terms and conditions as the 2027 Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the 2027 Notes. The Issuer may from time to time, with the consent of the 2027 Notes' Trustee, create and issue other series of notes having the benefit of the 2027 Notes' Trust Deed.

15. **Notices**

Notices to the 2027 Noteholders shall be valid if published in a leading English language daily newspaper published in London with an international circulation (which is expected to be the *Financial Times*) and (so long as the 2027 Notes are listed on a securities market of the Luxembourg Stock Exchange and it is a requirement of applicable laws and regulations or the rules of the Luxembourg Stock Exchange) a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange (www.bourse.ie) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such

notice shall be deemed to have been given on the date of first publication. 2027 Notes' Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the 2027 Noteholders.

16. **Governing Law and Jurisdiction**

- (a) *Governing law:* The 2027 Notes and the 2027 Notes' Trust Deed and any non-contractual obligations arising out of or in connection with the 2027 Notes and the 2027 Notes' Trust Deed are governed by English law except for the provisions relating to meetings of 2027 Noteholders, which are governed by Italian law.
- (b) *Jurisdiction:* The Issuer has in the 2027 Notes' Trust Deed (i) agreed for the benefit of the 2027 Notes' Trustee and the 2027 Noteholders that the courts of England shall have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the 2027 Notes (including any non-contractual obligation arising out of or in connection with the 2027 Notes); (ii) agreed that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient; (iii) designated a person in England to accept service of any process on its behalf; and (iv) consented to the enforcement of any judgment. The 2027 Notes' Trust Deed also states that nothing contained in the 2027 Notes' Trust Deed prevents the 2027 Notes' Trustee or any of the 2027 Noteholders from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction and that, to the extent allowed by law, the 2027 Notes' Trustee or any of the 2027 Noteholders may take concurrent Proceedings in any number of jurisdictions.

There will appear at the foot of the 2027 Notes' Conditions endorsed on each 2027 Note in definitive form the names and Specified Offices of the 2027 Notes' Paying Agents as set out at the end of this Prospectus.

SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

*The following is a summary of the provisions to be contained in the Temporary Global Note and the Permanent Global Note of each of the 2023 Notes and the 2027 Notes (each, a “**Global Note**”) which will apply to, and in some cases modify, the Terms and Conditions of the 2023 Notes and the Terms and Conditions of the 2027 Notes while each of the Series of Notes is represented by a Global Note.*

The Temporary Global Note and the Permanent Global Note of each of the 2023 Notes and the 2027 Notes (each, a “**Global Note**”) contain provisions which apply to the Notes while they are in global form, some of which modify the effect of the Conditions of the Notes set out in this Prospectus. Beneficial interests in a Permanent Global Note will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and/or Clearstream, Luxembourg. Each Global Note will be issued in NGN form. On 13 June 2006, the European Central Bank (the “**ECB**”) announced that notes in NGN form are in compliance with the “Standards for the use of EU securities settlement systems in ESCB credit operations” of the central banking system for the euro (the “**Eurosystem**”), *provided that* certain other criteria are fulfilled. At the same time, the ECB also announced that arrangements for notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

The following is a summary of certain of those provisions, as applicable to each Series of Notes:

Exchange for Permanent Global Note and Definitive Notes

- (a) Each Temporary Global Note will be exchangeable, in whole or in part, for a Permanent Global Note not earlier than forty (40) days after the Closing Date upon certification as to non-U.S. beneficial ownership.
- (b) Each Permanent Global Note is exchangeable in whole, but not in part, for definitive bearer Notes in the denomination of €100,000 each and integral multiples of €1,000 in excess thereof, up to and including €199,000 each, only if (i) it is held on behalf of Euroclear or Clearstream, Luxembourg, and any such Clearing System is closed for business for a continuous period of fourteen (14) days (other than by reason of holidays, statutory or otherwise) or announces an intention to permanently cease business or does in fact do so; or (ii) an Event of Default (as defined in the 2023 Notes’ Condition 8 (Events of Default) and 2027 Notes’ Condition 8 (*Events of Default*)) occurs.

If principal in respect of any Notes is not paid when due and payable, the holder of a Permanent Global Note may by notice to the Paying Agent require the exchange of a specified principal amount of a Permanent Global Note (which may be equal to or (*provided that*, if a Permanent Global Note is held by or on behalf of a Clearing System, that Clearing System agrees) less than the outstanding principal amount of Notes represented thereby) for definitive Notes on or after the exchange date specified in such notice.

On or after any exchange into definitive Notes the holder of a Permanent Global Note may surrender such Permanent Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Paying Agent. In exchange for a Permanent Global Note, or the part thereof to be exchanged, the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated definitive Notes in bearer form (having attached to them all Coupons in respect of interest which has not already been paid on such Permanent Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Trust Deed. On exchange in full of a Permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with any relevant definitive Notes.

Payments

No payment will be made on a Temporary Global Note unless exchange for an interest in relevant Permanent Global Note is improperly withheld or refused, *provided that*, in the case of an improper withholding of, or refusal to exchange, an interest in such Permanent Global Note, a certificate of non-U.S. beneficial ownership has been properly provided.

Payments of principal and interest in respect of Notes represented by a Permanent Global Note will be made against presentation for endorsement and, if no further payment fails to be made in respect of the Notes, surrender of such Permanent Global Note to or to the order of the Paying Agent as shall have been notified to the Noteholders for such purpose, and may be made, at the direction of the holder of such Permanent Global Note, to the relevant Clearing Systems for credit to the account or accounts of the accountholder or accountholders appearing in the records of the relevant Clearing System as having Notes credited to them. The Issuer shall procure that a record of each payment made in respect of each Permanent Global Note shall be made by the relevant Clearing Systems.

Payments on Business Days

In the case of all payments made in respect of a Temporary Global Note and a Permanent Global Note, “**business day**” means any in relation to any place, 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 that place.

Notices

Notices shall be given as provided in the 2023 Notes’ Condition 15 (*Notices*) and the 2027 Notes’ Condition 15 (*Notices*), save that so long as the relevant Notes are represented by a Temporary Global Note or Permanent Global Note and such Temporary Global Note or Permanent Global Note is held on behalf of a Clearing System, notices to Noteholders may be given by delivery of the relevant notice to the relevant Clearing System for communication to the relevant Accountholders (as defined below) rather than by publication as required by the 2023 Notes’ Condition 15 (*Notices*) and the 2027 Notes’ Condition 15 (*Notices*), *provided, however*, that so long as the Notes are admitted to trading on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, such notices will also be published in a leading newspaper having general circulation in the Grand Duchy of Luxembourg or be published on the website of the Luxembourg Stock Exchange (www.bourse.lu). Any notice delivered to Euroclear and/or Clearstream, Luxembourg shall be deemed to have been given to Noteholders on the date on which such notice is delivered to the relevant Clearing System.

Purchase and Cancellation

Cancellation of any Note to be cancelled following its purchase by the Issuer will be effected by a reduction in the principal amount of the relevant Global Note.

Prescription

Claims against the Issuer in respect of principal, premium and interest on the Notes while the Notes are represented by a Permanent Global Note will become void unless it is presented for payment within a period of ten (10) years (in the case of principal) and five (5) years (in the case of interest) from the appropriate Relevant Date (as defined in the 2023 Notes’ Condition 7 (*Taxation*) and 2027 Notes’ Condition 7 (*Taxation*)).

Redemption upon a Change of Control

In order to accept a “Change of Control Offer” under the 2023 Notes’ Condition 5(c) (*Redemption upon a Change of Control*), the holder of a 2023 Note must deposit with any 2023 Notes’ Paying Agent such 2023 Note together with all unmatured 2023 Notes’ Coupons relating thereto and a duly completed notice stating that such 2023 Noteholder requests early redemption of all or some of its 2023 Notes pursuant to the 2023 Notes’ Condition 5(c) (*Redemption upon a Change of Control*) and within the time limits specified therein.

In order to accept a “Change of Control Offer” under the 2027 Notes’ Condition 5(c) (*Redemption upon a Change of Control*), the holder of a 2027 Note must deposit with any 2027 Notes’ Paying Agent such 2027 Note together with all unmatured 2027 Notes’ Coupons relating thereto and a duly completed notice stating that such 2027 Noteholder requests early redemption of all or some of its 2027 Notes pursuant to the 2027 Notes’ Condition 5(c) (*Redemption upon a Change of Control*) and within the time limits specified therein.

Redemption for Taxation Reasons, Redemption at the Option of the Issuer and Clean-Up Call Option

The options of the Issuer provided for in the 2023 Notes’ Conditions 5(b) (*Redemption for tax reasons*), 5(d) (*Redemption at the option of the Issuer from (and including) 25 July 2023*) and 5(e) (*Clean-Up Call Option*) shall be exercised by the Issuer giving notice to the 2023 Noteholders within the time limits set out in, and containing the information required by, the relevant Condition.

The options of the Issuer provided for in the 2027 Notes’ Conditions 5(b) (*Redemption for tax reasons*), 5(d) (*Redemption at the option of the Issuer from (and including) 25 July 2027*) and 5(e) (*Clean-Up Call Option*) shall be exercised by the Issuer giving notice to the 2027 Noteholders within the time limits set out in, and containing the information required by, the relevant Condition.

Authentication and Effectuation

Neither a Temporary Global Note nor a Permanent Global Note shall become valid or enforceable for any purpose unless and until it has been authenticated by or on behalf of the Paying Agent and effectuated by the entity appointed as Common Safekeeper by Euroclear and/or Clearstream, Luxembourg.

Accountholders

For so long as any of the Notes is represented by a Permanent Global Note or by a Permanent Global Note and Temporary Global Note and such Global Note(s) is/are held on behalf of the relevant Clearing Systems, each person (other than a relevant Clearing System) who is for the time being shown in the records of a relevant Clearing System as the holder of a particular principal amount of Notes (each an “**Accountholder**”) (in which regard any certificate or other document issued by a relevant Clearing System as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the holder of that principal amount for all purposes (including but not limited to, for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders and giving notice to the Issuer pursuant to the 2023 Notes’ Condition 5 (c) (*Redemption upon a Change of Control*) and 2023 Notes’ Condition 8 (*Events of Default*) or to the 2027 Notes’ Condition 5 (c) (*Redemption upon a Change of Control*) and 2027 Notes’ Condition 8 (*Events of Default*), as appropriate) other than with respect to the payment of principal and interest on the Notes, the right to which shall be vested, as against the Issuer and the Trustee, solely in the bearer of the relevant Permanent Global Note in accordance with and subject to its terms and the terms of the Trust Deed. Each Accountholder must look solely to the

relevant Clearing Systems for its share of each payment made to the bearer of a Permanent Global Note.

Eligibility of the Notes for Eurosystem Monetary Policy

The Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Notes are upon issue deposited with one of the international central securities depositories (“**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 (Eurosystem Eligible Collateral) either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria and other obligations (including the provision of further information) as specified by the ECB from time to time. As of the date of this Prospectus, one of the Eurosystem eligibility criteria for debt securities is an investment grade rating and, accordingly, as the Notes have an investment grade rating, they are expected to satisfy the requirements for Eurosystem eligibility.

USE OF PROCEEDS

The net proceeds of the issue of the 2023 Notes and the 2027 Notes will be used to repay the Term Facility Agreement and any amount remaining following said repayment will be used for general corporate purposes. See “*Description of the Issuer—Financing—Term Facility Agreement dated 21 June 2017*”.

SELECTED CONSOLIDATED FINANCIAL INFORMATION RELATING TO THE GROUP

The following tables contain the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in shareholders' equity of the Group as of and for the years ended 31 December 2016 and 2015, and as of and for the six months ended 30 June 2017, derived from the Issuer's audited consolidated financial statements as of and for the year ended 31 December 2016 and 2015 and from the unaudited interim condensed consolidated financial statements of the Issuer as of and for the six months ended 30 June 2017.

The audited consolidated annual financial statements of the Group as of and for the year ended 31 December 2016 (the “**Esselunga 2016 Consolidated Financial Statements**”) were approved by the Board of Directors of the Issuer on 22 March 2017. The audited consolidated annual financial statements of the Group as of and for the year ended 31 December 2015 (the “**Esselunga 2015 Consolidated Financial Statements**”) were approved by the Board of Directors of the Issuer on 23 March 2016. The unaudited consolidated interim financial statements of the Group as of and for the six months ended 30 June 2017 (the “**Unaudited Esselunga June 2017 Interim Condensed Consolidated Financial Statements**”) were approved by the Board of Directors of the Issuer on 12 September 2017.

This information should be read in conjunction with, and is qualified in its entirety by reference to the Issuer's consolidated annual financial statements as of and for the years ended 31 December 2016 and 2015, as well as the unaudited interim condensed consolidated financial statements of the Group as of and for the six months ended 30 June 2017, together with the accompanying notes and auditors' reports, all of which are incorporated by reference in this Prospectus. See “*Documents Incorporated by Reference*”.

All of the above financial statements are prepared in accordance with IFRS as adopted by the European Union (the “**EU-IFRS**”) and (with the exception of the Unaudited Esselunga June 2017 Interim Condensed Consolidated Financial Statements) have been audited by the Issuer's independent auditors, PricewaterhouseCoopers S.p.A. The tables below are translated into English from the original Italian.

Consolidated statement of financial position

	As of 31 December		As of 30 June
	2016	2015	2017
	(in € thousands)		
ASSETS			Unaudited
Non-current assets			
Property, plant and equipment	3,074,402	2,882,660	3,166,075
Investment property	182,900	158,787	183,920
Goodwill	6,586	6,586	6,586
Intangible assets	156,599	158,168	161,189
Equity investments accounted using the equity method	-	-	646,794
Equity investments in other companies	196	46,646	196
Deferred tax assets and liabilities	65,768	88,539	69,378
Other receivables and other non-current assets	76,839	74,783	119,476
Total non-current assets	3,563,290	3,416,169	4,353,614
Current assets			
Closing inventories	394,419	389,732	416,526
Trade receivables	429,558	435,012	341,401
Current tax receivables	19,253	14,914	1,582
Other receivables and other current assets	53,189	62,260	59,390
Cash and cash equivalents	305,470	284,672	284,079
Total current assets	1,201,889	1,186,590	1,102,978
Assets held for sale	14,503	15,264	6,614
TOTAL ASSETS	4,779,682	4,618,023	5,463,206
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital	100,000	100,000	100,000
Share premium reserve	164,510	164,510	164,510

Other reserves	49,269	49,269	49,269
Retained earnings	2,215,113	1,976,573	2,359,555
Equity attributable to owners of the parent	2,528,892	2,290,352	2,673,334
Equity attributable to non-controlling interests	-	-	-
Total Shareholders' equity	2,528,892	2,290,352	2,673,334
Non-current liabilities			
Non-current financial payables	396,514	425,173	1,060,127
Employee severance indemnities (TFR) and other staff-related provisions	106,751	103,568	107,345
Provisions for risks and charges	30,861	36,216	29,270
Deferred revenue for prize-giving promotions	60,043	-	70,330
Other payables and other non-current liabilities	107	91	164
Total non-current liabilities	594,276	565,048	1,267,236
Current liabilities			
Current financial payables	28,658	40,454	29,138
Trade payables	1,302,844	1,230,141	1,177,408
Deferred revenue for prize-giving promotions	32,333	180,772	42,605
Current tax payables	546	17,803	19,555
Other payables and other current liabilities	292,133	293,453	253,930
Total current liabilities	1,656,514	1,762,623	1,522,636
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	4,779,682	4,618,023	5,463,206

Consolidated statement of comprehensive income

	Year ended 31 December		Six months ended
	2016	2015	30 June
	(in € thousands)		2017
			Unaudited
Total sales	7,540,009	7,312,263	3,809,563
Other sales adjustments	(32,270)	(122,562)	(74,473)
Net revenue	7,507,739	7,189,701	3,735,090
Other revenues and income and promotional activities	1,180,674	1,125,688	651,036
Costs for goods and raw materials	(6,277,094)	(6,038,375)	(3,195,537)
Costs for services	(756,607)	(716,116)	(378,227)
Personnel costs	(944,049)	(880,974)	(462,675)
Amortisation and depreciation	(198,622)	(185,728)	(106,266)
Provisions and write-downs	(56,412)	(4,626)	(345)
Other operating costs	(50,270)	(58,624)	(26,437)
Operating profit	405,359	430,946	216,639
Results of equity investments accounted using the equity method	-	-	183
Finance income	842	3,007	144
Finance expense	(16,640)	(15,112)	(7,529)
Profit before taxes	389,561	418,841	209,437
Income taxes	(127,298)	(128,274)	(63,143)
Net profit for the year	262,263	290,567	146,294
Net profit (loss) for the year attributable to owners of the parent	262,263	290,567	146,294
Net profit (loss) for the year attributable to non-controlling interests	-	-	-
Other comprehensive income			
Components that will not subsequently be reclassified to profit or loss			
Actuarial gain (loss) on defined benefit pension plans, net of tax effect	(3,723)	3,381	(1,852)
Total other comprehensive income/(loss)	(3,723)	3,381	(1,852)
Net comprehensive income for the year	258,540	293,948	144,442
Net comprehensive income for the year attributable to owners of the parent	258,540	293,948	144,442
Net comprehensive income for the year attributable to non-controlling interests	-	-	-

Consolidated cash flow statement

	Year ended 31 December		Six months ended 30 June
	2016	2015	2017
	(in € thousands)		
Cash flow from operating activities			Unaudited
Collections from customers.....	7,540,009	7,312,263	3,809,563
Collections from promotional activities	1,158,692	1,061,726	684,834
Other receipts	41,907	40,212	26,564
Payments to suppliers.....	(7,012,436)	(6,715,177)	(3,684,087)
Payments to employees	(907,873)	(877,385)	(469,798)
Rent and rental expenses.....	(139,559)	(145,062)	(84,526)
Other payments	(57,562)	(50,040)	(28,624)
Cash flow from ordinary operations	623,178	626,537	253,926
Income tax paid.....	(118,308)	(134,722)	(48,872)
A) CASH FLOW FROM OPERATING ACTIVITIES	504,870	491,815	205,054
Cash Flow used in investing activities			
Capex on tangible and intangible assets	(453,739)	(406,018)	(223,382)
Disposals of tangible and intangible assets	9,714	6,106	9,842
Equity investments	-	-	(645,013)
Advances on equity investments	-	-	(40,000)
Disposal of equity investments	32,977	-	-
Interest collected	869	1,556	105
Dividends and interest on securities received.....	-	1,640	-
Other	(18)	(399)	(3)
B) CASH FLOW USED IN INVESTING ACTIVITIES	(410,198)	(397,115)	(898,451)
Cash flow from (used in) financing activities			
Loan proceeds, net of repayments	(40,198)	21,433	678,186
Payment of interest.....	(13,613)	(14,229)	(6,181)
Distribution of dividends.....	(20,000)	(112,000)	-
C) CASH FLOW FROM (USED IN) FINANCING ACTIVITIES	(73,811)	(104,796)	672,005
NET CASH FLOW OF THE PERIOD (A + B + C).....	20,861	(10,096)	(21,392)
Cash and cash equivalents at the beginning of the period and current account overdrafts.....	284,609	294,705	305,470
Cash and cash equivalents at the end of the period and current account overdrafts.....	305,470	284,609	284,079

Consolidated statement of changes in shareholders' equity

	Share capital	Share premium reserve	Revaluation reserve	Other reserves	Retained earnings	Total shareholders' equity
	(in € thousands)					
As of 31 December 2015	100,000	164,510	25,975	23,294	1,976,573	2,290,352
Other movements:						
Actuarial loss on defined benefit Pension plans.....	-	-	-	-	(3,723)	(3,723)
Profit for the period	-	-	-	-	262,263	262,263
Dividends	-	-	-	-	(20,000)	(20,000)
As of 31 December 2016	100,000	164,510	25,975	23,294	2,215,113	2,528,892
Actuarial loss on defined benefit Pension plans (Unaudited).....	-	-	-	-	(1,852)	(1,852)
Profit for the period (Unaudited).....	-	-	-	-	146,294	146,294
As of 30 June 2017 (Unaudited).....	100,000	164,510	25,975	23,294	2,359,555	2,673,334

Alternative Performance Measures

This Prospectus contains the following alternative performance measures as defined by the European Securities and Markets Authority's Guidelines on Alternative Performance Measures (ESMA/2015/1415), ("APM") which are used by the Issuer's management to monitor the Issuer's financial and operating performance:

- (i) Adjusted Total Sales
- (ii) EBITDA
- (iii) Adjusted EBITDA
- (iv) Adjusted Operating profit

We define Adjusted Total Sales as Total Sales adjusted for the effect of the additional calendar opening day in 2016 for leap year (29 February). The table below shows the calculation of Adjusted Total Sales for the six months ended 30 June 2017 and 2016 and the years ended 31 December 2016 and 2015.

(in € millions)	For the six months ended 30 June		For the years ended 31 December	
	2017	2016	2016	2015
	Unaudited			
Total Sales	3,809.6	3,760.5	7,540.0	7,312.3
Additional calendar opening day in 2016 for leap year (29 February) (1)	-	(17.2)	(17.2)	-
Adjusted Total Sales	3,809.6	3,743.3	7,522.8	7,312.3

(1) This adjustment relates to the contribution to Total Sales of the additional calendar opening day in 2016 for leap year (29 February).

We define EBITDA as net profit (or loss) for the year/period adjusted for: (i) Amortization and depreciation; (ii) Write-downs of non-current assets; (iii) Capital gains on disposal of non-current assets; (iv) Capital losses on disposal of non-current assets; (v) Finance income; (vi) Finance expense; (vi) Share of income from investments measured using the equity method; and (vii) Income tax expense.

The following is a calculation of EBITDA for the six months ended 30 June 2017 and 2016 and for the years ended 31 December 2016 and 2015.

(in € millions)	For the six months ended 30 June		For the years ended 31 December	
	2017	2016	2016	2015
	Unaudited			
Net profit for the period	146.3	182.2	262.3	290.6
Income tax expense	63.1	80.4	127.3	128.3
Finance expense	7.5	7.8	16.6	15.1
Finance income	(0.1)	(0.5)	(0.8)	(3.0)
Share of income from investments measured using the equity method	(0.2)	-	-	-
Amortisation and depreciation	106.3	97.9	198.6	185.7
Write-downs of non-current assets (1)	0.1	41.5	57.1	10.9
Capital gains on disposal of non-current assets (2)	(7.1)	(0.4)	(1.7)	(1.9)
Capital losses on disposal of non-current assets (3)	1.4	0.2	2.1	0.8
EBITDA	317.3	409.1	661.5	626.5

(1) Included in the income statement line-item "Provisions and write-downs".

(2) Included in the income statement line-item "Other revenues and income and promotional activities".

(3) Included in the income statement line-item "Other operating costs".

We define Adjusted EBITDA as EBITDA adjusted for the effects of (i) non-cash component of prize-giving promotions and (ii) additional calendar opening day in 2016 for leap year (29 February). The table below shows the calculation of Adjusted EBITDA for the six months ended 30 June 2017 and 2016 and the years ended 31 December 2016 and 2015.

(in € millions)	For the six months ended 30 June		For the years ended 31 December	
	2017	2016	2016	2015
	Unaudited			
EBITDA	317.3	409.1	661.5	626.5
Non-cash component of prize-giving promotions (1)	2.1	(61.7)	(56.8)	17.6
Additional calendar opening day in 2016 for leap year (29 February) (2)	-	(4.1)	(4.1)	-
Adjusted EBITDA	319.4	343.3	600.6	644.1

- (1) This adjustment relates to the non-monetary component of the value of points earned and redeemed by customers on the prize-giving promotions which has not resulted and will not result in future in any cash outflows.
- (2) This adjustment relates to the contribution to EBITDA of the additional calendar opening day in 2016 for leap year (29 February), determined as revenues from sales for that day less relevant variable operating costs.

We define Adjusted Operating profit as Operating profit adjusted for the effects of (i) non-cash component of prize-giving promotions and (ii) additional calendar opening day in 2016 for leap year (29 February). The table below shows the calculation of Adjusted Operating profit for the six months ended 30 June 2017 and 2016 and for the years ended 31 December 2016 and 2015.

(in € millions)	For the six months ended 30 June		For the years ended 31 December	
	2017	2016	2016	2015
	Unaudited			
Operating profit (1)	216.6	269.8	405.4	430.9
Non-cash component of prize-giving promotions (2)	2.1	(61.7)	(56.8)	17.6
Additional calendar opening day in 2016 for leap year (29 February) (3)	-	(4.1)	(4.1)	-
Adjusted Operating profit	218.7	204.0	344.5	448.5

- (1) Corresponding to the Operating profit shown in the income statement.
- (2) This adjustment relates to the non-monetary component of the value of points earned and redeemed by customers on the prize-giving promotions which has not resulted and will not result in future in any cash outflows.
- (3) This adjustment relates to the contribution to Operating profit of the additional calendar opening day in 2016 for leap year (29 February), determined as revenues from sales for that day less relevant variable operating costs.

It should be noted that APMs are not identified as accounting measures within the IFRS and have not been audited and should not be recognised as alternative to performance measure derived in accordance with IFRS or any other generally accepted accounting principles. The APMs have been calculated based on historic data of the Group and are not indicators of the Group's future performance. The criterion applied for APMs calculation may not be consistent with that adopted by other groups, which means that those measures may not be comparable with the measures presented by those groups. Therefore, undue reliance should not be placed on these data. The APMs have been prepared in continuity and according to the same definition and presentation for all the periods for which financial information has been provided in this Prospectus.

ACQUISITION AND PRO FORMA FINANCIAL INFORMATION

On 27 June 2017, the Issuer acquired a 45% stake (amounting to no. 20,745,646 shares) in Villata Partecipazioni S.p.A. ("**Villata Partecipazioni**") for a price equal to €643.5 million from Ms. Violetta Caprotti and Mr. Giuseppe Caprotti, each owning 15% of Supermarkets Italiani S.p.A., the controlling shareholder of the Issuer. See "*Description of the Issuer—Share Capital and Shareholders—Shareholders*". On 21 September 2017 the Issuer purchased from Unione Fiduciaria S.p.A an additional 22.5% stake (amounting to no. 10,372,821 shares) in Villata Partecipazioni for a price equal to €321.8 million (the "**Villata Acquisition**"). As of the date of this Prospectus, Esselunga holds 67.5% of Villata Partecipazioni. For more information concerning the Villata Acquisition, See "*Description of the Issuer—Recent Developments*".

The following tables show the pro forma adjustments made in order to present the main potential effects of the Villata Acquisition on the unaudited consolidated statement of financial position of the Group as of 30 June 2017, the consolidated income statement of the Group for the six months ended 30 June 2017 and the consolidated income statement of the Group for the year ended 31 December 2016. For further details, See "*Annex A – Unaudited Pro Forma Consolidated Financial Information*".

Unaudited pro forma consolidated statement of financial position as of 30 June 2017

	Pro Forma Adjustments					
	Esselunga historical consolidated statement of financial position	Villata Partecipazioni reclassified historical consolidated statement of financial position	Villata Partecipazioni Acquisition	Intercompany elimination	Offering	Pro Forma consolidated statement of financial position
<i>(in € thousands)</i>						
	Note A	Note B	Note C	Note D	Note E	Total
ASSETS						
Non-current assets						
Property, plant and equipment	3,166,075	1,039,776	-	-	-	4,205,851
Investment property	183,920	-	-	-	-	183,920
Goodwill	6,586	-	-	-	-	6,586
Intangible assets	161,189	-	-	-	-	161,189
Investments measured using the equity method	646,794	-	(646,794)	-	-	-
Investments in other companies	196	-	-	-	-	196
Deferred tax assets	69,378	-	-	-	-	69,378
Other receivables and other non-current assets	119,476	35	(40,000)	-	-	79,511
Total non-current assets	4,353,614	1,039,811	(686,794)	-	-	4,706,631
Current assets						
Closing inventories	416,526	-	-	-	-	416,526
Trade receivables	341,401	13,730	-	(13,944)	-	341,187
Current tax receivables	1,582	-	-	-	-	1,582
Other receivables and other current assets	59,390	1,896	-	-	-	61,286
Cash and cash equivalents	284,079	34,405	(65,894)	-	76,382	328,972
Total current assets	1,102,978	50,031	(65,894)	(13,944)	76,382	1,149,553
Assets held for sale	6,614	-	-	-	-	6,614

TOTAL ASSETS	5,463,206	1,089,842	(752,688)	(13,944)	76,382	5,862,798
SHAREHOLDERS' EQUITY AND LIABILITIES						
Share capital	100,000	48,000	(48,000)	-	-	100,000
Share premium reserve	164,510	-	-	-	-	164,510
Other reserves	49,269	141,829	(141,829)	-	(7,000)	42,269
Retained earnings	2,359,555	784,466	(1,096,005)	-	(6,248)	2,041,768
Equity attributable to owners of the parent	2,673,334	974,295	(1,285,834)	-	(13,248)	2,348,547
Equity attributable to non-controlling interests	-	-	316,646	-	-	316,646
Total Shareholders' equity	2,673,334	974,295	(969,188)	-	(13,248)	2,665,193
Non-current liabilities						
Non-current financial payables	1,060,127	30,059	216,500	-	88,614	1,395,300
Employee severance indemnities (TFR) and other staff-related provisions	107,345	98	-	-	-	107,443
Deferred tax liabilities	-	73,196	-	-	2,272	75,468
Provisions for risks and charges	29,270	10	-	-	-	29,280
Deferred revenue for prize-giving promotions	70,330	-	-	-	-	70,330
Other payables and other non-current liabilities	164	15	-	-	-	179
Total non-current liabilities	1,267,236	103,378	216,500	-	90,886	1,678,000
Current liabilities						
Current financial payables	29,138	2,334	-	-	-	31,472
Trade payables	1,177,408	8,719	-	(13,944)	-	1,172,183
Deferred revenue for prize-giving promotions	42,605	-	-	-	-	42,605
Current tax payables	19,555	690	-	-	(1,256)	18,989
Other payables and other current liabilities	253,930	426	-	-	-	254,356
Total current liabilities	1,522,636	12,169	-	(13,944)	(1,256)	1,519,605
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	5,463,206	1,089,842	(752,688)	(13,944)	76,382	5,862,798

Unaudited pro forma consolidated income statement for the six months ended 30 June 2017

Pro Forma Adjustments						
	Esselunga historical consolidated income statement	Villata Partecipazioni reclassified historical consolidated income statement	Villata Partecipazioni Acquisition	Intercompany elimination	Offering	Pro Forma consolidated income statement
(in € thousands)						
	Note A	Note B	Note C	Note D	Note E	Total
Total sales	3,809,563	50,090	-	(50,090)	-	3,809,563
Other sales adjustments	(74,473)	-	-	-	-	(74,473)

Net revenue	3,735,090	50,090	-	(50,090)	-	3,735,090
Other revenues and income and promotional activities	651,036	6,793	-	(7,200)	-	650,629
Costs for goods and raw materials	(3,195,537)	(3,923)	-	3,923	-	(3,195,537)
Costs for services	(378,227)	(3,402)	-	53,065	-	(328,564)
Personnel costs	(462,675)	(812)	-	-	-	(463,487)
Amortisation and depreciation	(106,266)	(17,058)	-	-	-	(123,324)
Provisions and write-downs	(345)	-	-	-	-	(345)
Other operating costs	(26,437)	(4,253)	-	67	-	(30,623)
Operating profit	216,639	27,435	-	(235)	-	243,839
Share of net profit of investments accounted for using the equity method	183	-	(183)	-	-	-
Finance income	144	14	-	-	-	158
Finance expense	(7,529)	(924)	-	-	(8,222)	(16,675)
Profit before taxes	209,437	26,525	(183)	(235)	(8,222)	227,322
Income taxes	(63,143)	(8,092)	-	66	1,973	(69,196)
Net profit for the period	146,294	18,433	(183)	(169)	(6,249)	158,126
Net profit for the period attributable to owners of the parent	146,294	18,433	(6,174)	(114)	(6,249)	152,190
Net profit (loss) for the period attributable to non-controlling interests	-	-	5,991	(55)	-	5,936

Unaudited pro forma consolidated income statement for the year ended 31 December 2016

	Pro Forma Adjustments					Pro Forma consolidated income statement (4)
	Esselunga historical consolidated income statement	Villata Partecipazioni reclassified historical consolidated income statement	Villata Partecipazioni Acquisition	Intercompany elimination	Offering	
<i>(in € thousands)</i>						
	Note A	Note B	Note C	Note D	Note E	Total
Total sales	7,540,009	100,384	-	(100,384)	-	7,540,009
Other sales adjustments	(32,270)	-	-	-	-	(32,270)

Net revenue	7,507,739	100,384	-	(100,384)	-	7,507,739
Other revenues and income and promotional activities	1,180,674	33,665	-	(33,529)	-	1,180,810
Costs for goods and raw materials	(6,277,094)	(26,208)	-	26,208	-	(6,277,094)
Costs for services	(756,607)	(7,483)	-	106,133	-	(657,957)
Personnel costs	(944,049)	(2,258)	-	-	-	(946,307)
Amortisation and depreciation	(198,622)	(34,092)	-	-	-	(232,714)
Provisions and write-downs	(56,412)	(10)	-	-	-	(56,422)
Other operating costs	(50,270)	(8,459)	-	-	-	(58,729)
Operating profit	405,359	55,539	-	(1,572)	-	459,326
Finance income	842	48	-	-	-	890
Finance expense	(16,640)	(1,985)	-	-	(16,967)	(35,592)
Profit before taxes	389,561	53,602	-	(1,572)	(16,967)	424,624
Income taxes	(127,298)	(17,603)	-	494	4,666	(139,741)
Net profit for the year	262,263	35,999	-	(1,078)	(12,301)	284,883
Net profit for the year attributable to owners of the parent	262,263	35,999	(11,700)	(728)	(12,301)	273,534
Net profit (loss) for the year attributable to non-controlling interests	-	-	11,700	(350)	-	11,349

Other pro forma information for the year ended 31 December 2016

	Esselunga historical consolidated information	Pro Forma Adjustments				Pro Forma consolidated financial information for the year ended 31 December 2016 (4)
		Villata Partecipazioni reclassified historical consolidated financial information	Villata Partecipazioni Acquisition	Intercompany elimination	Offering	
<i>(in € millions)</i>						
Net profit for the period	262.3	36.0	-	(1.1)	(12.3)	284.9
Income tax expense	127.3	17.6	-	(0.5)	(4.7)	139.7
Finance expense	16.6	2.0	-	-	17.0	35.6
Finance income	(0.8)	n.s.	-	-	-	(0.8)
Share of income from investments measured using the equity method	-	-	-	-	-	-
Amortisation and depreciation	198.6	34.1	-	-	-	232.7
Write-downs of non-current assets (1)	57.1	-	-	-	-	57.1
Capital gains on disposal of non-current assets (2)	(1.7)	-	-	-	-	(1.7)
Capital losses on disposal of non-current assets (3)	2.1	-	-	-	-	2.1
EBITDA	661.5	89.7	-	(1.6)	-	749.6

(1) Included in the income statement line-item "Provisions and write-downs".

(2) Included in the income statement line-item "Other revenues and income and promotional activities".

(3) Included in the income statement line-item "Other operating costs".

(4) *Pro forma EBITDA consist of the Issuer consolidated EBITDA, as defined above, adjusted to give pro forma effects to the Transactions.*

Other pro forma information for the six months ended 30 June 2017

	Pro Forma Adjustments					Pro Forma consolidated financial information (4)
	Esselunga historical consolidated information	Villata Partecipazioni reclassified historical consolidated financial information	Villata Partecipazioni Acquisition	Intercompany elimination	Offering	
(in € millions)						
						Unaudited
Net profit for the period	146.3	18.4	(0.2)	(0.2)	(6.2)	158.1
Income tax expense	63.1	8.1		(0.1)	(2.0)	69.1
Finance expense	7.5	0.9		-	8.2	16.6
Finance income	(0.1)	n.s.			-	(0.1)
Share of income from investments measured using the equity method	(0.2)	-	0.2		-	-
Amortisation and depreciation	106.3	17.1	-	-	-	123.4
Write-downs of non-current assets (1)	0.1	-	-	-	-	0.1
Capital gains on disposal of non-current assets (2)	(7.1)	-	-	-	-	(7.1)
Capital losses on disposal of non-current assets (3)	1.4	-	-	-	-	1.4
EBITDA	317.3	44.5	-	(0.3)	-	361.5

(1) *Included in the income statement line-item "Provisions and write-downs".*

(2) *Included in the income statement line-item "Other revenues and income and promotional activities".*

(3) *Included in the income statement line-item "Other operating costs".*

(4) *Pro forma EBITDA consist of the Issuer consolidated EBITDA, as defined above, adjusted to give pro forma effects to the Transactions.*

DESCRIPTION OF THE ISSUER

Overview

Esselunga S.p.A., (the "**Issuer**" or "**Esselunga**") is the parent company of the Esselunga group (the "**Group**") and is the leading food retailer in Italy in terms of revenues in the year 2015 (*Source: Mediobanca – 2015 data*).

The Group distributes its products through an integrated multi-channel approach that includes, as of 30 June 2017:

- a network of 155 food retail stores;
- an e-commerce platform ("*Esselunga a Casa*"), which is accessible by phone, tablet or computer; and
- other sales channels: 86 café bars through the "*Bar Atlantic*" brand and 38 perfumeries through the "*EsserBella*" brand sales channel.

The Group's multi-channel approach is grounded in the close interaction between stores, online solutions, Bar Atlantic café bars and EsserBella perfumeries.

The Group's food retail network is located almost entirely across the wealthiest regions of Italy: Lombardy (94 stores), Tuscany (28 stores), Piedmont (16 stores), Emilia Romagna (12 stores), Veneto (2 stores), Liguria (1 store) and Lazio (2 stores).

The Group sources its products from leading Italian and international groups and locally through a carefully monitored selection process.

The Group operates a closely controlled processing plant for fresh meat in Limito di Pioltello and another for fresh fish in Biandrate, which supplied, respectively, approximately 60% and 90% of its needs in each sector in 2016. In addition, the Group operates two production plants, one in Limito di Pioltello for its delicatessen products and the other in Parma for fresh pasta and baked goods. The distribution of products is assured through three strategically located distribution centres and Esselunga is building a fourth distribution centre in Ospitaletto (Brescia, Eastern Lombardy).

History

History

Esselunga was incorporated as joint stock company (*società per azioni*) in 1980 under the laws of the Republic of Italy. The Issuer is registered at the Companies' Registry (*Registro delle Imprese*) of Milan under registration number 01255720169 and its registered office is at Via Vittor Pisani 20, 20124, Milan, Italy.

The Group's origins date back to 1957, when Supermarkets Italiani S.p.A. was founded by Bernardo Caprotti and Nelson Rockefeller and represented a landmark in the history of the Italian food retail business since it was the first international style supermarket to open in Italy.

By the end of 1959, Esselunga had opened four stores in Milan, one of which was then the largest retail food centre in Europe.

In the following years, the growth of the business allowed for the expansion to other regions in Italy. At the end of the 1960s, the Group opened a further 29 stores and started its in-house production business, offering fresh pasta, oven-baked products and ice cream to its customers.

At the end of the 1970s, the Group operated through a network of 53 food stores across Tuscany (15 stores), Lombardy (37 stores) and Emilia Romagna (1 store).

In 1987, Esselunga opened the first automated warehouse in Limito di Pioltello, located just outside Milan. This opened up the path for achieving higher levels of efficiency for its distribution network.

At the end of the 1980s, the Group operated through a network of 68 food stores across Tuscany (20 stores), Lombardy (44 stores), Emilia Romagna (1 store), Veneto (1 store) and Piedmont (2 stores).

In 1995, the Group started its loyalty programme "*Fidaty*", offering the possibility for customers to collect points towards offers and products through the use of "*Fidaty*" cards to do their shopping. In the same year, the Group inaugurated its first Bar Atlantic café.

2001 was another turning point in the Group's history with the creation of the e-commerce website "*Esselunga a casa*", which today represents the longest running e-commerce website in Italy.

In 2002, the Group proceeded with the opening of its first perfumery shop "*EsserBella*".

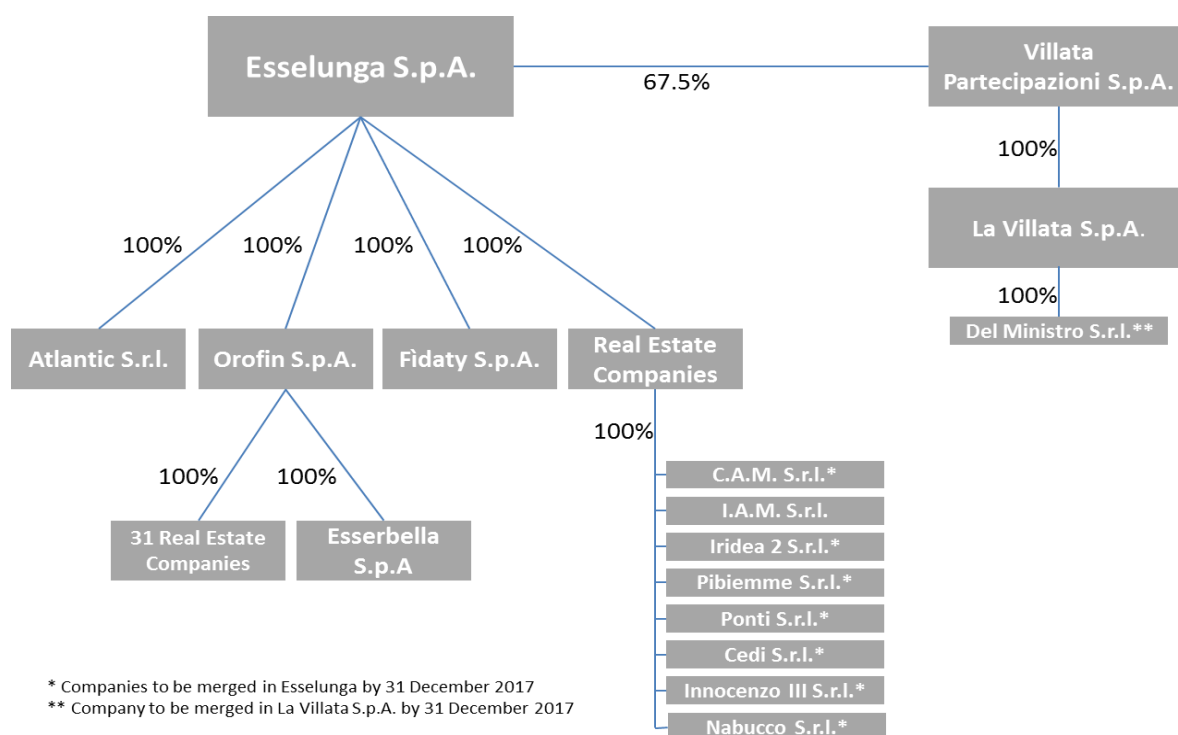
In 2007, the Group opened its fresh fish processing plant in Biandrate (located in the region of Piedmont, north western Italy), among the largest fresh fish processing plant in Italy.

In 2013, a new plant was also opened in Parma (located in the region of Emilia Romagna, in northern Italy) for the production of pasta, with which the Group launched its "*Made in Parma*" brand.

In 2017, the Group celebrated its sixtieth anniversary.

Group structure

The Issuer is wholly owned by Supermarkets Italiani S.p.A. The following chart shows the Group's structure, including the Issuer's principal subsidiaries at the date of this Prospectus.



The main companies that comprise the Group, in addition to Esselunga S.p.A., are: Orofin S.p.A. (which manages the majority of the real estate development projects), Villata Partecipazione S.p.A., (the majority of which has been recently acquired), Atlantic S.r.l., EsserBella S.p.A. and Fidaty S.p.A.

Recent developments

New store opening

On 12 July 2017, the Group opened a new store in Verona (Veneto) and on 27 September 2017 another store in Bergamo (Lombardy), raising its total number of stores, net of the temporary closure of a store in Verona (Veneto), to 156 as of the date of this Prospectus.

The Villata Acquisition

On 27 June 2017, the Issuer – assisted by Citigroup Global Markets Limited as financial advisor – acquired a 45% stake (amounting to no. 20,745,646 shares) in Villata Partecipazioni S.p.A. ("**Villata Partecipazioni**") for a price equal to €643.5 million from Ms. Violetta Caprotti and Mr. Giuseppe Caprotti, each owning 15% of Supermarkets Italiani S.p.A., the controlling shareholder of the Issuer. See "*—Share Capital and Shareholders—Shareholders*". On 21 September 2017 the Issuer purchased from Unione Fiduciaria S.p.A. an additional 22.5% stake (amounting to no. 10,372,821 shares) in Villata Partecipazioni for a price equal to €321.8 million (the "**Villata Acquisition**"). As of the date of this Prospectus, Esselunga holds 67.5% of Villata Partecipazioni.

In order to finance the Villata Acquisition, the Issuer raised €900 million of acquisition debt in the form of a bridge loan (See "*—Financing*") which will be repaid through the issuance of the Notes (See "*Use of Proceeds*"). An additional €65.3 million of cash on balance sheet was also used to finance the Villata Acquisition.

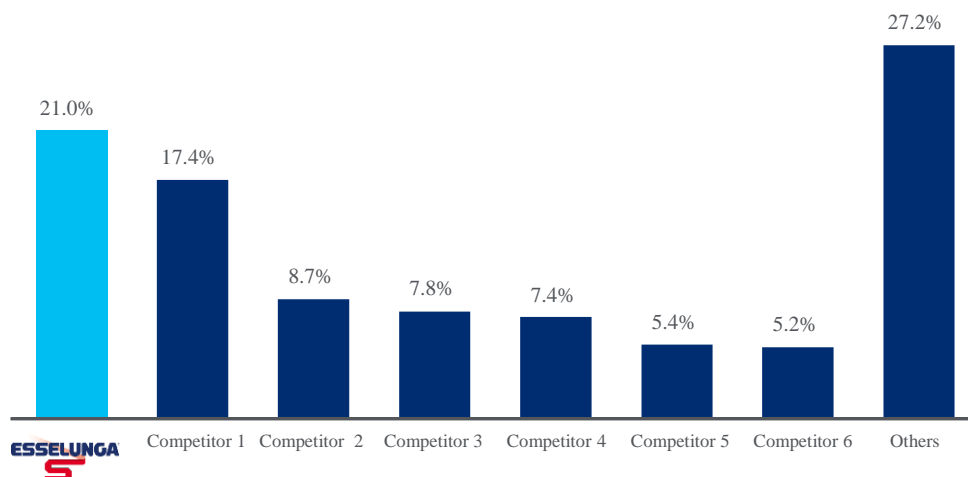
Villata Partecipazioni is the parent company of La Villata S.p.A. ("**La Villata**"), whose real estate portfolio consisted of 84 stores leased to the Issuer as of 30 June 2017. Total rent under the relative lease agreements is equal to approximately €100 million per annum and, as a result of the Villata Acquisition, these transactions will become an intercompany transaction. See "*Annex A – Unaudited Pro Forma Consolidated Financial Information*". Following the completion of the Villata Acquisition, the Group gained direct ownership of 138 stores out of the 156 stores that constitute its distribution network as of the date of this Prospectus.

Key Competitive Strengths

The Group's competitive strengths are represented by the following key factors:

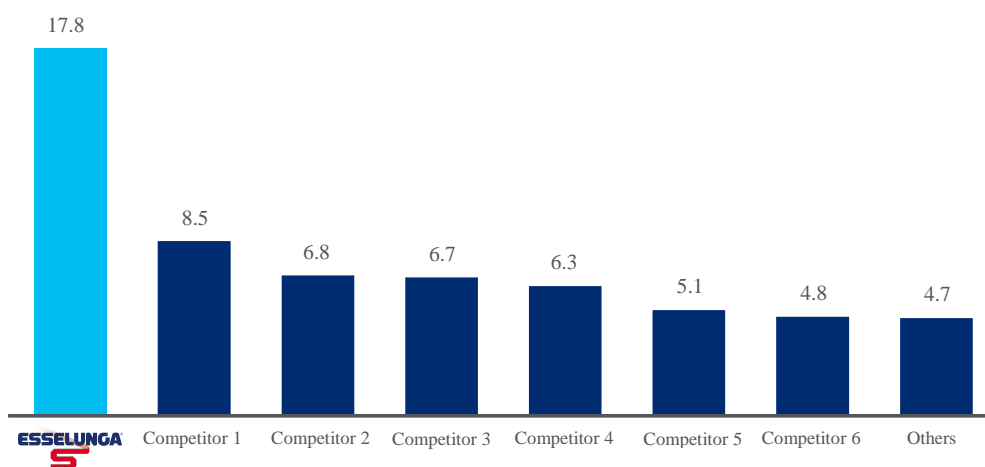
Number one private retailer in attractive geographic regions of Italy

The Group operates through an efficient network, which is supported by a robust distribution platform. This allows for the generation of a high level of revenues per square metre equal to €17.8 thousand in 2016 (€17.7 thousand in 2015), a sales density which is twice that of the second-placed competitor in the market (*Source: Issuer analysis based on data reported by Nielsen through its "Nielsen Guide for the Total Turnover for the 12-month period starting from January 2016 ending on December 2016 for the Italian "Modern Distribution" (Hyper, Super, Superette and Discount)*). The following table shows the figures relating to the market share of Esselunga in its trading area:



Source: Issuer analysis based on data reported by Nielsen through its “Nielsen Guide for the Total Turnover for the 12-month period starting from January 2016 ending on December 2016 for the Italian “Modern Distribution” (Hyper, Super, Superette and Discount)

The following table shows the figures relating to the Group's sales density:



Note: data in € thousands

Source: Issuer analysis based on data reported by Nielsen through its “Nielsen Guide for the Total Turnover for the 12-month period starting from January 2016 ending on December 2016 for the Italian “Modern Distribution” (Hyper, Super, Superette and Discount)

The Group's network of food stores is concentrated in the wealthiest Italian regions, which are also amongst the wealthiest in Europe. Two thirds of Esselunga’s revenues are generated in Lombardy, which has a real GDP per capita equal to €36.2 thousand in 2016 and is the richest region in Italy, with a real GDP per capita that is 31.4% higher than the rest of Italy (Source: Eurostat, Economist Intelligence Unit, Istat, 2016 data).

Best in class logistics

As of 2016, the Group’s food stores are supported by a network of processing plants, production plants and distribution centres. In particular, the Group has two processing plants (one in Limito di Pioltello for fresh meat processing and the other in Biandrate for fresh fish processing), two production plants (one in Limito di Pioltello for delicatessen products and the other in Parma for fresh

pasta and baked goods) and three distributions centres located in Limoto di Pioltello, Biandrate and Florence. A fourth distribution centre in Ospitaletto (Brescia, eastern Lombardy) is currently under development, the first phase of which is expected to be completed by 2021.

The Group's business relies on a developed and well-organised system of logistics, with 86% of stores within a range of 100 kilometres from the nearest distribution centre and up to eight scheduled deliveries to each store each day. This allows for an average lead-time of 11.8 hours, as well as a maximum delivery time of 66 minutes and up to 8 scheduled deliveries at store per day.

This logistics network allows for a high rate of rotation and replenishment of stock, as well as the possibility to save space with small back rooms and having very low stock in store, which in turn allows more space to be used for product display. It also allows for a low shrinkage rate (equalling to 1.9% as of 31 December 2016).

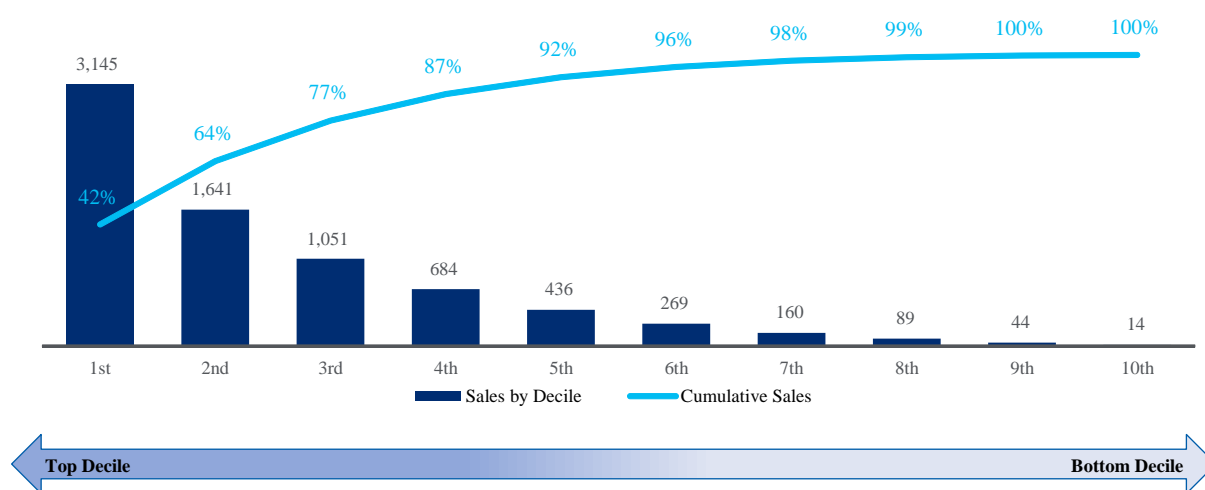
Privileged relationships with suppliers

Esselunga is a key counterparty for the largest consumer goods suppliers at both national and international level and, as a result, the Group can rely on increasing spending budgets. The Group's average purchases from each of its top ten customers equalled approximately €100 million in 2016.

This relationship with its suppliers has allowed the Group to gain a strong position in developing its price strategy with a high competitive edge.

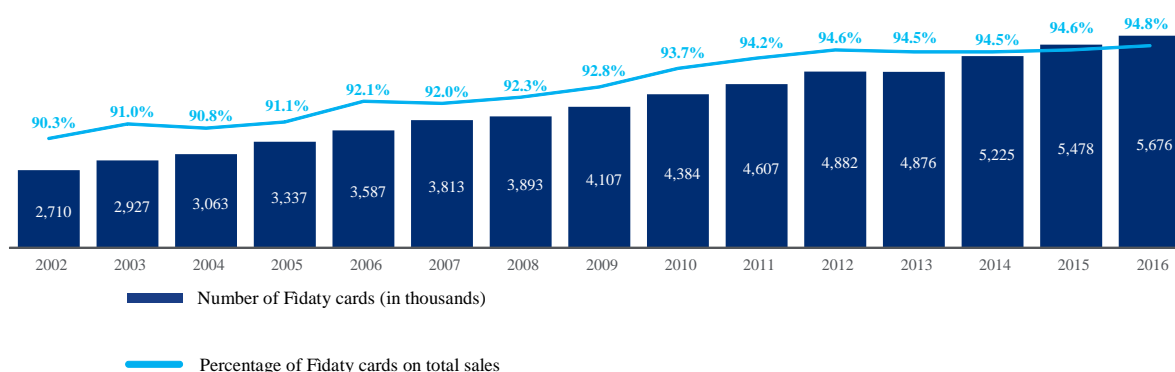
Strong backbone of high spending customers

Due to its presence in the wealthier regions of Italy, the Group benefits from a high-spending customer base, the average annual spend of customers being equal to approximately €1.4 thousand in 2016 (calculated as total Fidelity customer revenues (gross of VAT) divided by the number of customers) and an average spending per visit equal to €47.10 in the same year, with clients making a shopping trip once every twelve days on average. In particular, approximately 80% of the Group's sales are concentrated in the top three deciles of the population, as shown in the table below (*Source: Issuer data*).



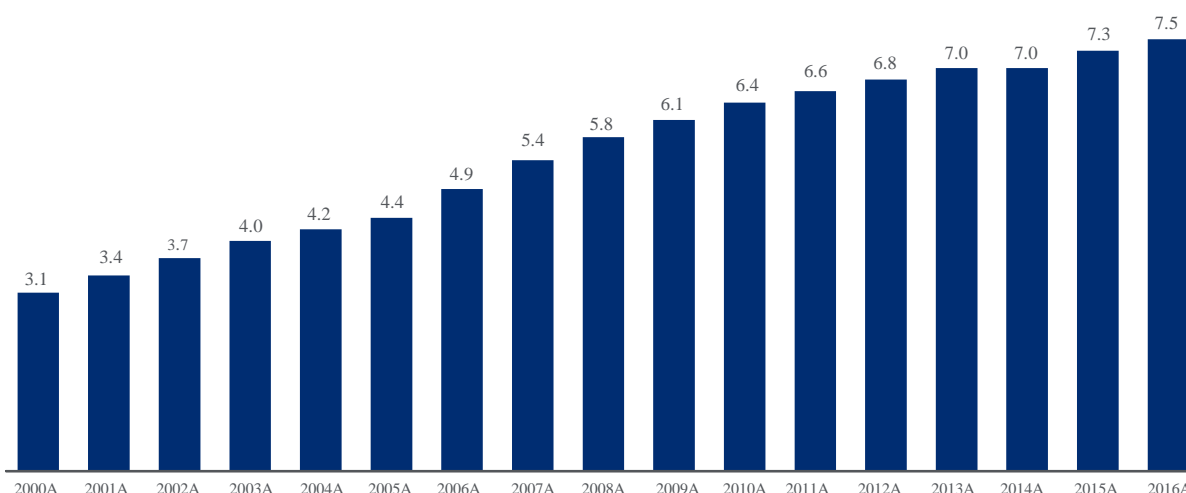
Note: data in € millions, except for percentages

The Group's position is also strengthened by its loyalty programme that attracts customers. As of 2016, 5.4 million customers adhered to the "Fidelity" programme (the "**Fidelity Programme**"). The table below shows the number of Fidelity loyalty cards and total sales generated by Fidelity customers compared to total Group sales in the last three years.



Strong revenue growth track record

Esselunga has achieved strong growth of revenues, which has increased three times since 2000. In particular, the Group's revenues registered a 5.8% CAGR from 2000 to 2016. Below is a table on revenue growth from the years 2000 to 2016.



Note: data in € billion

Highly experienced executive committee

Esselunga's management team has significant experience and extensive knowledge of the market in which it operates. In particular, the Issuer's management team has on average 30 years of experience and extensive knowledge of the food retail business. Over time, Esselunga's management has been able to take advantage of its experience in executing the Group's business strategies, and through its deep knowledge of the company and industry it has developed a proven ability to identify and respond to customers' needs and expectations.

Business Strategies

By continuing to invest in its network of stores and its e-commerce platform, today the Group aims to remain a profitable and growing top player in the Italian market by combining its customer service philosophy with its entrepreneurial drive and functional efficiency.

In order to achieve its goals, the Group operates its business by implementing the following strategies:

Continue the expansion of the Group's network

The Group aims to increase its presence in the Italian food retail market by reaching a total number of 166 stores by 2020 (net of closures), with a focus on expanding its network of stores in the north-east of Italy in order to seize opportunities in areas of those regions in which the Group operates and that are not yet served. The Group's strategy has been based on applying a consistent format in the design of its stores, from 2,500 to 4,500 square metres, and avoiding the use of the hypermarket format due to its underperformance in recent years. In this context, the Group's aim is to adopt a disciplined approach in the selection of the areas in which to proceed with the opening of new food stores.

The Group is also pursuing this expansive strategy with the development of a new distribution centre in Ospitaletto (Brescia, eastern Lombardy), the construction of which is set to start in 2018. The opening of this new distribution centre would allow the Group to expand to the north-east regions of Italy.

Strengthening the Group's e-commerce platform

The Group's e-commerce platform registered an 11.1% CAGR for the years 2013 to 2016. Given its importance within the context of its business, the Group intends to enhance its existing e-commerce platform with the aim of widening its customer base. The key initiatives that the Group plans to improve the capacity of its warehouses in Milan and Florence.

This would allow a reduction in delivery times for orders received by the Group's customers when shopping online.

Increasing price competitiveness and maintaining product quality

As the Group's strategy is to lead on price and offer a comprehensive and high quality assortment and deliver a special experience to its customers, it aims to continuously and consistently employ a disciplined price leadership strategy in each relevant catchment area. The Group's strategy is based on the principle of maintaining close relations with its suppliers, including by developing market strategies in coordination with said suppliers in order to meet the customer's evolving level of expectations and needs. In particular, by actively retaining its role as a leading operator in business relations with key domestic and international consumer goods suppliers, the Group has developed strong grounds for relying on increasing trade spending budgets.

With a strategy that focuses on price leadership, the Group seeks to earn and maintain the trust of its customers every day by providing a broad assortment of quality merchandise and services at highly competitive prices.

Enhance the Group's customer loyalty

Since its establishment in 1995, Esselunga's loyalty programme "Fidaty" ("**Fidaty**") has continued to develop at a fast pace. Under the Fidaty Programme, the Group offers its customers the possibility of obtaining Fidaty loyalty cards and a single customer may be issued with more than one loyalty card. As of 31 December 2016, 5.68 million Fidaty loyalty cards have been issued to Esselunga customers (an increase from 5.48 million as of 31 December 2015). The Group's loyalty programme has continuously represented a significant part of its sales, amounting to approximately 94.8% in the year 2016 (an increase from 94.6% in the year 2015). See "*—Key Competitive Strengths—High spending customers*".

In addition, the Group intends to enhance customer loyalty by developing its customer assistance and services and focusing on its multi-channel sales structure, as follows:

- develop customer assistance and service activities to identify and respond to customers' needs and expectations in accordance with customer service plans and policies;

- improve its customers' multi-channel experience by integrating its network of food retail stores and e-commerce platform through: (i) digital modernisation of stores to facilitate customer interaction and improve the brand experience; and (ii) increase in the product range offered through the e-commerce platform and development of a marketplace platform that allows users to purchase products online;
- strengthen its centralised logistics platform to support growth, improve delivery services and its competitive position; and
- target promotional activities on customers' needs and behaviours.

Business Description

Introduction

The Group is the leading food retailer in Italy. In 2016, the Group generated revenues equal to €7,540 million (€7,312 million in 2015), with a sales density of €17.8 thousand per square metre (€17.7 thousand per square metre in 2015) being twice that of the second-placed competitor in the market (Source: Issuer analysis based on data reported by Nielsen through its “Nielsen Guide for the Total Turnover for the 12-month period starting from January 2016 ending on December 2016 for the Italian “Modern Distribution” (Hyper, Super, Superette and Discount)).

The following table shows the Group’s main competitors at both a national and international level as of the date of this Prospectus:

Italian Peers	International Peers
Auchan (including Simply and Ipersimply)	Ahold Delhaize
Bennet	Carrefour
Carrefour Italy	Casino
Conad	Colruyt
Coop (including Super and Iper)	Co-operative Group
Finiper	Jeronimo Martins
Gruppo Pam	Kroger
Selex (including Famila and Il Gigante)	Morrisons
	Sainsbury’s
	Tesco
	Walmart
	Whole Food

The following table summarises the Group's financial performance over the last two financial years.

	Year ended 31 December		Change
	2016	2015	(in € millions)
	(in € millions)		millions)
Total Sales.....	7,540	7,312.3	227.7
Net Revenue.....	7,507.7	7,189.7	318.0
EBITDA.....	661.5	626.5	35.0
Operating Profit	405.4	430.9	(25.5)
Net profit for the year.....	262.3	290.6	(28.3)

Source: Issuer data

As shown in the table below, approximately two thirds of the Issuer's revenues are generated in Lombardy, one of the most prosperous regions in Europe and the richest region in Italy (*Source: Eurostat, 2015 data*).

Real GDP Per Capita	Year ended December 2016
	(in € thousands)
Netherlands	41.1
Germany.....	38.0
France	34.4
Spain	24.2
Italy	27.6
Lombardy.....	36.2

(Source: Eurostat, Economist Intelligence Unit, Istat, 2016 data)

Lombardy also has consistently higher GDP growth than the rest of Italy. Below is a table showing the yearly real GDP growth for the region of Lombardy in comparison to Italy.

Real GDP yearly growth (%)	Italy	Lombardy
Last 3 years	0.6%	1.6%
Last 5 years	(0.6)%	0.5%
Last 10 years	(0.6)%	1.3%

(Source: Eurostat, Economist Intelligence Unit, Istat, 2016 data)

Distribution network

As of 30 June 2017, the Group distributes its products through an integrated multi-channel approach that includes:

- a network of 155 food retail stores;
- an e-commerce platform ("*Esselunga a Casa*"), which is accessible by phone, tablet or computer; and
- other sales channels: 86 café bars through the "*Bar Atlantic*" brand and 38 perfumeries through the "*EsserBella*" brand sales channel.

The table below shows the main figures of the Group broken down by sales channel for the years ended 31 December 2016 and 31 December 2015:

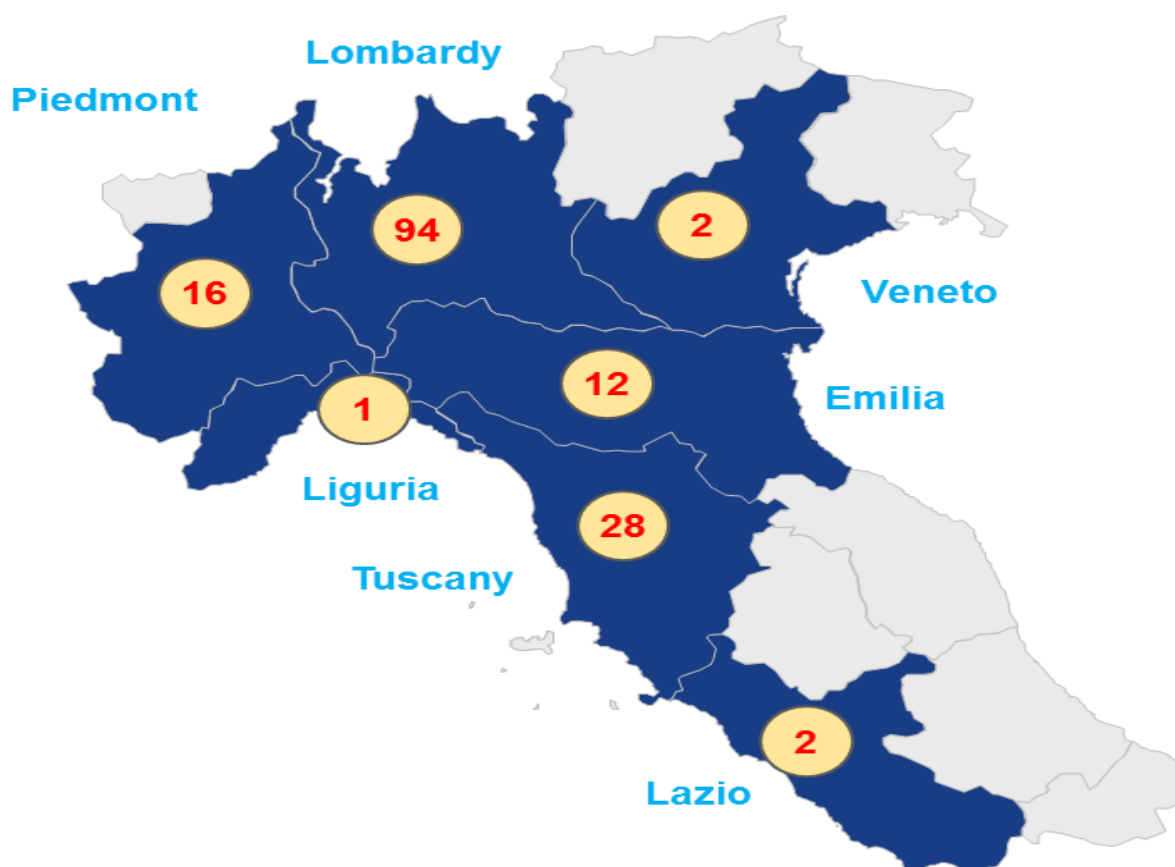
	Year ended December 31,		Change
	2016	2015	2016 vs 2015
(in € millions, except for percentages)			
Store network	7,245	7,041	2.9%
E-commerce	158	146	8.2%
Bar Atlantic.....	63	54	16.7%
EsserBella	39	38	2.6%
Other sales.....	35	33	6.1%
Total	7,540	7,312	3.1%

The Group's distribution network is based on the combination of its own private fleet of vehicles with those of third party businesses that operate under outsourcing agreements entered into with the Group. The direct control over its distribution network with the use of Esselunga trucks and lorries allows the Group to reduce transportation costs and improve delivery times, as well as to optimise other supply chain activities such as unloading, storing and product handling.

Store network

The Group's stores have a clear store layout, designed to facilitate quick shopping with speedy check-outs supported by the latest technologies available. The Group's stores are equipped with car parks (with a total 72,800 parking spaces, 50,200 of which are located in underground car parks provided by the Group).

The Group carries out its business through a network of 156 stores mainly located in the northern regions of Italy (in particular, Lombardy, Tuscany, Piedmont, Emilia Romagna, Veneto, Liguria and Lazio). The chart below shows the Group's network of stores as of 30 June 2017:



The Group holds a 21% market share in its trading areas and, in terms of revenues and sales density, outperforms competitors operating in the same trading areas (*Source: Issuer analysis based on data reported by Nielsen through its "Nielsen Guide for the Total Turnover for the 12-month period starting from January 2016 ending on December 2016 for the Italian "Modern Distribution" (Hyper, Super, Superette and Discount)).*

The table below shows a breakdown of the Group's revenues per sales department.

	Year ended December 31,	
	2016	2015
	(in €thousands)	
Grocery	2,836	2,767
General merchandise.....	880	874
Produce	1,001	938
Meat	609	609
Dairy	1,186	1,169
Fish	237	207
Delicatessen	393	378

Bakery.....	262	244
Total	7,404	7,187

The Group employs one of the most extensive levels of refrigeration in the industry in Europe. In particular, as around 13% of the Group's revenues derive from its sale of fruit and vegetables, preserving the freshness of its products and ensuring a high level of quality is a significant factor in the Group's food retail business.

The Group offers to its customers a wide range of both food and non-food products, with up to approximately 32 thousand stock keeping units.

In its food stores, the Group offers a delicatessen service, which offers a range of 200 cheese products and 80 cold-cut products, as well as the "*Pronti in Tavola*" ("*Ready for the Table*") range of 290 ready to eat specialities. In particular, the "*Pronti in Tavola*" line is based on the use of selected and high quality raw materials in order to offer the taste of Italian tradition, with exclusive recipes, seasonal assortment of produce and without the use of any preservatives. In addition, the Group has an in-house bakery line, comprising a total of 120 bakeries (91 of which have been opened since 2006).

The Group's meat and fish departments play an important role in its in-house operations. In particular, the Group's meat department is based on a principle of in-house processing, which distinguishes it from those of other market players who instead rely on third-party processing. In particular, the Group purchases meat "on the bone" and this allows it to evaluate rigorously the quality of its raw materials (which is not possible where the method of vacuum packaging is applied). In the year 2016, the Group's production centre cut and deboned nearly 830 tons of meat per week, an activity employing around 220 people. The Group also avails itself of fish-filleting, gutting and packaging facilities. All fresh fish deliveries are transported to the Group's production centre in Biandrate where they are analysed by the Group's quality control department on a sample basis in order to ensure that the Group's standards are met.

E-commerce platform

The close attention the Group has paid to its e-commerce platform (the longest running in Italy, launched back in 2001) has led to it being the number one online grocer in Italy in terms of revenues (*Source: Issuer data*).

By focusing on the building and delivery of an easy and enjoyable shopping experience, the Group must anticipate and meet its customers' changing expectations and adjust its operations by taking into account the investments competitors make in technology.

In order to meet this goal, the Group developed a user-friendly secure e-commerce platform that offers a wide assortment of products at competitive prices and with low cost and rapid delivery options, capable of continually meeting the changing expectations of online shoppers. The Group has also proceeded in the development of online and mobile commerce applications and related technology, which customers may access through a variety of devices, whether by phone, tablet or computer.

The Group's e-commerce website and mobile commerce application ("*Esselunga a Casa*") are increasingly important to its business and continue to grow in complexity and scope, as do the computer systems and operating systems on which they run. This new industrial business model is kept under constant review by the Group to ensure it meets the increase in customer demand.

The Group has taken advantage of its position as a first-mover in this field and has spread its online delivery business to a wide range of towns and cities (more specifically, to 1,115 municipalities as of the end of 2016), a business now accessed by around 191 thousand customers and with approximately 25,700 home deliveries carried out each week on average.

The Group promotes its products using all major forms of advertising allowed by applicable rules, with an increasing focus on high profile advertising, mainly aimed at brand building, promotion and

consumer recruiting. The Group still continues to relay on traditional media, including television, press and bill-boards, while increasingly focusing on opportunities offered by digital media to activate, build and reinforce the image of its brands. Additionally, more effort is now put into category management, customer relationship management, and more sophisticated interaction with a new generation of young adult consumers in an effort to promote its products and enhance the impact of its investment in marketing.

Other sales channel

In addition to its food retail network and its e-commerce platform, the Group also generates revenues from the following sales channels: 86 café bars through the “*Bar Atlantic*” brand and 38 perfumeries through the “*EsserBella*” brand sales channel.

The table below shows the geographic distribution of the Group's Bar Atlantic cafés and EsserBella perfumeries as of 30 June 2017:

	As of 30 June 2017
Bar Atlantic cafés	
Lombardy.....	51
Piedmont.....	14
Tuscany.....	10
Emilia-Romagna.....	8
Liguria.....	1
Lazio.....	2
Total.....	86
EsserBella perfumeries	
Lombardy.....	24
Tuscany.....	7
Emilia-Romagna.....	4
Piedmont.....	3
Total.....	38

In particular, as of 30 June 2017 all of the 86 Bar Atlantic cafés are located on the premises of the Group's stores. The success of Bar Atlantic is due to its design as a fast-restaurant chain (offering meals that are prepared directly at the premises of each Bar Atlantic, as well as a take-away service) and not as a series of simple café bars. Bar Atlantic has also represented an opportunity for the Group to display the products offered at its stores.

As of 30 June 2017, all of the 38 EsserBella perfumeries are located on the premises of the Group's stores. The EsserBella concept was developed to provide a more complete shopping experience for the Group's customers by offering a line of products directly focused on its key female clientele.

Suppliers

The Group uses its integrated multi-channel network to distribute both its own and third party products.

The table below shows a breakdown of the Group's revenues per sales channel.

	Year ended		Change
	December 31,		
	2016	2015	2016 vs 2015
	<i>(in €millions, except for percentages)</i>		
Store network.....	7,245	7,041	2.9%
E-commerce.....	158	146	8.2%
Bar Atlantic.....	63	54	16.7%
EsserBella.....	39	38	2.6%
Other sales.....	35	33	6.1%
Total.....	7,540	7,312	3.1%

Esselunga is one of the few Italian retailers to be equipped with a large assortment of private label products, which are developed, produced and checked in the Group's production sites located in Limoto di Pioltello (Milan) and Parma. Specifically, the Group markets private label products that are either produced and distributed directly by the Group or, in the case of certain products, produced by third parties and distributed by the Group. In particular, the Group offers its private label products with the following name brands:

- (i) "*Esselunga*": the Esselunga name brand comprises over 1,200 grocery, dairy, general merchandise, health and beauty products;
- (ii) "*Esselunga Equilibrio*": a well-being line of 30 healthy eating products launched in 2013, aimed at providing a healthy and balanced diet option to the Group's customers;
- (iii) "*Made in Parma*": a product line of gastronomic specialties produced at the Parma plant;
- (iv) "*Esselunga Top*": a range of high-quality egg pasta, pasta sauces, olive oils, mackerel fillets, honey, butter, pizzas, apple strudel and chocolates;
- (v) "*Esselunga Naturama*": a line of food products with strict processing and supply-chain standards agreed by the Group with its suppliers;
- (vi) "*Esselunga per chi ama la natura*": a range of eco-friendly products (including, for example, products for the home such as laundry detergents and product packaging); and
- (vii) "*Esselunga Bio*": a food line launched in 1999 including several varieties of organic products (including dairy products).

The marketing of these private label products generated €1.7 billion in revenues in 2016. The table below shows the percentages of the revenues deriving from the Group's brands in relation to the total revenues generated by the Group in 2016, broken down between revenues derived from the marketing of its own products and those deriving from the sale of Esselunga products produced by third parties.

	% of total revenue for the year ended 31 December 2016
Esselunga	16.0%
Esselunga Equilibrio	0.3%
Made in Parma	0.6%
Esselunga Top	0.6%
Esselunga Naturama	3.3%
Esselunga Eco-Label	0.3%
Esselunga Bio	1.4%

The Group considers its line of own brands to be a key asset in the market value of the Group's products, reflecting the power of brands built up over many years. The strength of a supermarket's own brands is paramount in allowing a business to build and gain premium positioning, improve price mix, enhance customer loyalty and generate higher returns in the mid to long-term.

Business Model

The Group determines its strategy, marketing and communications by examining: (i) market trends related to consumers' purchasing power; (ii) consumers' preferences in terms of the types of product purchased; (iii) the method in which a consumer purchases a product (*i.e.*, online or in-store); (iv) service requests; and (v) its market position, in particular with respect to sales performance compared to Group budget and strategy.

The Group's management determines the long-term strategy, brand awareness initiatives, strategy regarding the development of the Group business channels, marketing strategies and loyalty programs.

The chart below describes the principal phases of the Group's operating model:



Marketing

The Group's business model is based on a multi-channel strategy which enables it to benefit from the integration of its food store network, e-commerce platform and other sales channels through its Bar Atlantic cafés and EsserBella perfumeries. As a result, the Group operates through a single strategic business unit, which includes all the products and services offered by the Group. The Group's integrated multi-channel strategy is based on its distribution network, which enables it to offer a multi-channel experience during the purchase and delivery. As a result, it has improved its points of sales by (i) developing a store layout that takes into account customer preferences; (ii) allowing customers to test and compare different products; (iii) improving the information provided to customers with regard to the Group's products; and (iv) training the Group's personnel.

In addition to improving its services through the increased rate of digitalisation of its points of sale, the Group also conducts its marketing campaigns through traditional marketing channels, as well as social media.

The Group's operational and strategic planning consists of:

- planning demand and sales by involving direct and indirect sales personnel who collaborate in determining projections by analysing product requests and sales data;
- planning product assortments by analysing customer preferences to identify and select product categories that are expected to be more profitable and tailoring product range to customer needs;
- preparing sales projections by channel to allow the creation of differentiated product lines tailored to specific customer preferences for each individual channel; and
- regularly monitoring Group performance indicators (*e.g.*, margins and stock rotation with regard to sales) and revising projections accordingly to enable a quick reaction to changes in the market or the competitive environment.

The Group's market is characterised by strong competitive pressures. Therefore, the Group must adjust its strategy and operations by reacting quickly to market changes by monitoring the principal economic indicators of its business (sales, margins, inventory turnover) and competitors' initiatives.

The Group's strategic marketing team is responsible for product innovation, which includes the development and the launch of new products and line extensions or the re-launch of existing products.

Sourcing

The Group pays close attention to its third party supplier selection process. In particular, the Group first defines the range of potential suppliers and then proceeds to conduct a selection. Once selected, the Group negotiates the terms and conditions of the commercial supply agreements to be entered into, and following the conclusion of the relevant agreement, continues to monitor the performance of the supplier by analysing delivery timing and product quality, and implementing corrective measures when they are called for.

In relation to already existing relationships with third party suppliers, the Group continuously nurtures relationships with both international and domestic suppliers with which it does business in order to rely on being able to strike good deals and, as a result, a more efficient management of resources and more favourable trade spending budget.

The Group also produces its own products through two production plants in Limoto di Pioltello and Parma and distributes its own private label products produced by third party suppliers (See “*Business Description—Suppliers*”).

Quality control

The Group's quality department (“*Direzione Assicurazione Qualità*”) has developed a number of standards and tools, which it employs across its business network to guarantee top quality products and safety. In particular, the Group employs 41 technicians whose job is to control all phases of production to ensure product quality and safety.

The Group pays close attention to the products it receives from its suppliers. In particular, on-site inspections are carried out with respect to the raw material production plants of the Group's brand product suppliers. These inspections are also carried out in relation to the agricultural business that provide fruit and vegetables, the slaughter houses, livestock and fish and meat processing plants (in this last case, inspections are also carried out without any prior warning). Other controls are carried out in relation to the artisan businesses that provide their products directly to the Group's stores.

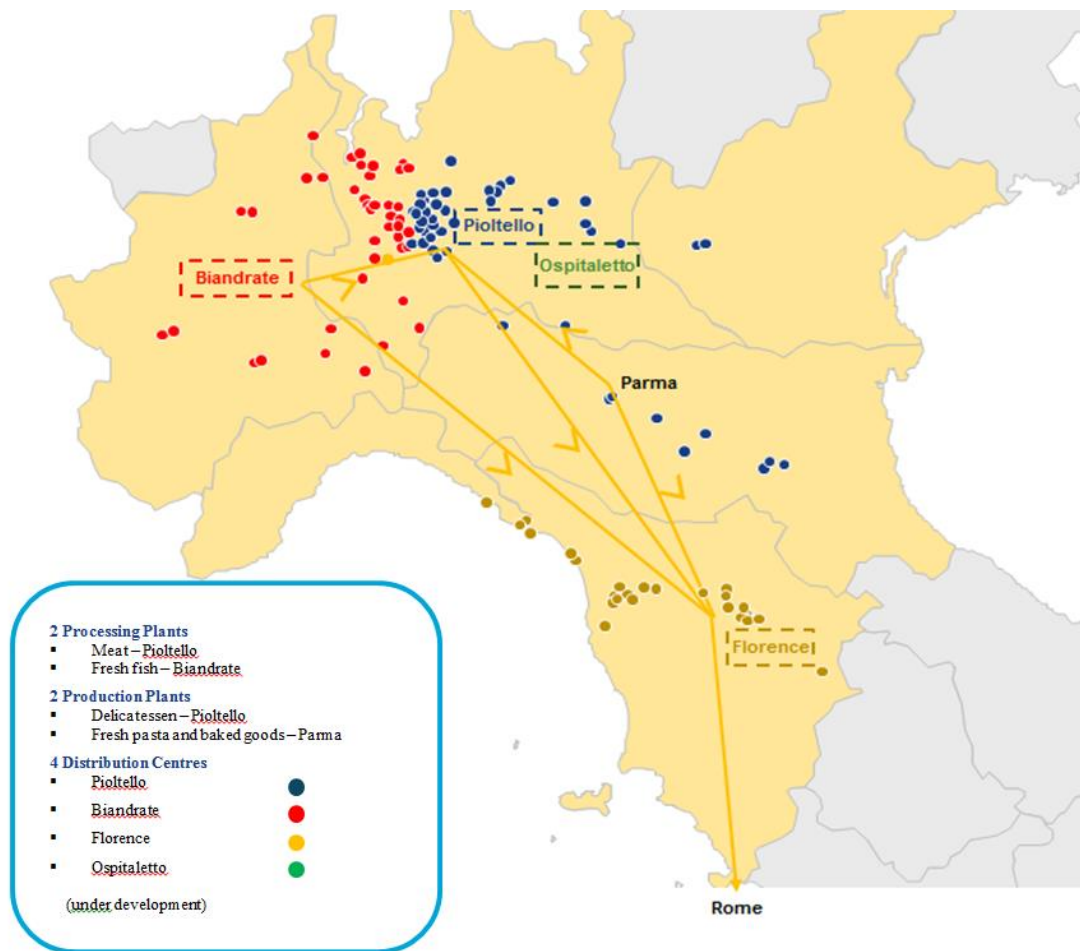
The Group must also keep constant check on the quality of its own brand products – in particular, the meat, fish, fresh pasta, bakery, patisserie and deli products. In the production facility located in Limoto di Pioltello (Milan), products are manufactured and produced in accordance with the European standards set by the BRC (*British Retailer Consortium*), as well as with the IFS (*International Food Standard*) standards. In the Parma facility, where all “*Made in Parma*” products are produced, the relevant product quality and safety certifications were obtained for both years 2015 and 2016. Inspections and controls are also carried out by the Group's quality department directly at the Esselunga stores, the Bar Atlantic cafés and the Group's warehouses which store products for its home delivery service.

This inspection process concerns over 4,700 of the Group's brand products and, in the year 2016, involved over 650 suppliers and over 700 days being used to carry out inspections. The Group tests more than 3,000 products, hundreds of thousands of samples are tested and millions of molecules and organisms have been studied at the Group's three laboratories or in the laboratories of accredited third parties, including universities.

The Group has also received both ISO and OHSAS certification, having complied with the international standards BS OHSAS 18001:2007 (*Occupational Health and Safety Assessment Series*) and UNI EN ISO 14001:2015 (*Environmental management systems*). This certification is not required by law but has been obtained voluntarily by the Group, in implementation of its health and safety principles.

Distribution and logistics

The Group's network comprises three distribution centres, which are located in Limoto di Pioltello, Biandrate and Florence. The Group is currently planning to proceed with the opening of a new distribution centre in Ospitaletto (eastern Lombardy), the construction of which is set to start in 2018. The opening of this new distribution centre would allow the Group to further expand to the northeast regions of Italy. Below is a picture of the Group's logistics network that would result following the opening of the Ospitaletto distribution centre:



The Group is also active in the e-commerce business with its home delivery service, which is offered in 1,115 municipalities located in the following 24 provinces: Milan, Florence, Como, Lecco, Brescia, Parma, Varese, Verona, Pavia, Bologna, Lodi, Monza and Brianza, Piacenza, Pistoia, Prato, Reggio Emilia, Bergamo, Lucca, Novara, Pisa, Turin, Verbano-Cusio-Ossola, Alessandria and Massa-Carrara.

Sales

Over the years, the Group has developed expertise that ensures the flow of supplies to its stores, relying on integrated logistics platforms and service providers. In particular, as of 30 June 2017 the Group's sales network is composed of 155 stores, the e-commerce platform ("*Esselunga a Casa*") and other sales channels, which include 86 Bar Atlantic cafés and 38 EsserBella perfumeries.

The Group's sales are strengthened by a loyalty programme that attracts customers, with 5.4 million customers having adhered to the Fidelity Programme as of 2016. See "*Description of the Issuer—Key Competitive Strengths—Strong backbone of high spending customers*". Specifically, the Group's Fidelity Programme is carried out through the offering of the following services:

- Loyalty Cards: (i) the standard Fidelity card, which offers the customer a series of benefits, among which is the possibility of collecting points which may be used to take advantage of discounts on store goods, acquire coupons or purchase select items on display; (ii) the golden card ("*Fidelity Oro*"), which offers the same benefits as the standard Fidelity card but also functions as a credit card with a maximum weekly credit limit; and (iii) the "*Fidelity Plus*" card, the issue and renewal of which (unlike the standard card or the *Fidelity Oro* card) is not provided free of charge but no maximum weekly credit limit applies.
- Special offers reserved to holders of Fidelity cards: the Group offers products at bargain prices to its loyal customers, whether directly at the Group's stores or on its online platform.

Regulation

The most relevant provisions governing the Issuer's business are:

- Legislative Decree No. 206 of 6 September 2005 (the so called "Consumer Code"), which sets out the applicable framework concerning the sale of goods to consumers;
- Law No. 287 of 10 October 1990, which sets out the legal and regulatory framework concerning competition;
- Legislative Decree No. 196 of 30 June 2003 (the so called "Privacy Code") that lays down the framework of rules concerning personal data protection;
- Regulation No. 852/2004/EC of the European Parliament and of the Council of 29 April 2004 on the hygiene of foodstuffs;
- Regulation No. 178/2002/EC of the European Parliament and of the Council of 28 January 2002 laying down the general principles and requirements of food law, establishing the European Food Safety Authority and laying down procedures in matters of food safety; and
- Regulation No. 1169/2011/EU of the European Parliament and of the Council of 25 October 2011 on the provision of food information to consumers.

Financing

Term Facility Agreement dated 21 June 2017

In the context of the Villata Acquisition, on 21 June 2017, Esselunga, as borrower, entered into a term facility agreement (in the form of a bridge loan) with, *inter alios*, Citigroup, as mandated lead arranger and bookrunner, Citibank Europe PLC, UK Branch, as agent, and Citibank, N.A., Milan Branch, as original lender, for a total amount equal to €1,200 million, which was subsequently reduced to €900 million on 14 July 2017 (the "**Term Facility Agreement**"). Such sum shall be repaid using the proceeds of the Notes (See "*Use of Proceeds*"). As of the date of this Prospectus, the Issuer has drawn the entire amount of €900 million of the Term Facility Agreement for the purpose of financing the Villata Acquisition.

Revolving credit facility agreements

On 3 August 2017, Esselunga, as borrower, has entered into three revolving credit facility agreements with Intesa Sanpaolo S.p.A., UniCredit S.p.A. and Mediobanca – Banca di Credito Finanziario S.p.A., as the respective lenders, for an overall maximum amount equal to €300 million (the "**RCF Lines**"). In particular, in relation to the RCF Lines, Esselunga entered into the following facility agreements: (i) a revolving credit facility agreement with Intesa Sanpaolo S.p.A. for a total maximum amount equal to €125 million; (ii) a revolving credit facility agreement with UniCredit S.p.A. for a total maximum amount equal to € 125 million; and (iii) the revolving credit facility agreement with Mediobanca – Banca di Credito Finanziario S.p.A. for a total maximum amount equal to €50 million. The RCF Lines were granted by the relevant lenders for a 5-year period and are to be used by Esselunga for general corporate purposes.

Legal Proceedings

The Group is involved in a number of legal proceedings arising in the ordinary course of its business. The Group assesses the potential losses that it could incur in connection with pending legal proceedings and make provisions in application of prudential criteria. In the six months ended 30 June 2017, the Group had made no provisions to cover risks and charges. Therefore, in the event that there are any losses resulting from legal proceedings, this could have a material adverse effect on the Group's business, financial condition and results of operations.

Nordiconad

On 21 November 2014, Margherita S.p.A., Nordiconad Soc. Coop. and GD S.r.l. brought an action against the Issuer before the Court of Bologna, requesting that the Issuer pay damages equal to €96 million for violation of Italian competition law. In particular, the claimants' alleged that the Issuer had illegitimately requested the granting of a commercial authorisation extension in relation to the Group's store in via Guelfa, Bologna.

On 22 March 2016, the Court of Bologna issued a decision in favour of the Issuer and, on 12 May 2016, the claimants appealed the first instance Court decision. The Issuer has contested such claim and disputed its validity on the merits of the case. The Court of Appeals of Bologna has set the next hearing, at which the parties shall present their closing statements, for 11 December 2018.

The Issuer, both on the basis of the findings of the first instance Court and of the position taken by its legal advisers, has not proceeded to set up a provision in its balance sheet in relation to this claim as of the date of this Prospectus.

Employees

The table below sets forth the number of employees of the Group at year end for the years ended 31 December 2016 and 2015.

	As of 31 December		As of 30 June
	2016	2015	2017
Senior Executives and Executives.....	65	59	66
Managers.....	15,071	14,656	15,123
Workers.....	7,605	7,215	7,790
Total	22,741	21,930	22,979

Management

Corporate Governance

The organisational documents of the Issuer conform to the provisions contained in the Italian Civil Code. The Issuer is structured according to the traditional Italian business corporate governance model with (i) a board of directors (the “**Board of Directors**”) responsible for overseeing business management, and (ii) a board of statutory auditors (the “**Board of Statutory Auditors**”) responsible for supervising compliance with laws and statutes, and monitoring the adequacy and the proper functioning of the organisational structure, the Issuer’s internal controls and the Issuer’s accounting and administrative system.

Pursuant to Legislative Decree No. 231 of 8 June 2001, as amended (“**Decree 231**”, which provides for the direct liability of legal entities, companies and associations for certain crimes committed by their representatives and encourages companies to adopt corporate governance structures and risk prevention systems to stop managers, executives, employees and external collaborators from committing crimes), the Board of Directors appoints an independent supervisory board (“**Organismo di Vigilanza**”), composed of three members (two of which are independent from the company), which is charged with the task of (i) monitoring compliance with Decree 231 and (ii) proposing necessary updates to the organisational model of the Issuer. The *Organismo di Vigilanza* must remain fully autonomous. As of the date of this Prospectus the members of the *Organismo di Vigilanza* are Alessandro Cortesi (as Chairman), Alberto Gaudio and PierMario Barzaghi.

Board of Directors

The following table sets forth the names, positions and principal activities of the current members of the Board of Directors. Each member was elected at the Issuer's shareholder meeting held on 27 April

2017 and their appointment will expire at the annual shareholders' meeting called for the approval of the Issuer's annual financial statements as of and for the year ending 31 December 2019.

Name	Position	Principal Activities Outside the Issuer
Giuliana Albera Caprotti	Honorary Chairwoman	-
Vincenzo Mariconda	Chairman	Studio Legale Mariconda e Associati (Founding Partner)
Marina Sylvia Caprotti	Vice-Chairman	-
Carlo Salza	Director and CEO	-
Gabriele Villa	Director	-
Stefano Tronconi	Director	Studio Pirola Pennuto Zei & Associati (Founding Partner)
Carlo Gualdi	Director	Philip Morris Italia (Senior Strategy Advisor)
Francesco Moncada	Director	-

The business address of the members of the Board of Directors is Via Vittor Pisani 20, 20124 Milan.

Board of Statutory Auditors

The Board of Statutory Auditors is part of the internal control system and its activities are carried out in compliance with the relevant regulatory requirements.

The following table sets forth the names and positions of the current members of the Board of Statutory Auditors, all of whose appointments expire at the annual shareholders' meeting which is called for the approval of the Issuer's annual financial statements as of and for the year ending 31 December 2019:

Name	Position	Principal Activities Outside the Issuer
Enzo Moggio	Chairman and Statutory Auditor	Chartered Accountant
Marco Sabella	Statutory Auditor	Chartered Accountant
Stefano Angheben	Statutory Auditor	Chartered Accountant
Claudio Clementel	Alternate Auditor	Chartered Accountant
Franco Chesani	Alternate Auditor	Chartered Accountant

In accordance with Italian law, members of the Board of Statutory Auditors are registered members of the registry of certified public accountants (*Revisori Contabili*) held by the Italian Ministry of Justice.

The business address of the members of the Board of Statutory Auditors is Via Vittor Pisani 20, 20124 Milan.

Principal Executives

The following table sets forth the Issuer's principal executives as of the date of this Prospectus.

Name	Position
Carlo Salza	Chief Executive Officer
Gabriele Villa	Commercial Director
Cesare Boiocchi	Development Director
Aldo Botta ¹	Sales and Logistics Director
Stefano Ciolli	Chief Financial Officer
Giulio Ferrari	Production Director
Alberto Gaudio	Legal and Corporate Affairs Director
Luca Lattuada	HR Director
Livio Roncalli	Marketing and Communication Director
Luca Sorichetti	IT Director

¹Luca Burrone shall replace Mr. Botta as Sales and Logistics Director from November 15, 2017

Conflicts of Interest

As of the date of this Prospectus, there is no actual or potential conflict of interest between the duties of any of the members of the Board of Directors or Board of Statutory Auditors of the Issuer and their respective private interests or other duties.

Independent auditors

The Issuer's current independent auditors are PricewaterhouseCoopers S.p.A. (“**PWC**”) which audited the consolidated annual financial statements of Esselunga as of and for the years ended 31 December 2016 and 2015. PWC, with its registered office at Via Monte Rosa 91, 20149 Milan, Italy, is registered under No. 119644 in the Register of Independent Auditors (*Registro dei Revisori Legali*) held by the Italian Ministry of the Economy and Finance.

PWC's appointment was confirmed by the shareholders' meeting held on 28 April 2016 for the period 2016 – 2018. In compliance with Legislative Decree No. 39 of 27 January 2010, as subsequently amended, on 26 September 2017, the shareholders' meeting of the Issuer resolved upon, with effectiveness from the Closing Date, the appointment of PWC and renewed period of appointment for the period 2017 – 2025.

Share Capital and Shareholders

Share Capital

As of the date of this Prospectus, the Issuer had an authorised share capital of €100,000,000.00, all of which has been issued and paid up, represented by 100,000,000 ordinary shares of €1.00 each. Since 31 December 2016, there has been no change to the Issuer's share capital.

Shareholders

Supermarkets Italiani S.p.A. is the Issuer's controlling shareholder, holding 100% of its share capital. The Issuer is not subject to direction, management and control functions by Supermarkets Italiani S.p.A. pursuant to Article 2497 of the Italian Civil Code.

In particular, 70% of Supermarkets Italiani S.p.A.'s share capital is held by Unione Fiduciaria S.p.A., (a fiduciary entity governed under the laws of the Republic of Italy) whose beneficiaries are Marina and Giuliana Caprotti (respectively, daughters and wife of the Issuer's late founder, Mr. Bernardo Caprotti). The remaining 30% of Supermarkets Italiani S.p.A.'s share capital is held equally by Violetta and Giuseppe Caprotti. See “*Description of the Issuer—Recent Developments—The Villata Acquisition*”.

TAXATION

Italian Tax Treatment of the Notes

The following is a general description of certain Italian tax considerations relating to the purchase, the ownership and the disposal of the Notes. The information provided below does not purport to be a complete analysis of the tax law and practice currently applicable in Italy and does not discuss every aspect of Italian taxation that may be relevant to a holder of the Notes.

Prospective purchasers of the Notes should consult with their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries.

References in this section to holders of the Notes include the beneficial owners of the Notes. Terms defined under this section related to Italian tax law only have such meanings as defined herein. The statements regarding the Italian laws and practices set forth below assume that Luxembourg Stock Exchange will admit, upon issuance, the Notes to the Official List and trading on its regulated market.

The statements herein regarding Italian taxation are based on the laws and published practice of the Italian tax authorities in effect in Italy as of the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following is a summary only of the material Italian tax consequences of the purchase, ownership and disposal of the Notes for Italian resident and non-Italian resident beneficial owners, although 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 special rules. This summary will not be updated to reflect changes in law or in the interpretation thereof and, if any such change occurs, the information in this summary could be superseded.

Tax treatment of interest

Legislative Decree No. 239 of 1 April 1996 (“**Decree No. 239**”) sets forth the applicable regime regarding the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price, hereinafter collectively referred to as “**Interest**”) deriving from Notes falling within the category of bonds (*obbligazioni*) and similar securities (pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986, as amended and supplemented (“**Decree No. 917**”)), issued, *inter alia*, by:

- a) companies resident of Italy for tax purposes whose shares are listed on a regulated market or on a multilateral trading platform of EU Member States or States party to the EEA Agreement allowing a satisfactory exchange of information with the Italian tax authorities as included in (i) the decree of the Ministry of Economy and Finance of 4 September 1996 as subsequently amended and supplemented, or (ii) once effective, any other decree that will be issued in the future under Article 11(4)(c) of Decree No. 239 (any of such decrees, the “**White List**”); or
- b) companies resident of Italy for tax purposes whose shares are not listed, issuing notes traded (*negoziati*) upon their issuance on the aforementioned regulated markets or platforms.

For these purposes, securities similar to bonds (“*titoli simili alle obbligazioni*”) are securities that incorporate an unconditional obligation for the Issuer to actually pay, at maturity (or at any earlier redemption), an amount not lower than their nominal/face value/principal and that do not provide any right of direct or indirect participation in, or control on, the management of the Issuer or of the business in connection with which they are issued.

Italian-resident Noteholders

Noteholders not engaged in an entrepreneurial activity

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

- (a) an individual not engaged in an entrepreneurial activity to which the Notes are connected;
 - a) a non-commercial partnership (*società semplice*) or a professional association;
 - b) a non-commercial private or public institution (other than Italian undertakings for collective investment); or
 - c) an investor exempt from Italian corporate income taxation,

then interest derived from the Notes, and accrued during the relevant holding period, is subject to a tax withheld at source (*imposta sostitutiva*), levied at a rate of 26 per cent. unless the relevant Noteholder holds the Notes in a discretionary investment portfolio managed by an authorised intermediary and has validly opted for the application of the *risparmio gestito regime* under Article of Legislative Decree No. 461 of 21 November 1997 (“**Decree No. 461**”) (see also “—*Tax treatment of capital gains—Discretionary investment portfolio regime (Risparmio gestito regime)*” below).

Subject to certain conditions (including a minimum holding period requirement) and limitations, interest, premium and other income relating to the Notes (being financial instruments issued by an Italian resident corporation) may be exempt from any income taxation (including the 26 per cent. *imposta sostitutiva*) if the Noteholder is an Italian resident individual not engaged in entrepreneurial activity and 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 (Finance Act 2017).

Noteholders engaged in an entrepreneurial activity

In the event that the Italian-resident Noteholders mentioned under letters a) and c) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax. Interest will be included in the relevant beneficial owner’s Italian income tax return and will be subject to Italian ordinary income taxation and the *imposta sostitutiva* may be recovered as a deduction from Italian income tax due.

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

Real estate investment funds and real estate SICAFs

Payments of Interest deriving from the Notes made to Italian resident real estate collective investment funds and real estate closed-ended investment companies (*società di investimento a capitale fisso*, or “**SICAFs**”), provided that the Notes, together with the coupons relating thereto, are timely deposited directly or indirectly with an Italian authorised financial intermediary (or permanent establishment in Italy of a non-resident intermediary) are subject neither to *imposta sostitutiva* nor to any other income tax at the level of the real estate investment fund or the real estate SICAF. However, a withholding or substitute tax of 26 per cent. will apply, in certain circumstances, to income realised by unitholders or shareholders in the event of distributions, redemption or sale of the units or shares. Moreover, subject to certain conditions, income realised by Italian real estate investment funds or real estate SICAFs is

attributed pro rata to the Italian resident unitholders irrespective of any actual distribution on a tax transparency basis.

Funds, SICAVs and non-real estate SICAFs

If an Italian resident Noteholder is a non-real estate open-ended or a closed-ended collective investment fund (“**Fund**”), an open-ended investment company (*società di investimento a capitale variabile*, or “**SICAV**”) or a non-real estate SICAF established in Italy and either (i) the Fund, SICAV or the non-real estate SICAF or (ii) their manager is subject to the supervision of a regulatory authority and the Notes are deposited with an authorised 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 the non-real estate SICAF. The Fund, the SICAV or the non-real estate SICAF are subject neither to *imposta sostitutiva* nor to any other income tax at their level, but a withholding tax of 26 per cent. will be levied, in certain circumstances, by the Fund, the SICAV or the non-real estate SICAF on proceeds distributed in favor of their unitholders or shareholders.

Pension funds

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

Application of the imposta sostitutiva

Pursuant to Decree No. 239, the *imposta sostitutiva* is applied by banks, brokerage companies (*società di intermediazione mobiliare*, or “**SIM**”), fiduciary companies, *società di gestione del risparmio* (“**SGR**”), stockbrokers and other entities identified by decrees of the Ministry of Economy and Finance (each, an “**Intermediary**”).

An Intermediary must:

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

If the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by the relevant Italian financial intermediary (or permanent establishment in Italy of a non-Italian resident financial intermediary) paying the Interest to a Noteholder or, absent that, by the Issuer and gross recipients that are Italian resident corporations or permanent establishments in Italy of non-resident corporations to which the Notes are effectively connected are entitled to deduct *imposta sostitutiva* suffered from income taxes due.

Non-Italian resident Noteholders

If the Noteholder is a non-resident for tax purposes, an exemption from the *imposta sostitutiva* applies, provided that the non-resident Noteholder is:

- a) a beneficial owner of the payment of Interest with no permanent establishment in Italy to which the Notes are effectively connected and resident, for tax purposes, in a state or territory included in the White List; or

- b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or
- c) an “institutional investor”, whether or not subject to tax, which is established in a state or territory included in the White List, even if it does not possess the status of a taxpayer in its own state of establishment; or
- d) a central bank or an entity which manages, *inter alia*, the official reserves of a foreign state.

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

- (i) an Italian or non-resident 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); or
- (ii) 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 telematic link, with the Department of Revenue of the Ministry of Economy and Finance (the “**Second Level Bank**”). Organisations and companies that are not resident of Italy, acting through a system of centralised administration of securities and directly connected with the Department of Revenue of the Italian 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 depositary of financial instruments pursuant to Article 80 of Legislative Decree No. 58 of 24 February 1998) for the purposes of the application of Decree No. 239. If a non-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 non-resident Noteholders is conditional upon:

- (i) the deposit of the Notes, either directly or indirectly, with an institution which qualifies as a Second Level Bank; and
- (ii) the submission to the First Level Bank or the Second Level Bank (as the case may be) of a statement of the relevant Noteholder (*autocertificazione*), to be provided only once, in which it declares, *inter alia*, that it is the beneficial owner of any interest on the Notes and it is eligible to benefit from the exemption from the *imposta sostitutiva*.

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

The *imposta sostitutiva* will be applicable at a rate of 26 per cent. 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). Noteholders who are subject to the *imposta sostitutiva* might, nevertheless, be eligible for full or partial relief under an applicable tax treaty, subject to timely filing of required

documentation provided by Regulation of the Director of Italian Revenue Agency No. 2013/84404 of 10 July 2013.

Tax treatment of capital gains

Italian-resident Noteholders

Noteholders not engaged in an entrepreneurial activity

Where an Italian-resident Noteholder is an individual not engaged in an entrepreneurial activity to which the Notes are connected, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to a capital gain tax (*imposta sostitutiva*, or “**CGT**”) levied at a rate of 26 per cent. Noteholders may set off any capital losses with their capital gains.

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

Tax return regime. Under the tax return 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 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 their annual tax return, and pay the CGT on such gains, together with any balance of income tax due for such year. Within the same time limit, capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years. Under Decree No. 66 of 24 April 2014 (“**Decree No. 66**”), capital losses may be carried forward and offset against capital gains of the same nature realised as of 1 July 2014 for an overall amount of: 76.92 per cent. of the capital losses realised from 1 January 2012 to 30 June 2014, and 100 per cent. of the capital losses realised as of July 1, 2014.

Non discretionary investment portfolio regime (Risparmio amministrato regime). As an alternative to the tax return regime, Italian-resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the CGT separately on capital gains realised on each sale or redemption of the Notes (*regime del risparmio amministrato*). Such separate taxation of capital gains is allowed subject to:

- (i) the Notes being deposited with an Italian bank, SIM or certain authorised financial intermediaries; and
- (ii) an express election for the *risparmio amministrato* regime being made in writing in a timely fashion by the relevant Noteholder.

The depository must account for the CGT in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss. The depository must also pay the CGT to the Italian tax authorities on behalf of the Noteholder, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, any possible capital loss resulting from a sale or redemption or certain other transfer of the Notes may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years, up until the fourth tax year. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains/losses realised within said regime in the annual tax return. Under Decree No. 66, capital losses may be carried forward and offset against capital gains of the same nature realised as of July 1, 2014 for an overall amount of: 76.92 per cent. of the capital losses realised from 1 January 2012 to 30 June 2014, and 100 per cent. of the capital losses realised as of 1 July 2014.

Discretionary investment portfolio regime (Risparmio gestito regime). In the *risparmio gestito regime*, any capital gains realised by Italian-resident individuals holding the Notes not in connection with an entrepreneurial activity and who have entrusted the management of their financial assets (including the Notes) to an authorised intermediary, will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at tax year-end, subject to a 26 per cent. substitute tax, to be paid by the managing authorised intermediary. Any decrease in value of the managed assets accrued at the tax year-end may be carried forward against any increase in value of the managed assets accrued in any of the four succeeding tax years. The Noteholder is not required to declare the capital gains or losses realised within said regime in its annual tax return. Under Decree No. 66, decreases in value of the managed assets may be carried forward and offset against any subsequent increase in value accrued as of 1 July 2014 for an overall amount of: 76.92 per cent. of the decreases in value occurred from 1 January 2012 to 30 June 30 2014, and 100 per cent. of the decreases in value occurred as of 1 July 2014. The Noteholder is not required to declare the capital gains realised in the annual tax return.

Subject to certain conditions (including minimum holding period requirement) and limitations, capital gains on the Notes may be exempt from any income taxation (including from the 26 per cent. CGT) if the Noteholder is an Italian resident individual not engaged in entrepreneurial activity and the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets all the requirements set forth in Article 1(100-114) of Finance Act 2017.

Noteholders engaged in an entrepreneurial activity

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

Real estate investment funds and real estate SICAFs

Any capital gains realised by a Noteholder which qualifies as an Italian real estate investment fund or an Italian real estate SICAF will be subject neither to CGT nor to any other income tax at the level of the real estate investment fund or the real estate SICAF (see “*Tax treatment of Interest—Real estate investment funds and real estate SICAFs*”). However, a withholding or substitute tax of 26 per cent. will apply, in certain circumstances, to income realised by unitholders or shareholders in the event of distributions, redemption or sale of the units or shares. Moreover, subject to certain conditions, income realised by Italian real estate investment funds or real estate SICAFs is attributed pro rata to the Italian resident unitholders irrespective of any actual distribution on a tax transparency basis..

Funds, SICAVs and non-real estate SICAFs

Any capital gains realised by a Noteholder which is a Fund, a SICAV or a non-real estate SICAF will not be subject to CGT but will be included in the result of the relevant portfolio accrued at the end of the relevant fiscal year. Such result will not be taxed at the level of the Fund, the SICAV or the non-real estate SICAF, but income realised by the unitholders or shareholders in case of distributions, redemption or sale of the units / shares may be subject to a withholding tax of 26 per cent.

Pension funds

Any capital gains realised by a Noteholder which qualifies as an Italian pension fund (subject to the regime provided for by Article 17 of Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the relevant tax period, and subject to 20 per cent. substitute tax.

Non-Italian resident Noteholders

A 26 per cent. CGT on capital gains may be payable on capital gains realised on the sale or redemption of the Notes by non-Italian resident persons without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, under Article 23(1)(f)(2) of Decree No. 917, capital gains realised by non-resident Noteholders from the sale or redemption of notes issued by an Italian-resident issuer and traded on regulated markets in Italy or abroad are not subject to the CGT, subject to the filing of required documentation in a timely fashion (in particular, a self-declaration that the Noteholder is not resident in Italy for tax purposes). As of the date of this Prospectus, the Italian tax authorities have not officially confirmed whether a multilateral trading platform qualifies for this exemption.

Capital gains realised by non-resident Noteholders from the sale or redemption of Notes issued by an Italian-resident issuer, even if the Notes are not traded on regulated markets, are not subject to the CGT, provided that the beneficial owner is:

- a) a beneficial owner of the capital gains with no permanent establishment in Italy to which the Notes are effectively connected and resident, for tax purposes, of a state or territory included in the White List; or
- b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or
- c) an “institutional investor”, whether or not subject to tax, which is established in a state or territory included in the White List, even if it does not possess the status of a taxpayer in its own state of establishment; or
- d) a central bank or an entity which manages, *inter alia*, the official reserves of a foreign state.

In order to ensure gross payment, non-Italian resident Noteholders must satisfy the same conditions set forth above to benefit from the exemption from the *imposta sostitutiva* in accordance with Decree 239 (see “—Tax Treatment of Interest”).

If none of the above conditions is met, capital gains realised by non-Italian resident Noteholders from the sale or the redemption of Notes issued by an Italian resident issuer and not traded on regulated markets may be subject to the CGT at the current rate of 26 per cent. However, Noteholders might benefit from an applicable tax treaty with Italy, providing that capital gains realised upon the sale or redemption of the Notes are to be taxed only in the State where the recipient is tax resident, subject to certain conditions to be satisfied.

Under these circumstances, if non-resident persons without a permanent establishment in Italy to which the Notes are effectively connected hold Notes with an Italian authorised 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-resident Noteholders file in time with the authorised financial intermediary appropriate documents which include, *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.

Certain reporting obligations for Italian-resident Noteholders

Under Law Decree No. 167 of 28 June 1990, as subsequently amended and supplemented, individuals, non-business entities and non-business partnerships that are resident in Italy and, during the tax year, hold investments abroad or have financial assets abroad (including possibly the Notes)

must, in certain circumstances, disclose these investments or financial assets 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), regardless of the value of such assets (save for deposits or bank accounts having an aggregate value not exceeding €15,000 threshold throughout the year, which per se do not require such disclosure). The requirement applies also where the persons above, being not the direct holder of the financial assets, are the actual economic owners thereof for the purposes of anti-money laundering legislation.

No disclosure requirements exist for investments and financial assets (including the Notes) under management or administration entrusted to Italian resident intermediaries (Italian banks, SIMs, fiduciary companies or other professional intermediaries, indicated in Article 1 of Decree No. 167 of 28 June 1990) and for contracts concluded through their intervention, provided that the cash flows and the income derived from such activities and contracts have been subjected to Italian withholding or substitute tax by the such intermediaries.

Italian inheritance tax and gift tax

The transfer of Notes by reason of gift, donation or succession proceedings is subject to Italian gift and inheritance tax as follows:

- (a) 4 per cent. for transfers in favor of the spouse or direct relatives exceeding, for each beneficiary, a threshold of €1,000,000.00;
- (b) 6 per cent. for transfers in favor of siblings exceeding, for each beneficiary, a threshold of €100,000.00;
- (c) 6 per cent. for transfers in favor of relatives up to the fourth degree and to all relatives in law in direct line and to other relatives in law up to the third degree, on the entire value of the inheritance or the gift; and
- (d) 8 per cent. for transfers in favor of any other person or entity, on the entire value of the inheritance or the gift.

If the heir/heirress or the donee is a person with a severe disability pursuant to Law No. 104 of 5 February 1992, inheritance tax or gift tax is applied to the extent that the value of the inheritance or gift exceeds €1,500,000.00.

With respect to Notes listed on a regulated market, the 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 tax and gift tax purposes is generally determined by reference to the value of listed debt securities having similar features or based on certain elements as presented in the Italian tax law.

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

Wealth tax—direct holding

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

Stamp taxes and duties—holding through financial intermediary

Under Article 13(2bis-2ter) of Decree No. 642 of 26 October 1972, a 0.2 per cent. stamp duty generally applies 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 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.

The stamp duty cannot exceed €14,000.00 for Noteholders other than individuals.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy and Finance on 24 May 2012, the 0.2 per cent. 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 the Bank of Italy. Communications and reports sent to this type of investors are subject to the ordinary €2.00 stamp duty for each copy.

The taxable base of the stamp duty is the market value or, in the lack thereof, the nominal value or the redemption amount of any financial product.

Registration tax

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

- a) public deeds and private deeds with notarised signatures (*atti pubblici e scritture private autenticate*) are subject to fixed registration tax at rate of €200.00; and
- b) private deeds (*scritture private non autenticate*) are subject to fixed registration tax of €200.00 only in the case of use or voluntary registration or occurrence of the so-called *enunciazione*.

SUBSCRIPTION AND SALE

Pursuant to a subscription agreement between the Issuer and Managers dated 24 October 2017 (the “**Subscription Agreement**”), the Managers have agreed to subscribe and pay for the 2023 Notes and the 2027 Notes on the Closing Date. The Issuer has agreed to pay commissions to the Managers and to reimburse certain of their expenses incurred in connection with the management of the issue of the Notes. The Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

General

The Managers have represented, warranted and agreed that (to the best of their knowledge and belief) they have complied and will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Prospectus or any other offering material relating to the Notes. Persons into whose hands this Prospectus comes are required by the Issuer and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

United States of America

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold 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. Terms used in this paragraph have the meanings given to them by Regulation S.

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

The Managers have agreed that, except as permitted by the Subscription Agreement, they will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the completion of the distribution of the Notes, as determined and certified by such manager, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells 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.

In addition, until forty (40) days after the completion of the distribution of the Notes, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, each of the Managers has represented and agreed that no Notes may be offered, sold or delivered nor may copies of this Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (i) to qualified investors (*investitori qualificati*), as defined under Article 100 of the Legislative Decree No. 58 of 24 February 1998, as amended (the “**Italian Financial Act**”), as implemented by Article 26, paragraph 1(d) of CONSOB Regulation No. 16190 of 29 October 2007, as amended (“**CONSOB Regulation No. 16190**”), pursuant to Article 34-ter, first paragraph, letter b), of CONSOB Regulation No. 11971 of 14 May 1999, as amended (“**CONSOB Regulation No. 11971**”); or

- (ii) in circumstances where an exemption from the rules governing public offers of securities applies, pursuant to Article 100 of the Italian Financial Act or CONSOB's implementing regulations, including Article 34-ter, first paragraph, letter b), of CONSOB Regulation No. 11971.

Any such offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy must be made in compliance with the selling restrictions under (i) and (ii) above and must be:

- (a) made by an investment firm, bank or financial intermediary licensed to conduct such activities in the Republic of Italy in accordance with the relevant provisions of the Italian Financial Act, CONSOB Regulation No. 16190, Legislative Decree No. 385 of 1 September 1993 (the “**Banking Act**”), in each case as amended from time to time; and
- (b) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy or any other competent authority.

The Issuer has undertaken to comply with Article 129 of the Banking Act, as amended from time to time, and the implementing guidelines of the Bank of Italy issued on 25 August 2015 and amended on 10 August 2016 (as further amended from time to time) with regard, *inter alia*, to the reporting obligations applicable to the Issuer.

United Kingdom

The Managers have further represented, warranted and undertaken that:

- (a) they have 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 Financial Services and Markets Act 2000, as amended (the “**FSMA**”)) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) they have complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

GENERAL INFORMATION

Corporate Information

Esselunga was incorporated as joint stock company (*società per azioni*) on 30 October 1980 under the laws of the Republic of Italy for a duration of up to 31 December 2050. The Issuer is registered at the Companies' Registry (*Registro delle Imprese*) of Milan under registration number 01255720169 and VAT number 04916380159. Its registered office is at Via Vittor Pisani 20, 20124, Milan, Italy and its administrative office is at Via Giambologna 1, 20096, Limbiate di Pioltello (Milan), Italy. The telephone number of its main operations is +39 02 92931.

Authorisation

The Issuer has obtained all necessary consents, approvals and authorisations in Italy in connection with the issue and performance of the obligations under the Notes. The creation and issue of the Notes has been authorised by a resolution of the Chief Executive Officer of the Issuer dated 19 October 2017, as empowered pursuant to a resolution of the Board of Directors of the Issuer dated 26 September 2017.

Listing and Admission to Trading

Application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to trading on its regulated market and to be listed on the Official List. Admission is expected to take effect on or about the Closing Date.

Expenses related to Admission to Trading

The total expenses related to admission of the Notes to trading are estimated at €10,000.00.

Listing Agent

BNP Paribas Securities Services, Luxembourg Branch is acting solely in its capacity as listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to the Official List of the Luxembourg Stock Exchange or to trading on its regulated market for the purposes of the Prospectus Directive.

Legal and Arbitration Proceedings

Save as disclosed in “*Description of the Issuer—Legal Proceedings*”, neither the Issuer nor any 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), which may have, or have had during the 12 months prior to the date of this Prospectus, a significant effect on the financial position or profitability of the Issuer or the Group.

Significant/Material Change

There has been no material adverse change in the prospects of the Issuer or the Group since 31 December 2016 and there has been no significant change in the financial or trading position of the Issuer or the Group since 30 June 2017.

Auditors

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

Documents on Display

For so long as the Notes remain outstanding, physical or electronic copies of the following documents may be inspected during normal business hours at the offices of the Paying Agent at 60 avenue J.F. Kennedy, L-1855 Luxembourg, Luxembourg:

- (a) the by-laws (*statuto*) of the Issuer;
- (b) the Subscription Agreement;
- (c) the 2023 Notes' Trust Deed and the 2027 Notes' Trust Deed;
- (d) the 2023 Notes' Paying Agency Agreement and the 2027 Notes' Paying Agency Agreement;
- (e) the unaudited interim consolidated financial statements of the of the Group as of and for the six months ended 30 June 2017;
- (f) the audited consolidated annual financial statements of the Group as of and for the years ended 31 December 2016 and 2015;
- (g) the unaudited interim condensed consolidated financial statements of Villata Partecipazioni S.p.A. and its subsidiaries as of and for the six months ended 30 June 2017;
- (h) the audited consolidated financial statements of Villata Partecipazioni S.p.A. and its subsidiaries as of and for the year ended 31 December 2016; and
- (i) the unaudited pro forma consolidated statement of financial position as of 30 June 2017, the unaudited pro forma consolidated income statement for the six months ended 30 June 2017 and the unaudited pro forma consolidated income statement for the year ended 31 December 2016 and the related explanatory notes prepared on a voluntary basis to represent (i) the Villata Acquisition; and (ii) the issuance of the Notes.

A copy of this Prospectus and any document incorporated by reference in this Prospectus will also be available for viewing on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Interests of natural and legal persons involved in the issue/offer

In the ordinary course of business, the Managers and their affiliates have engaged, and may in the future engage, in lending, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer and its affiliates and with companies involved directly or indirectly in the sectors in which the Issuer and its affiliates operate and/or competitors of the Issuer interested in carrying out transactions of a similar nature. In addition, in the ordinary course of their business activities, the Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates or any entity related to the Notes. The Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistently with their customary risk management policies. Typically, the Managers and their affiliates 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 the Issuer's securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes. The Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the purpose of this paragraph, the word "affiliates" also includes parent companies.

In addition, as described in "*Subscription and Sale*", each Manager will receive commission in connection with the subscription and sale of the Notes and, as described in "*Description of the Issuer—Financing—Term Facility Agreement dated 21 June 2017*", certain of the Managers and/or their

affiliates entered as lenders in the Term Facility Agreement that shall be repaid using the proceeds of the Notes.

Yield

On the basis of an issue price of 99.281 per cent. of the principal amount of the 2023 Notes (plus accrued interest), the gross real yield of the 2023 Notes is 0.999 per cent. on an annual basis. On the basis of the issue price of the 2027 Notes of 99.289 per cent. of their principal amount (plus accrued interest), the gross real yield of the 2027 Notes is 1.954 per cent. on an annual basis. It is not an indication of future yield.

Legend Concerning US Persons

The Notes, the 2023 Notes' Coupons and the 2027 Notes' Coupons appertaining thereto will bear a legend to the following effect:

“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”.

ISIN and Common Code

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg.

The 2023 Notes have the following ISIN and common code assigned to them:

ISIN: XS1706921951

Common code: 170692195

The 2027 Notes have the following ISIN and common code assigned to them:

ISIN: XS1706922256

Common code: 170692225

ANNEX A – Unaudited Pro Forma Consolidated Financial Information

AUDITORS' REPORT ON THE UNAUDITED PRO-FORMA CONSOLIDATED FINANCIAL INFORMATION AS OF 30 JUNE 2017, FOR THE SIX MONTHS ENDED 30 JUNE 2017 AND FOR THE YEAR ENDED 31 DECEMBER 2016 OF ESSELUNGA SPA

To the Board of Directors of
Esselunga SpA

1. We have examined the accompanying pro-forma consolidated statement of financial position as of 30 June 2017 and pro-forma consolidated income statement for the six month period ended 30 June 2017 and for the year ended 31 December 2016 of Esselunga SpA (**"Esselunga"** or the **"Company"** and, together with its subsidiaries, the **"Group"**) and the related explanatory notes (the **"Unaudited Pro-forma Consolidated Financial Information"**). The applicable criteria on the basis of which the Company has compiled the Unaudited Pro-forma Consolidated Financial Information are described in the main assumptions and in the basis of preparation, included in notes 2.1 and 4.1 to the Unaudited Pro-forma Consolidated Financial Information (the **"Basis for Preparation"**). The Unaudited Pro-forma Consolidated Financial Information has been prepared on a voluntary basis and solely for inclusion in the prospectus being published in accordance with the Directive 2010/73/EU and the relevant implementing measures in Luxembourg in connection with the Company's proposed issuance of notes (the **"Notes"**) to non-US persons outside the United States in accordance with Regulation S under the United States Securities Act of 1933 as amended. Application has been made for the Notes to be admitted to listing on the Official List of the Luxembourg Stock Exchange and trading on its regulated market.
2. The Unaudited Pro-forma Consolidated Financial Information has been compiled by Esselunga to reflect retrospectively the effects of the following transactions (the **"Transactions"**):
 - (i) the acquisition by Esselunga of a controlling shareholding in Villata Partecipazioni SpA and
 - (ii) the proposed offering of the Notes by Esselunga together with the application of the proceeds therefrom (the **"Offering"**)

on the consolidated financial position as if the Transactions had taken place on 30 June 2017, and on the consolidated results of operations as if the Transactions had taken place on 1 January 2017 and 1 December 2016.

As part of this process, information about the Company's consolidated financial position and consolidated results of operation has been extracted by:

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhler 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Verona** 37135 Via Francia 21/C Tel. 0458263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444393311



- a) the consolidated financial statements of Esselunga as of and for the year ended 31 December 2016, audited by PricewaterhouseCoopers SpA, which issued its audit report on 12 April 2017;
- b) the consolidated financial statements of Villata Partecipazioni SpA as of and for the year ended 31 December 2016, audited by PricewaterhouseCoopers SpA, which issued its audit report on 13 April 2017;
- c) the unaudited interim condensed consolidated financial statements of Esselunga and Villata Partecipazioni SpA as of and for the six months ended 30 June 2017, which have been reviewed by PricewaterhouseCoopers SpA, which issued its reviewed report on 25 September 2017.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro-forma Consolidated Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro-forma Consolidated Financial Information.

3. The Company is responsible for the Unaudited Pro-forma Consolidated Financial Information and it is responsible for compiling the Unaudited Pro-forma Consolidated Financial Information on the basis of the Basis for Preparation. Our responsibility is to express an opinion, as required by Art. 7 of Annex II of the Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing the Prospectus Directive (the “**Prospectus Directive Regulation**”), about whether the Unaudited Pro-forma Consolidated Financial Information has been compiled, in all material respects, by the Company on the basis of the Basis for Preparation.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro-forma Consolidated Financial Statements Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Company has compiled, in all material respects, the Unaudited Pro-forma Consolidated Financial Information on the basis of the Basis for Preparation.

The purpose of pro-forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Transactions at 30 June 2017 and for the period then ended and for the year ended 31 December 2016 would have been as presented.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



4. In our opinion:

- the Unaudited Pro-forma Consolidated Financial Information has been properly compiled, in all material respects, on the basis of the Basis for Preparation, and
- the Basis for Preparation are consistent with the accounting policies of Esselunga SpA.

5. We issued this report on the Unaudited Pro-forma Consolidated Financial Information in accordance with the requirements of the Prospectus Directive Regulation. We are responsible for this report and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import in the Prospectus. This declaration is included in the Prospectus in compliance with item 1.2 of Annex IX of the Prospectus Directive Regulation.

Milan, 19 October 2017

PricewaterhouseCoopers SpA

A handwritten signature in blue ink, appearing to read 'm. colombo'.

Matteo Colombo
(Partner)

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

1. INTRODUCTION

This document presents the unaudited pro forma consolidated financial information as of 30 June 2017, for the six months ended 30 June 2017 and for the year ended 31 December 2016 of Esselunga S.p.A. (hereinafter “**Esselunga**” and, together with its subsidiaries, the “**Group**”) and the related explanatory notes (the “**Unaudited Pro Forma Consolidated Financial Information**”).

The Unaudited Pro Forma Consolidated Financial Information has been prepared on a voluntary basis for inclusion in the prospectus being published in accordance with Directive 2003/71 EC (as amended, including Directive 2010/73/EU, the “**Prospectus Directive**”) and the relevant implementing measures in Luxembourg in connection with Esselunga’s proposed issuance of notes (the “**Notes**”) to non-US persons outside the United States in accordance with Regulation S under the United States Securities Act of 1933 as amended. Application has been made for the Notes to be admitted to listing on the Official List of the Luxembourg Stock Exchange and trading on its regulated market.

The Unaudited Pro Forma Consolidated Financial Information has been prepared to represent the following transactions (together the “**Transactions**”):

- (i) the acquisition by Esselunga of a controlling shareholding in Villata Partecipazioni S.p.A. (“**Villata Partecipazioni**” and, together with its subsidiaries, the “**Villata Partecipazioni Group**”), an Italian company engaged in the construction, purchase, development, sale and leasing of real estate primarily for commercial use which at 30 June 2017 owned 84 commercial properties leased to Esselunga, (the “**Villata Partecipazioni Acquisition**”); and
- (ii) the proposed offering of the Notes by Esselunga together with the application of the proceeds therefrom (the “**Offering**”).

The Transactions are described in detail in Section 2 below.

The purpose of the preparation of the Unaudited Pro Forma Consolidated Financial Information is to simulate, using accounting principles that are consistent with those used in relation to the preparation of Esselunga’s published historical consolidated financial statements and compliant with the applicable legislation, the main effects of the Transactions on the consolidated financial position and consolidated results of operations of the Group, as if the Transactions had occurred on:

- 30 June 2017, for the purpose of the unaudited pro forma consolidated statement of financial position as of 30 June 2017;
- 1 January 2017, for the purpose of the unaudited pro forma consolidated income statement for the six months ended 30 June 2017; and
- 1 January 2016, for the purpose of the unaudited pro forma consolidated income statement for the year ended 31 December 2016.

The Unaudited Pro Forma Consolidated Financial Information addresses a hypothetical situation and, therefore, does not represent the actual financial position or results of operations of the Group.

As mentioned above, the Unaudited Pro Forma Consolidated Financial Information represents a simulation, for illustrative purposes only, of the main potential impacts that may derive from the Transactions. In particular, as pro forma information is prepared to illustrate retrospectively the effects of transactions that will occur subsequently using generally accepted regulations and reasonable assumptions, there are limitations that are inherent to the nature of pro forma information; hence, had the Transactions taken place on the dates assumed above, the actual effects would not necessarily have been the same as those presented in the Unaudited Pro Forma Consolidated Financial Information. Furthermore, in consideration of the different purposes of the Unaudited Pro Forma Consolidated Financial Information as compared to the historical consolidated financial statements

and the different methods of calculation of the effects of the Transactions on the unaudited pro forma consolidated statement of financial position and on the unaudited pro forma consolidated income statement, the latter two statements should be read and interpreted without comparisons between them.

The Unaudited Pro Forma Consolidated Financial Information is based on the current estimates of, and good faith assumptions regarding, the effects arising from the Transactions. As previously indicated, the Unaudited Pro Forma Consolidated Financial Information is for informational purposes only and does not purport to represent or to be indicative of the consolidated financial position or results of operations that the Group would have reported had the Transactions been completed as of the dates presented, and is not, and should not be taken as, representative of the Group's future consolidated financial position or the Group's future results of operations, nor does it purport to project the Group's financial position as of any future date or results of operations for any future period. The Unaudited Pro Forma Consolidated Financial Information was not prepared in accordance with the requirements of Regulation S-X under the United States Securities Act of 1933 as amended.

The Unaudited Pro Forma Consolidated Financial Information should be read together with:

- a) the consolidated financial statements of Esselunga as of and for the year ended 31 December 2016 (the “**Esselunga 2016 Consolidated Financial Statements**”), approved by Esselunga's board of directors on 22 March 2017, and audited by PricewaterhouseCoopers S.p.A., which issued its audit report without qualification on 12 April 2017;
- b) the consolidated financial statements of Villata Partecipazioni as of and for the year ended 31 December 2016 (the “**Villata Partecipazioni 2016 Consolidated Financial Statements**”), approved by Villata Partecipazioni's board of directors on 30 March 2017, and audited by PricewaterhouseCoopers S.p.A., which issued its audit report without qualification on 13 April 2017;
- c) the unaudited interim condensed consolidated financial statements of Esselunga as of and for the six months ended 30 June 2017 (the “**Unaudited Esselunga June 2017 Interim Condensed Consolidated Financial Statements**”), approved by Esselunga's board of directors on 12 September 2017;
- d) the unaudited interim condensed consolidated financial statements of Villata Partecipazioni as of and for the six months ended 30 June 2017 (the “**Unaudited Villata Partecipazioni June 2017 Interim Condensed Consolidated Financial Statements**”), approved by Villata Partecipazioni's board of directors on 8 September 2017.

2. THE TRANSACTIONS

2.1 Description of the Transactions

A brief description of the Transactions and of the main assumptions regarding the effects arising from them is reported below.

The Villata Partecipazioni Acquisition

On 20 June 2017 Esselunga entered into two preliminary agreements for the purchase of 67.5% of the share capital of Villata Partecipazioni, to be performed in two steps, specifically:

- an initial purchase of 45.0% of the share capital of Villata Partecipazioni from Ms. Violetta Caprotti and Mr. Giuseppe Caprotti, owners of 45.0% of Villata Partecipazioni (hereinafter the “**Minority Shareholders**”) for a total consideration of €643.5 million (the “**Minority Acquisition**”); and
- an additional purchase of 22.5% from Unione Fiduciaria S.p.A., (“**Unione Fiduciaria**”) a fiduciary company jointly representing the owners of 55.0% of the share capital of Villata Partecipazioni (hereinafter, the “**Controlling Shareholders**”), for a consideration of €321.8

million. This agreement was subject to certain conditions, including, *inter alia*, the completion of the Minority Acquisition (the “**Unione Fiduciaria Acquisition**”).

The Minority Acquisition and the Unione Fiduciaria Acquisition are together defined as the “**Villata Partecipazioni Acquisition**”.

On 27 June 2017 the Minority Acquisition was completed following the signing of a purchase agreement between Esselunga and the Minority Shareholders (the “**Minority Purchase Agreement**”).

Prior to the Minority Acquisition, Esselunga did not have any shareholding in Villata Partecipazioni.

Upon the completion of the Minority Acquisition and as of 30 June 2017, Esselunga held 45.0% of the share capital of Villata Partecipazioni. The Unione Fiduciaria Acquisition was completed on 21 September 2017. Therefore, in the Unaudited Esselunga June 2017 Interim Condensed Consolidated Financial Statements the 45.0% shareholding in Villata Partecipazioni has been accounted for using the equity method.

Upon the completion of the Unione Fiduciaria Acquisition on 21 September 2017, Esselunga holds 67.5% of the share capital of Villata Partecipazioni and exercises control.

On 21 June 2017 Esselunga entered into a €1,200 million term facility agreement (the “**Existing Term Facility Agreement**”) in the form of a bridge loan, of which €900 million was to finance the Villata Partecipazioni Acquisition. €683.5 million was drawn down on 26 June 2017 of which €643.5 million was used to finance the Minority Acquisition and €40 million was used to finance an advance payment of the Unione Fiduciaria Acquisition. Therefore as of 30 June 2017 a total amount of €683.5 million had been drawn down. A further €216.5 million was drawn down on 20 September 2017 to partially finance the Unione Fiduciaria Acquisition (bringing the total drawn down to €900 million), with the remaining €65.3 million paid in cash. The outstanding balance of the Existing Term Facility Agreement will be repaid through the issuance of the Notes.

The Offering

Esselunga intends to issue the Notes, the net proceeds of which will be used mainly to repay the outstanding balance under the Existing Term Facility Agreement.

For the sole purpose of the preparation of the Unaudited Pro Forma Consolidated Financial Information, the aggregate principal amount of the Notes has been estimated, based on the best information available at the time this Unaudited Pro Forma Consolidated Financial Information was prepared, to be €1,000 million, including (i) a series of notes with a principal amount of €500 million, a maturity of 6 years, an issue price of 99.281% and an interest rate of 0.875% (the “**2023 Notes**”) and (ii) a series of notes with a principal amount of €500 million, a maturity of 10 years, an issue price of 99.289% and an interest rate of 1.875% (the “**2027 Notes**”). The transaction costs related to the issue of the Notes have been estimated, based on the best information available at the time this Unaudited Pro Forma Consolidated Financial Information was prepared, to be €16.5 million.

3. UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

This section presents the unaudited pro forma consolidated statement of financial position as of 30 June 2017 and the unaudited pro forma consolidated income statement for the six months ended 30 June 2017 and for the year ended 31 December 2016.

3.1 Unaudited pro forma consolidated statement of financial position as of 30 June 2017

The following table shows the pro forma adjustments made in order to present the main potential effects of the Transactions on the consolidated statement of financial position of the Group as of 30 June 2017.

	Pro Forma Adjustments					
	Esselunga historical consolidated statement of financial position	Villata Partecipazioni reclassified historical consolidated statement of financial position	Villata Partecipazioni Acquisition	Intercompany elimination	Offering	Pro Forma consolidated statement of financial position
<i>(In thousands of Euro)</i>						
	Nota A	Note B	Note C	Note D	Note E	Total
ASSETS						
Non-current assets						
Property, plant and equipment	3,166,075	1,039,776	-	-	-	4,205,851
Investment property	183,920	-	-	-	-	183,920
Goodwill	6,586	-	-	-	-	6,586
Intangible assets	161,189	-	-	-	-	161,189
Investments measured using the equity method	646,794	-	(646,794)	-	-	-
Investments in other companies	196	-	-	-	-	196
Deferred tax assets	69,378	-	-	-	-	69,378
Other receivables and other non-current assets	119,476	35	(40,000)	-	-	79,511
Total non-current assets	4,353,614	1,039,811	(686,794)	-	-	4,706,631
Current assets						
Closing inventories	416,526	-	-	-	-	416,526
Trade receivables	341,401	13,730	-	(13,944)	-	341,187
Current tax receivables	1,582	-	-	-	-	1,582
Other receivables and other current assets	59,390	1,896	-	-	-	61,286
Cash and cash equivalents	284,079	34,405	(65,894)	-	76,382	328,972
Total current assets	1,102,978	50,031	(65,894)	(13,944)	76,382	1,149,553
Assets held for sale	6,614	-	-	-	-	6,614
TOTAL ASSETS	5,463,206	1,089,842	(752,688)	(13,944)	76,382	5,862,798
SHAREHOLDERS' EQUITY AND LIABILITIES						
Share capital	100,000	48,000	(48,000)	-	-	100,000

Share premium reserve	164,510	-	-	-	-	164,510
Other reserves	49,269	141,829	(141,829)	-	(7,000)	42,269
Retained earnings	2,359,555	784,466	(1,096,005)	-	(6,248)	2,041,768
Equity attributable to owners of the parent	2,673,334	974,295	(1,285,834)	-	(13,248)	2,348,547
Equity attributable to non-controlling interests	-	-	316,646	-	-	316,646
Total Shareholders' equity	2,673,334	974,295	(969,188)	-	(13,248)	2,665,193
Non-current liabilities						
Non-current financial payables	1,060,127	30,059	216,500	-	88,614	1,395,300
Employee severance indemnities (TFR) and other staff-related provisions	107,345	98	-	-	-	107,443
Deferred tax liabilities	-	73,196	-	-	2,272	75,468
Provisions for risks and charges	29,270	10	-	-	-	29,280
Deferred revenue for prize-giving promotions	70,330	-	-	-	-	70,330
Other payables and other non-current liabilities	164	15	-	-	-	179
Total non-current liabilities	1,267,236	103,378	216,500	-	90,886	1,678,000
Current liabilities						
Current financial payables	29,138	2,334	-	-	-	31,472
Trade payables	1,177,408	8,719	-	(13,944)	-	1,172,183
Deferred revenue for prize-giving promotions	42,605	-	-	-	-	42,605
Current tax payables	19,555	690	-	-	(1,256)	18,989
Other payables and other current liabilities	253,930	426	-	-	-	254,356
Total current liabilities	1,522,636	12,169	-	(13,944)	(1,256)	1,519,605
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	5,463,206	1,089,842	(752,688)	(13,944)	76,382	5,862,798

3.2 Unaudited pro forma consolidated income statement for the six months ended 30 June 2017

The following table shows the pro forma adjustments made in order to present the main potential effects of the Transactions on the consolidated income statement of the Group for the six months ended 30 June 2017.

	Pro Forma Adjustments					
	Esselunga historical consolidated income statement	Villata Partecipazioni reclassified historical consolidated income statement	Villata Partecipazioni Acquisizione	Intercompany elimination	Offering	Pro Forma consolidated income statement
(In thousands of Euro)						
	Note A	Note B	Note C	Note D	Note E	Total
Total sales	3,809,563	50,090	-	(50,090)	-	3,809,563
Other sales adjustments	(74,473)	-	-	-	-	(74,473)
Net revenue	3,735,090	50,090	-	(50,090)	-	3,735,090
Other revenues and income and promotional activities	651,036	6,793	-	(7,200)	-	650,629
Costs for goods and raw materials	(3,195,537)	(3,923)	-	3,923	-	(3,195,537)
Costs for services	(378,227)	(3,402)	-	53,065	-	(328,564)
Personnel costs	(462,675)	(812)	-	-	-	(463,487)
Amortisation and depreciation	(106,266)	(17,058)	-	-	-	(123,324)
Provisions and write-downs	(345)	-	-	-	-	(345)
Other operating costs	(26,437)	(4,253)	-	67	-	(30,623)
Operating profit	216,639	27,435	-	(235)	-	243,839
Share of net profit of investments accounted for using the equity method	183	-	(183)	-	-	-
Finance income	144	14	-	-	-	158
Finance expense	(7,529)	(924)	-	-	(8,222)	(16,675)
Profit before taxes	209,437	26,525	(183)	(235)	(8,222)	227,322
Income taxes	(63,143)	(8,092)	-	66	1,973	(69,196)
Net profit for the period	146,294	18,433	(183)	(169)	(6,249)	158,126
Net profit for the period attributable to owners of the parent	146,294	18,433	(6,174)	(114)	(6,249)	152,190
Net profit (loss) for the period attributable to non-controlling interests	-	-	5,991	(55)	-	5,936

3.3 Unaudited pro forma consolidated income statement for the year ended 31 December 2016

The following table shows the pro forma adjustments made in order to present the main potential effects of the Transactions on the consolidated income statement of the Group for the year ended 31 December 2016.

	Pro Forma Adjustments					
	Esselunga historical consolidated income statement	Villata Partecipazioni reclassified historical consolidated income statement	Villata Partecipazioni Acquisition	Intercompany elimination	Offering	Pro Forma consolidated income statement
(In thousands of Euro)						
	Note A	Note B	Note C	Note D	Note E	Total
Total sales	7,540,009	100,384	-	(100,384)	-	7,540,009
Other sales adjustments	(32,270)	-	-	-	-	(32,270)
Net revenue	7,507,739	100,384	-	(100,384)	-	7,507,739
Other revenues and income and promotional activities	1,180,674	33,665	-	(33,529)	-	1,180,810
Costs for goods and raw materials	(6,277,094)	(26,208)	-	26,208	-	(6,277,094)
Costs for services	(756,607)	(7,483)	-	106,133	-	(657,957)
Personnel costs	(944,049)	(2,258)	-	-	-	(946,307)
Amortisation and depreciation	(198,622)	(34,092)	-	-	-	(232,714)
Provisions and write-downs	(56,412)	(10)	-	-	-	(56,422)
Other operating costs	(50,270)	(8,459)	-	-	-	(58,729)
Operating profit	405,359	55,539	-	(1,572)	-	459,326
Finance income	842	48	-	-	-	890
Finance expense	(16,640)	(1,985)	-	-	(16,967)	(35,592)
Profit before taxes	389,561	53,602	-	(1,572)	(16,967)	424,624
Income taxes	(127,298)	(17,603)	-	494	4,666	(139,741)
Net profit for the year	262,263	35,999	-	(1,078)	(12,301)	284,883
Net profit for the year attributable to owners of the parent	262,263	35,999	(11,700)	(728)	(12,301)	273,534
Net profit (loss) for the year attributable to non- controlling interests	-	-	11,700	(350)	-	11,349

4. NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

4.1 Basis of preparation

The accounting principles used for the preparation of the Unaudited Pro Forma Consolidated Financial Information are those derived from the Esselunga 2016 Consolidated Financial Statements and, in particular, the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union.

In view of the different presentation and/or classification of certain items in Villata Partecipazioni's statement of financial position and consolidated income statement as compared to Esselunga's consolidated statement of financial position and consolidated income statement, Villata Partecipazioni's statement of financial position and consolidated income statement have been reclassified to ensure a consistent presentation in the unaudited pro forma consolidated statement of financial position as of 30 June 2017 and in the unaudited consolidated income statement for the six months ended 30 June 2017 and for the year ended 31 December 2016.

Unless otherwise indicated, all amounts in this Unaudited Pro Forma Consolidated Financial Information are expressed in thousands of Euros.

4.2 Description of pro forma adjustments made in preparing the Unaudited Pro Forma Consolidated Financial Information

The following notes include a description of the methodology followed and pro forma adjustments made for the preparation of the Unaudited Pro Forma Consolidated Financial Information.

4.2.1 Unaudited pro forma consolidated statement of financial position as of 30 June 2017

Note A – Esselunga historical consolidated statement of financial position

This column includes the consolidated statement of financial position of Esselunga as of 30 June 2017 as derived from the Unaudited Esselunga June 2017 Interim Condensed Consolidated Financial Statements.

Note B – Villata Partecipazioni reclassified historical consolidated statement of financial position

This column includes the consolidated statement of financial position of Villata Partecipazioni as of 30 June 2017 as derived from the Unaudited Villata Partecipazioni June 2017 Interim Condensed Consolidated Financial Statements and reclassified in order to align with the classification criteria adopted by Esselunga.

This reclassification relates to the line items "*Investment property*" and "*Inventory of properties under construction*" from the Unaudited Villata Partecipazioni June 2017 Interim Condensed Consolidated Financial Statements to the line item "*Property, plant and equipment*" based on the classifications adopted by Esselunga.

Note C – Villata Partecipazioni Acquisition

This column includes the estimated pro forma effects resulting from the accounting for the Villata Partecipazioni Acquisition.

As previously described, as of 30 June 2017 the 45.0% shareholding in Villata Partecipazioni was accounted for using the equity method. As a result of the Unione Fiduciaria Acquisition, Esselunga owns 67.5% shareholding in Villata Partecipazioni and exercises control. Therefore, this column includes the reversal of the effects of consolidation using the equity method and the consolidation line by line of Villata Partecipazioni as of 30 June 2017.

Esselunga's acquisition of Villata Partecipazioni represents a combination of entities under common control, as both Esselunga and Villata Partecipazioni are controlled by the same party; therefore Villata Partecipazioni will ultimately be controlled by the same party both before and after the transaction and that control is not transitory. Business combinations under common control are excluded from the scope of IFRS 3 and other IFRS. In the absence of an accounting standard for business combinations under common control and using the hierarchy of IAS 8, Esselunga will account for the Villata Partecipazioni based on the book value of the assets and liabilities at the date of transfer. Any difference arising from the transferred amounts compared with the purchase price is recognized directly in shareholders' equity. Therefore, for the purposes of the preparation of the Unaudited Pro Forma Consolidated Financial Information, the difference of €307.6 million between the purchase price (€965.3 million), and the book value of Villata Partecipazioni's net assets as of 30 June 2017 (€974.3 million) and equity attributable to non-controlling interest (€316.6 million) has been recorded directly in net equity. The pro forma adjustment to equity attributable to the parent is therefore derived as follows:

(In thousands of Euro)

Purchase price for the Minority Acquisition (45.0% of the share capital)	643,501
Purchase price for the Unione Fiduciaria Acquisition (22.5% of the share capital)	321,750
Villata Partecipazioni Acquisition (67.5% of the share capital)	965,251
Villata Partecipazioni net assets (100%)	974,295
Equity attributable to non-controlling interest (32.5%)	316,646
Difference between Villata Partecipazioni purchase price and net assets attributable to owners of the parent	307,602
Elimination of shareholders' equity of Villata Partecipazioni upon consolidation	974,295
Elimination of share of net profit of the Minority Acquisition investment accounted for using the equity method	183
Transactions costs related to the Minority Acquisition ^(a)	3,110
Transactions costs related to Unione Fiduciaria Acquisition ^(a)	644
Pro forma adjustment to equity attributable to owners of the parent	1,285,834

(a) No adjustment has been made to the unaudited pro forma consolidated income statement for this effect as it is non-recurring.

In accordance with the terms of the Minority Purchase Agreement and the preliminary purchase agreement with Unione Fiduciaria the total purchase price (the "**Purchase Price**") for the Villata Partecipazioni Acquisition has been determined to be €965.3 million (€643.5 million for the Minority Acquisition and €321.8 million for the Unione Fiduciaria Acquisition). As of 30 June 2017 an amount of €683.5 million had been paid using a partial drawdown of the Existing Term Facility Agreement. The remaining amount of €281.8 million was paid (i) for €216.5 million as a further draw down of the Existing Term Facility Agreement (such that the Existing Term Facility Agreement was fully drawn), and (ii) for €65.3 million using existing cash and cash equivalents.

The total pro forma adjustment to cash and cash equivalents of €65.9 million reflects the portion of the Unione Fiduciaria Acquisition paid in cash subsequent to 30 June 2017 (as described above) and transaction costs related to Unione Fiduciaria Acquisition of €0.6 million.

The draw down on the Existing Term Facility Agreement of €216.5 million subsequent to 30 June 2017 has been reflected in the pro forma adjustments as non-current financial payables.

Note D – Elimination of intercompany transactions

This column includes the elimination of commercial transaction between the Villata Partecipazioni Group and the Group mainly related to trade receivables and trade payables arising from the leasing agreements of the 84 commercial properties owned by Villata Partecipazioni Group and leased to Esselunga and to maintenance services provided by the Villata Partecipazioni Group to Esselunga.

Note E – Offering

This column includes the pro forma adjustments to the consolidated statement of financial position deriving from the proposed issuance of the Notes and the application of the proceeds therefrom. In particular, for the sole purpose of the preparation of this Unaudited Pro Forma Consolidated Financial

Information, the aggregate principal amount of the Notes has been estimated, based on the best information available at the time this Unaudited Pro Forma Consolidated Financial Information was prepared, to be €1,000 million, including the 2023 Notes and the 2027 Notes as described above. The transaction costs related to the issue of the Notes have been estimated, based on the best information available at the time this Unaudited Pro Forma Consolidated Financial Information was prepared, to be €16.5 million.

The net proceeds from the Notes amounting to €976.4 million will be used to fully repay the Existing Term Facility Agreement. The unamortized fees related to the Existing Term Facility Agreement, equal to €5.2 million as of 30 June 2017, gross of the related tax effect of €1.3 million (determined applying the 24.0% tax rate related to general Italian corporate income taxation “IRES”), are recorded in net equity.

The pro-forma adjustment on "*Cash and cash equivalents*" has been determined as follows:

<i>(In thousands of Euro, except bond issue price)</i>	2023 Notes	2027 Notes	Total
Principal amount	500,000	500,000	1,000,000
Bond issue price	99.281%	99.289%	n.a.
Proceeds net of issue discount	496,405	496,445	992,850
Transaction costs	(4,734)	(11,734)	(16,468)
Net Cash proceeds of the Notes	491,671	484,711	976,382
Repayment of the Existing Term Facility			(900,000)
Pro-forma adjustment on "<i>Cash and cash equivalents</i>"			76,382

4.2.2 Unaudited pro forma consolidated income statement for the six months ended 30 June 2017

Note A – Esselunga historical consolidated income statement

This column includes the interim condensed consolidated income statement of Esselunga for the six months ended 30 June 2017 as derived from the Unaudited Esselunga June 2017 Interim Condensed Consolidated Financial Statements.

Note B – Villata Partecipazioni historical income statement

This column includes the interim condensed consolidated income statement of Villata Partecipazioni for the six months ended 30 June 2017 as derived from the Unaudited Villata Partecipazioni June 2017 Interim Condensed Consolidated Financial Statements and reclassified in order to align with the classification criteria adopted by Esselunga.

This reclassification relates to the line items "*Rental revenue*", "*Change in the inventory of properties under construction*" and "*Costs for the purchase of land and the construction of buildings*" from the Unaudited Villata Partecipazioni June 2017 Interim Condensed Consolidated Financial Statements respectively to the line items "*Total sales*"; "*Other revenues and income and promotional activities*" and "*Costs for goods and raw materials*" based on the classifications adopted by Esselunga.

Note C – Villata Partecipazioni Acquisition

This column includes the estimated pro forma effects resulting from the accounting for the Unione Fiduciaria Acquisition.

The previously held 45.0% shareholding in Villata Partecipazioni was accounted for using the equity method. As a result of the Unione Fiduciaria Acquisition, Esselunga owns 67.5% shareholding and controls Villata Partecipazioni. Therefore, this column includes the reversal of the effects of consolidation using the equity method and the allocation to the non-controlling interests (32.5% shareholding) of their share of the Villata Partecipazioni net profit for the period.

Note D – Elimination of intercompany transactions

This column includes the elimination of commercial transaction between the Villata Partecipazioni Group and the Group mainly related to leasing revenues and costs arising from the leasing agreements of the 84 commercial properties owned by Villata Partecipazioni Group and leased to Esselunga and to maintenance services provided by the Villata Partecipazioni Group to Esselunga.

Note E – Offering

This column represents the estimated finance costs related to the Offering. As previously indicated, the aggregate principal amount of the Notes has been estimated, based on the best information available at the time this Unaudited Pro Forma Consolidated Financial Information was prepared, to be €1,000 million, including the 2023 Notes and the 2027 Notes as described above. The transaction costs related to the issue of the Notes have been estimated, based on the best information available at the time this Unaudited Pro Forma Consolidated Financial Information was prepared, to be €16.5 million. In accordance with IFRS, the Notes will be measured at amortized cost, with the effective interest expense recognized in the income statement over the life of the Notes.

This column also includes the elimination of the finance expense equal to €0.3 million recorded by Esselunga in its historical consolidated income statement for the six months ended 30 June 2017 in relation to the indebtedness to be refinanced (see note E to the Unaudited pro forma consolidated statement of financial position as of 30 June 2017 above) and the related tax effect of €0.1 million, determined applying the tax rate 24.0% (IRES).

The pro forma adjustment has been determined as follows:

<i>(In thousands of Euro)</i>	
Elimination of Interest expense on the Existing Term Facility	(262)
Interest expense for the Notes ^(a)	6,875
Amortized cost effects for the Notes ^(b)	1,609
Pro forma adjustment on finance expense	8,222
Tax effect ^(c)	(1,973)
Pro forma adjustment to profit/(loss) for the period	6,249

(a) Based on the estimated annual interest rate of 0.875% applied to the nominal value of the 2023 Notes (€500 million) and on the estimated annual interest rate of 1.875% applied to the nominal value of the 2027 Notes (€500 million), to be repaid in full on maturity.

(b) Based on a bond issue price of 99.281% and estimated transaction costs of €4.7 million for the 2023 Notes and on a bond issue price of 99.289% and estimated transaction costs of €11.7 million for the 2027 Notes (determined based on available information at the date of preparation of this Unaudited Pro Forma Consolidated Financial Information), which will be amortized over the duration of the Notes.

(c) Assuming an IRES tax rate of 24.0%.

4.2.3 Unaudited pro forma consolidated income statement for the year ended 31 December 2016

Note A – Esselunga historical consolidated income statement

This column includes the consolidated income statement of Esselunga for the year ended 31 December 2016 as derived from the Esselunga 2016 Consolidated Financial Statements.

Note B – Villata Partecipazioni historical income statement

This column includes the income statement of Villata Partecipazioni for the year ended 31 December 2016 as derived from the Villata Partecipazioni 2016 Financial Statements and reclassified in order to align with the classification criteria adopted by Esselunga.

This reclassification relates to the line items “*Rental revenue*”, “*Change in the inventory of properties under construction*” and “*Costs for the purchase of land and the construction of buildings*” from the Unaudited Villata Partecipazioni June 2017 Interim Condensed Consolidated Financial Statements respectively to the line items “*Total sales*”; “*Other revenues and income and promotional activities*” and “*Costs for goods and raw materials*” based on the classifications adopted by Esselunga.

Note C – Villata Partecipazioni Acquisition

This column includes the estimated pro forma effects resulting from the accounting for the Villata Partecipazioni Acquisition. Specifically, this column includes the allocation to the non-controlling interests (32.5% shareholding) of their share of the Villata Partecipazioni net profit for the year.

Note D – Elimination of intercompany transactions

This column includes the elimination of commercial transaction between the Villata Partecipazioni Group and the Group mainly related to leasing revenues and costs arising from the leasing agreements of the 84 commercial properties owned by Villata Partecipazioni Group and leased to Esselunga and to maintenance services provided by the Villata Partecipazioni Group to Esselunga.

Note E – Offering

This column represents the estimated finance costs related to the Offering. As previously indicated, the aggregate principal amount of the Notes has been estimated, based on the best information available at the time this Unaudited Pro Forma Consolidated Financial Information was prepared, to be €1,000 million, including the 2023 Notes and the 2027 Notes as described above. The transaction costs related to the issue of the Notes have been estimated, based on the best information available at the time this Unaudited Pro Forma Consolidated Financial Information was prepared, to be €16.5 million. In accordance with IFRS, the Notes will be measured at amortized cost, with the effective interest expense recognized in the income statement over the life of the Notes.

The pro forma adjustment has been determined as follows:

<i>(In thousands of Euro)</i>	
Interest expense for the Notes ^(a)	13,750
Amortized cost effects for the Notes ^(b)	3,217
Pro forma finance costs for the Notes	16,967
Tax effect ^(c)	(4,666)
Pro forma adjustment to profit/(loss) for the period	12,301

(a) Based on the estimated annual interest rate of 0.875% applied to the nominal value of the 2023 Notes (€500 million) and on the estimated annual interest rate of 1.875% applied to the nominal value of the 2027 Notes (€500 million), to be repaid in full on maturity.

(b) Based on a bond issue price of 99.281% and estimated transaction costs of €4.7 million for the 2023 Notes and on a bond issue price of 99.289% and estimated transaction costs of €11.7 million for the 2027 Notes (determined based on available information at the date of preparation of this Unaudited Pro Forma Consolidated Financial Information), which will be amortized over the duration of the Notes.

(c) Assuming an IRES tax rate of 27.5%.

* * * * *

With regard to the preparation of the Unaudited Pro Forma Consolidated Financial Information, it should be noted that, in accordance with general market practice regarding the preparation of pro forma financial information, the unaudited pro forma consolidated income statement does not show the following non-recurring effects of costs strictly related to the Transactions:

- the Villata Partecipazioni Acquisition related costs estimated to be €3.8 million; and

- unamortized costs related to the existing bank borrowing subject to refinancing, estimated to be €5.2 million, gross of the related tax effect of €1.3 million, determined applying the IRES tax rate of 24.0%.

Additionally, no adjustment to finance income has been calculated on the excess cash that may be generated from the Transactions. Finally, the unaudited pro forma consolidated income statement does not reflect any estimate of the economic effects of the synergies that the Group expects to realize through the Transactions.

PricewaterhouseCoopers S.p.A. has given and has not withdrawn its written consent to the inclusion of its report on the Unaudited Pro Forma Financial Information set out in the section entitled “Unaudited Pro forma Consolidated Financial Information”, and the inclusions in this Prospectus of the references to its name in the form and context in which they appear.

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