

TERMS AND CONDITIONS OF THE SENIOR SECURED NOTES

ISSUED BY

GIPLAST GROUP S.P.A.

(a joint stock company incorporated under the laws of the Republic of Italy)

Giplast Group Senior Secured Notes 2021 (the “Notes”)

Up to Euro 4,000,000 – due March 2021

Issue Price on the Issue Date 98% (ninety-eight per cent.)

ISIN CODE IT0005163198

Giplast Group S.p.A.

Registered office: Giulianova (TE), SS 80 Colleranesco, 64021

VAT no.: 01861680674

Share capital: Euro 798,750 (fully paid)

The following is the text of the terms and conditions (the “**Terms and Conditions**”) of the Notes issued by Giplast Group S.p.A. (the “**Issuer**”), on March 2, 2016 (the “**Issue Date**”), pursuant to articles 2410 and followings of the Italian Civil Code.

In these Terms and Conditions:

1. DEFINITIONS

“**Additional Amount**” has the meaning ascribed to it in Condition 8(xi).

“**Additional Interest Rate**” has the meaning ascribed to it in Condition 5.2(ii) (*Interest Rate*).

“**Additional Subscription Amount**” has the meaning ascribed to it in Condition 3 (*Subscription and Transfer of the Notes*).

“**Adjustment**” has the meaning ascribed to it in Condition 8(ix).

“**Annex A**” means annex A hereto.

“**Annex B**” means annex B hereto.

“**Annex C**” means annex C hereto.

“**Assets**” means the tangible and intangible assets and/or shares and financial instruments held by the Issuer or the Subsidiaries, as the case may be.

“**Assets Under Special Privilege**” has the meaning ascribed thereto in the definition “*Special Privilege*”.

“**Base Interest Rate**” has the meaning ascribed to it in Condition 5.2(i) (*Interest Rate*).

“**Borrowing Costs**” means, based on the results of the 12 (twelve) months preceding the relevant Test Date, in relation to the Issuer’s Group, a sum equal to the aggregate amount of all continuing, regular or periodic costs, charges and expenses incurred by it in respect of such period (and whether paid or not) in effecting, servicing or maintaining borrowings (including, but not limited to, the Vertis Bond and excluding any such amounts payable in respect of borrowings between the Issuer and any Subsidiary) including (without double counting):

- (i) all interest (whether payable immediately, accrued, or capitalised or otherwise deferred);
- (ii) consideration given whether by way of commissions, discounts, fees and charges or otherwise in connection with finance by way of acceptance of credit, receivable financings, bill discounting, note purchase or other like arrangement;
- (iii) any fixed or minimum premium or dividend paid or payable on the maturity of any borrowings;

- (iv) the gross amount payable under any finance lease, conditional sale, hire purchase, credit sale or similar agreement less so much as can be properly attributed to capital,
- (v) all other non-cash interest expense; and
- (vi) all interest payable with respect to discontinued operations;

the amount of any such costs, charges and expenses to be allocated to each such period over the term of any borrowings in accordance with GAAP.

“**Breached Financial Covenant**” has the meaning ascribed to it in Condition 8(ix).

“**Business Day**” means a day (other than Saturday or Sunday or a public holiday in Italy) on which banks are generally open for business in Milan, London and Dublin and the Trans-European Automated Real Time Gross - Settlement Express Transfer System (or any successor thereto) is open.

“**Business Plan**” means the four years Issuer’s business plan attached in the Annex C.

“**Calculation Agent**” means BNP Paribas.

“**Capital Expenditure**” means:

- (i) the algebraic sum of the items listed under article 2424, para. 1, lett. B), subpara. I) (“*Immobilizzazioni immateriali*”) and subpara. II) (“*Immobilizzazioni materiali*”) as of the relevant Test Date;

minus

- (ii) the algebraic sum of the items listed under article 2424, para. 1, lett. B), subpara. I) (“*Immobilizzazioni immateriali*”) and subpara. II) (“*Immobilizzazioni materiali*”) of the date that falls 12 (twelve) months prior to relevant Test Date;

plus

- (iii) the algebraic sum of the items listed (a), (b) and (c), under article 2425, para. 1., lett. B) (*Costi della produzione*) no. 10) (*ammortamenti e svalutazioni*) as of the relevant Test Date.

“**Change of Control**” shall mean any event or circumstance in which any Person or Persons acquire Control of the Issuer, other than Giprofil.

“**Closing Date**” means the Interest Payment Dates falling within the Offering Period.

“**Condition**” means each clause of the present Terms and Conditions.

“**CONSOB**” means the *Commissione Nazionale per le Società e la Borsa*.

“**Consolidated Banking Act**” means the Legislative Decree No. 358 of 1 September 1993, as subsequently amended or modified from time to time.

“**Control**” or “**control**” means:

in respect of the Issuer:

- (i) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:
 - (A) cast, or control the casting of, more than one-half of the maximum number of votes that might be cast at a general ordinary meeting of the Issuer; or
 - (B) appoint or remove (whether as a result of the exercise of dominant influence in accordance with Article 2359, paragraph 1, numbers 2 and 3, of the Italian Civil Code or its equivalent under the relevant applicable laws (“**Dominant Influence**”) or otherwise) all of, or the majority of, the members of the board of directors (or other equivalent body) of the Issuer; or

- (C) give directions with respect to the operating and financial policies of the Issuer, with which the members of the Issuer’s board of directors (or other equivalent body) are obliged to comply; or
 - (ii) the ability to exercise Dominant Influence over the Issuer.
- “**Cure Amount**” has the meaning ascribed to it in Condition 8(ix).
- “**Cure Right**” has the meaning ascribed to it in Condition 8(ix).
- “**Debt Service**” means, in respect of the relevant financial year,
- (i) the aggregate of any interest falling due and payable in the relevant period, under any outstanding Financial Indebtedness of the Issuer’s Group, including the Notes; and
 - (ii) the aggregate of all payments of principal falling due and payable in the relevant period, under any outstanding Financial Indebtedness of the Issuer’s Group, including the Notes.
- “**Default Interest**” has the meaning ascribed to it in Condition 5.2 (*Interest Rate*).
- “**Default Early Redemption Date**” has the meaning ascribed to it in Condition 7 (*Events of Default*).
- “**Early Redemption Date**” means, as the case may be, an Optional Early Redemption Date and a Default Early Redemption Date.
- “**Default Early Redemption Request**” has the meaning ascribed to it in Condition 7 (*Events of Default*).
- “**Event of Default**” has the meaning ascribed to it in Condition 7 (*Events of Default*).
- “**ExtraMOT**” means the multilateral trading facility of financial instruments organised and managed by the Italian Stock Exchange.
- “**ExtraMOT Regulation**” means the ExtraMOT regulation issued by the Italian Stock Exchange in force from 8 June 2009 as subsequently amended.
- “**Final Maturity Date**” has the meaning ascribed to it in Condition 4 (*Issue Date and Final Maturity Date*).
- “**Financial Covenants**” has the meaning ascribed to it in Condition 8(ix).
- “**Financial Indebtedness**” means any indebtedness, although not yet due or payable for or in respect of (without double counting):
- (i) any amount arising from any kind of loan, or borrow of moneys borrowed;
 - (ii) any amount raised by acceptance under any acceptance credit facility (*credito di firma*), excluding from the relevant calculations acceptance credit facilities for an aggregate amount up to Euro 300,000 (three hundred thousand/00);
 - (iii) any amount raised pursuant to any note purchase facility or the issuance of bonds, notes, convertible bonds debentures, loan stock or any other financial instrument provided by the applicable law;
 - (iv) any amount related to any liability with respect to any lease other than operating leases of vehicles, plant, equipment or computers which are in effect as at the Issue Date, or hire purchase contract, which would, in accordance to GAAP, be treated as a finance or capital lease;
 - (v) any amount arising from any receivable sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
 - (vi) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a loan;

- (vii) any derivative transaction entered into for the purpose of the protection against or benefit from fluctuation of any rate or price (and, when calculating the value of any derivative transaction, only the market value shall be taken into account);
- (viii) any counter-indemnity obligation in respect of a corporate guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of an underlying liability of a company which is not the Issuer's Group which liability would fall under one of the other paragraphs of this definition;
- (ix) any amount deriving from any obligation related to financial lease agreements and the consideration to be paid for the acquisition of the assets which are the subject matter of such financial leasing agreements, in the event of the exercise of the option right; and
- (x) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (i) to (ix) above.

“**First Interest Calculation Period**” has the meaning ascribed to it in the definition “*Monthly Interest Calculation Period*”.

“**First Interest Payment Date**” means the Interest Payment Date falling on March 31, 2016.

“**Flexi-Board**” means Flexi-Board S.p.A., with registered office in Luzzara (RE), via Che Guevara 25, 42045, VAT no. 00701130353.

“**Flexi-Board Merger**” has the meaning ascribed to it in the definition “**Permitted Transactions**”.

“**GAAP**” means generally accepted accounting principles in Italy, including IFRS.

“**Giprofil**” means Giprofil S.r.l., with registered office at Z.I. Colleranesco, Giulianova (TE) VAT No. 00803240670.

“**IFRS**” means the International Financial Reporting Standards as in effect from time to time promulgated by the International Accounting Standards Board or any successor board or agency as endorsed by the European Union.

“**Initial Subscription Amount**” has the meaning ascribed to it in Condition 2.1 (*Denomination and Price*).

“**Insolvency Proceedings**” means any bankruptcy or similar proceeding applicable to any company or other organization or enterprise under the relevant laws of incorporation or operation, and in particular, as for Italian law, under the Italian Bankruptcy Law and including but not limited to the following procedures: *fallimento*, *concordato preventivo*, *liquidazione coatta amministrativa*, and *amministrazione straordinaria delle grandi imprese in stato di insolvenza*.

“**Interest Determination Date**” means (i) with respect to the First Interest Calculation Period, the Issue Date, and (ii) with respect to each subsequent Interest Calculation Period, the date falling on the second Business Day immediately preceding such Interest Calculation Period.

“**Interest Expenses**” means, for a period starting from a Test Date (included) and ending on the immediately following Test Date (excluded), the aggregate of interest, and amounts in the nature of interest, accrued (whether or not paid or capitalized) in respect of any Financial Indebtedness of the Issuer.

“**Interest Payment Amount**” means the Monthly Interest Amount and the Yearly Interest Amount, as the case may be.

“**Interest Payment Date**” has the meaning ascribed to it in Condition 5.1 (*Interest*).

“**Interest Rate**” has the meaning ascribed to it in Condition 5.2 (*Interest Rate*).

“**Issue Date**” has the meaning ascribed to it in Condition 4 (*Issue Date and Final Maturity Date*).

“**Issue Price**” has the meaning ascribed to it in Condition 2.1 (*Denomination and Price*).

“**Issuer**” means Giplast Group S.p.A. a joint stock company (*società per azioni*) incorporated under the laws of the Republic of Italy, with registered office in Giulianova (TE), SS 80 Colleranese, 64021, fiscal code, VAT number and registration number with the Company Register of Teramo 01861680674, REA no. TE-159349, share capital equal to Euro 798,750 (seven hundred, ninety eight thousand and seven hundred and fifty/00) fully paid.

“**Issuer’s Group**” means the Issuer and any other company qualified as “controlled” (*controllata*) by the Issuer pursuant to article 2359 of the Italian civil code or consolidated in the Issuer financial statements (each a “**Subsidiary**”).

“**Issuer’s Group EBITDA**” means, based on the results of the 12 (twelve) months preceding the relevant Test Date, the profit before tax of the Issuer’s Group for that period:

- (a) adding back:
 - (i) any depreciation or amortisation;
 - (ii) any exceptional or extraordinary losses;
 - (iii) Borrowing Costs;
 - (iv) the amount of any loss made on the sale or assignment of any interest in tangible, intangible and financial fixed assets or investments;
 - (v) any currency losses; and
 - (vi) any provisions made against risks, receivables and inventory; and
- (b) deducting:
 - (i) any currency gains or profits;
 - (ii) any extraordinary or exceptional gains or profits;
 - (iii) the amount of any gain realised on the sale or assignment of any interest in tangible, intangible and financial fixed assets or investments;

all as determined from the relevant monthly management accounts (for the month during which a financial quarter of the Issuer ends).

“**Issuer’s Group Net Financial Debt**” means, as at each Test Date:

the aggregate amount of all payment obligations of the Issuer’s Group in respect of its Financial Indebtedness:

- (i) excluding any Financial Indebtedness due to another Subsidiary;
- (ii) including for any outstanding amount of any lease under item (iv) of the definition “Financial Indebtedness”, only its capitalized value; and
- (iii) deducting the aggregate amount of Liquidity.

“**Issuer’s Group Total Assets**” means the algebraic sum of:

- (i) total non-current assets;
- (ii) total current assets; and
- (iii) assets held for sale;

as indicated under the annual or semi-annual, as the case may be, financial statement of the Issuer.

“**Italian Bankruptcy Law**” means the Italian Royal Decree no. 267, dated March 16, 1942, as subsequently amended and supplemented.

“**Italian Consolidated Banking Act**” means the Italian Legislative Decree no. 385, dated September 1, 1993, as subsequently amended and supplemented.

“**Italian Consolidated Financial Act**” means the Italian Legislative Decree no. 58, dated February 24, 1998, as subsequently amended and supplemented.

“**Italian Stock Exchange**” means Borsa Italiana S.p.A., with registered office in Milan, Piazza degli Affari, 6.

“**Liens**” means any guarantee, mortgage, pledge, charge or lien or privilege on assets (including any form of destination and segregation of assets).

“**Liquidity**” means, as at any Test Date, the aggregate of (a) bank deposits (*depositi bancari e postali*), cheques (*assegni*) and cash money and reserves (*danaro e valori in cassa*) which, as at the relevant calculation date, are freely available to the Issuer and not subject to any Lien and (b) any certificate of deposit maturing within one year of the relevant calculation date of the relevant calculation date, any investment in marketable government debt obligations maturing within one year and commercial papers not convertible or exchangeable to any other security owned by all of the Issuer, provided that are not subject to any Lien and are issued and held in white listed countries.

“**Material Adverse Effect**” means an effect which results in or is reasonably likely to result in a material adverse change in: (i) the business, performance, operations or assets of the Issuer; or (ii) the ability of the Issuer to perform any of its payment obligations under the Notes; or (iii) the legality, validity, priority or enforceability of any obligations or security created by or arising under the Notes and the Security Package.

“**Maximum Subscription Amount**” has the meaning ascribed to it in Condition 2.1 (*Denomination and Price*).

“**Modified Following Business Day Convention - unadjusted**” means, for the First Interest Payment Date and any Interest Payment Date that falls on a day that is not a Business Day, that any payment due on the First Interest Payment Date or such Interest Payment Date will be postponed to the next day that is a Business Day; provided that, if such day would fall in the next succeeding calendar month, the date of payment with respect to such Interest Payment Date will be advanced to the Business Day immediately preceding such Interest Payment Date.

“**Monte Titoli**” means Monte Titoli S.p.A., with registered office in Milano, Piazza degli Affari n.6.

“**Monthly Interest Amount**” means the amount payable as interest on the Notes in respect of each Monthly Interest Calculation Period, calculated by applying the Base Interest Rate to the then Principal Amount Outstanding of the Notes.

“**Monthly Interest Calculation Period**” means each period from (and including) each Interest Payment Date to (but excluding) the following Interest Payment Date; provided that the first Interest Calculation Period shall begin on (and include) the Issue Date, and end on (but exclude) the First Interest Payment Date (the “**First Interest Calculation Period**”).

“**New Equity**” means a cash subscription for shares of the Issuer or any Subsidiary.

“**Nominal Value**” has the meaning ascribed to it in Condition 2.1 (*Denomination and Price*).

“**Noteholders**” means the beneficial owners of the Notes.

“**Noteholders’ Representative**” has the meaning ascribed to it in Condition 12 (*Meetings of the Noteholders*).

“**Notes**” means the senior secured notes issued by the Issuer, for an amount equal to the aggregate of (a) the Initial Subscription Amount and (b) any Additional Subscription Amount, due March 2, 2021.

“**Offering Period**” means the period from (and including) March 30, 2016 to (and including) April 30, 2016.

“**Officer**” means any of the following of the Issuer: the Chairman of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, or a responsible financial or accounting officer.

“**Officers’ Certificate**” means a certificate signed by two Officers.

“**Optional Early Redemption Date**” has the meaning ascribed to it in Condition 6.2 (*Option Early Redemption*).

“**Permitted Transactions**” means:

- (i) the merger (*fusione per incorporazione*) by the Issuer of Flexi-Board (the “**Flexi-Board Merger**”);
- (ii) the conversion, if any, of the Vertis Bond into share capital of the Issuer.

“**Person**” means any individual, company, corporation, firm, partnership, joint venture, association, organization, state or agency of a state or other entity, whether or not having separate legal personality.

“**Potential Event of Default**” means any of the events listed in Condition 7 (*Events of Default*) that, following to a resolution approved by the Noteholders under Condition 12 (*Meeting of the Noteholders*), would result in an Event of Default.

“**Principal Amount Outstanding**” means, at any relevant date, the sum of the Nominal Value *minus* the aggregate of all repayments of principal made on the Notes.

“**Qualified Investors**” means the subjects listed in annex II, part 1 and 2 of the directive 2004/39/CE (“**Mifid**”). These subjects are “qualified investors” (*investitori qualificati*) as described in article 100 of the Italian Consolidated Financial Act which, considering the reference to article 34-ter of Consob Regulation No. 11971 dated 14 May 1999 and article 26 of Consob Regulation No. 16190 dated 29 October 2007, are equivalent to “*professional clients*” (*clienti professionali*) under the provisions of Mifid.

“**Reference Banks**” means Unicredit S.p.A., Intesa Sanpaolo S.p.A. and Banca Nazionale del Lavoro S.p.A..

“**Security Package**” means the Special Privilege.

“**Shareholders**” means Giprofil and Vertis.

“**Special Privilege Assets Minimum Value**” has the meaning ascribed thereto in Condition 8(v).

“**Special Privilege**” means the special privilege (*privilegio speciale*) granted as of the Issue Date by the Issuer to secure the payments under the Notes, in accordance with the provisions of article 46, paragraph 1-bis, of the Italian Consolidated Banking Act, on the full stock (*magazzino*) of the Issuer, following the Flexi-Board Merger, the full stock of Flexi-Board transferred to the Issuer (the “**Assets Under Special Privilege**”).

“**Studio Vienna Due Diligence**” means the due diligence carried by Studio Vienna, on the Issuer, dated February 9, 2016, herewith attached in the Annex B.

“**Subsidiary**” has the meaning ascribed to it in the definition “Issuer’s Group”.

“**Subsidiary Total Assets**” means the algebraic sum of:

- (i) total non-current assets;

- (ii) total current assets; and
- (iii) assets held for sale;

as indicated under the annual financial statement of the relevant Subsidiary.

“**Test Date**” means the last calendar day of March, June, September and December each year, starting from December 2016 (included).

“**Transaction Documents**” means this Terms and Conditions and the Security Package.

“**Usury Law**” means Italian Law No. 108 of March 7, 1996, as subsequently amended and supplemented.

“**Valuation Date**” means the first Business Day falling after 45 (forty-five) calendar days following each Test Date.

“**Vertis**” means Vertis Società di Gestione del Risparmio S.p.A., with registered office at Via Francesco Caracciolo, 17, Napoli, VAT No. 05707511217.

“**Vertis Bond**” means the bond issued by the Issuer on November 7, 2013, whose outstanding principal is equal to Euro 3,500,000 (three million and five hundred thousand/00), fully subscribed and owned by Vertis, as at the Issue Date.

“**Yearly Interest Amount**” means the amount payable as interest on the Notes in respect of each Yearly Interest Calculation Period, calculated by applying the Additional Interest Rate to the then Principal Amount Outstanding of the Notes.

“**Yearly Interest Calculation Period**” means each period (i) from (and including) the Interest Payment Date falling on February 28, 2018 to (but excluding) the Yearly Interest Payment Date falling on February 28, 2019 and (ii) from (and including) the Yearly Interest Payment Date falling on February 28, 2019 to (but excluding) the Yearly Interest Payment Date falling on February 28, 2020.

“**Yearly Interest Payment Date**” has the meaning ascribed to it in Condition 5.1 (*Interest*).

2. NOTES

2.1 Denomination and Price

The total amount of the issued Notes on the Issue Date will be equal to Euro 2,100,000 (two million and one hundred thousand/00) (the “**Initial Subscription Amount**”).

The Notes issued on the Issue Date and on each Closing Date will be issued in a minimum denomination of Euro 100,000 (one hundred thousand/00) and additional increments of Euro 100,000 (one hundred thousand/00) thereafter (the “**Nominal Value**”).

The Notes issued on the Issue Date and each Closing Date will be issued for a price equal to 98% (ninety eight per cent.) of their Nominal Value, i.e. for a price equal to Euro 98,000 (ninety eight thousand /00) for each Note (the “**Issue Price**”).

During the Offering Period, the Notes may be issued and subscribed in accordance with Condition 3 (*Subscription and Transfer of the Notes*), up to Euro 4,000,000 (four million/00) (the “**Maximum Subscription Amount**”).

2.2 Form and Title

The Notes are issued in dematerialised form and will be wholly and exclusively deposited with Monte Titoli. The Notes will at all times be evidenced by book-entries in accordance with the provisions of articles 83-*bis* et seq. of the Italian Consolidated Financial Act and Regulation 22 February 2008 jointly issued by CONSOB and Bank of Italy, both as amended from time to time.

Any transaction regarding the Notes (including transfers and granting of applicable Liens), as well as the exercise of proprietary rights, may only be made in accordance with the provisions

of articles 83-*bis* et seq. of the Italian Consolidated Financial Act and Regulation 22 February 2008 jointly issued by CONSOB and Bank of Italy. The Noteholders will not be able to request delivery of the documents representative of the Notes, save for the right to request the certification referred to in articles 83-*quinquies* and 83-*sexies* of the Italian Consolidated Financial Act.

2.3 Status and guarantees

The Notes are senior secured obligations solely of the Issuer. In respect of the obligation of the Issuer to repay principal and pay interest on the Notes, the Notes will rank as senior secured obligations and *pari passu* and without any preference or priority among themselves except for the obligations of the Issuer, which are preferred according to the general provisions required by law.

The Notes are fully, unconditionally and irrevocably secured by the Security Package, that will circulate together with the Notes.

The Notes have not been and will not be convertible into shares or participation rights in the share capital of the Issuer nor any other company. Therefore, the Noteholders will not have any right to direct and/or indirect control the management of the Issuer or any other company.

3. SUBSCRIPTION AND TRANSFER OF THE NOTES

On the Issue Date, the Notes will be issued and subscribed for an amount equal to the Initial Subscription Amount. During the Offering Period and on each Closing Date, additional Notes may be issued and subscribed, for an amount equal to the Nominal Value, up to the Maximum Subscription Amount (the “**Additional Subscription Amount**”).

At the end of the Offering Period, the total amount of issued Notes will be equal to the aggregate of the (i) the Initial Subscription Amount and (ii) the Additional Subscription Amount.

The Notes shall be exclusively placed to, and successively held by and retransferred to, Qualified Investors.

The Notes are issued with exemption from the obligation to publish a prospectus for the purposes of article 100 of the Italian Consolidated Financial Act and article 34-*ter* of the Regulation adopted by Consob Resolution no. 11971/1999, as subsequently amended and supplemented.

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as subsequently amended or supplemented, or any other applicable securities law in force in Canada, Australia, Japan or any other country in which the transfer and/or the subscription of the Notes is not permitted under the applicable laws.

Notwithstanding the foregoing, any transfer of the Notes to any of abovementioned countries, or in countries other than Italy and to non-residents or entities not incorporated in Italy, will be allowed only under the following circumstances: (i) to the extent which is expressly permitted by the laws and regulations applicable in the country in which it is intended to transfer the Notes, or (ii) if the applicable laws and regulations in force in these countries provide for specific exemptions that allow the transfer of the Notes.

The transfer of the Notes will be made in compliance with all applicable regulations, including the provisions relating to anti-money laundering referred to in Italian Legislative Decree no. 231/2007, as subsequently amended and supplemented.

4. ISSUE DATE AND FINAL MATURITY DATE

The Notes will be issued for an amount equal to the Initial Subscription Amount on March 2, 2016 (the “**Issue Date**”).

The final maturity date (save for what otherwise provided herein under Condition 7 (*Events of Default*)) will fall on the Interest Payment Date falling in March 2, 2021 (the “**Final Maturity Date**”).

5. INTEREST

5.1 Interest will accrue on the Principal Amount Outstanding of each Note from the Issue Date (included) or each Closing Date, if any, (included) up to the earlier of (a) an Early Redemption Date (excluded) and (b) the Final Maturity Date (excluded).

Monthly Interest Amounts will be due and payable in Euro (i) on the First Interest Payment Date, and thereafter (ii) monthly on February 28 and the 30th day of each other calendar month, of each year, and (iii) on the Final Maturity Date (each an “**Interest Payment Date**”).

Yearly Interest Amounts will be due and payable in Euro on the Interest Payment Dates falling on:

- a) February 28, 2019; and
- b) February 28, 2020

(each, a “**Yearly Interest Payment Date**”).

Interest shall cease to accrue on any part of the Principal Amount Outstanding of the Notes from (and including) the due date for redemption of such part.

Interest accrued on the Principal Amount Outstanding of the Notes will be calculated by the Calculation Agent on each Interest Calculation Period.

If an Interest Payment Date or the Final Maturity Date falls on a day other than a Business Day, payments thereon will be made according to the Modified Following Business Day Convention – unadjusted.

5.2 Interest Rate

The Principal Amount Outstanding of the Notes shall accrue:

- (i) Monthly Interest Amounts as of the Issue Date (included) and until (and excluding) the Final Maturity Date, a fixed rate equal to 7% (seven per cent), *per annum*, on a ACT/360 basis (the “**Base Interest Rate**”), due on each Interest Payment Date; and
- (ii) Yearly Interest Amounts starting from (and including) the Interest Payment Date falling in February 28, 2018 and ending on (and including) the Interest Payment Date falling in February 28, 2020, a fixed rate equal to 1% (one per cent.), *per annum*, on a ACT/360 basis (the “**Additional Interest Rate**”), due on each Yearly Interest Payment Date.

The relevant Interest Payment Amount will be determined by the Calculation Agent on the relevant Interest Determination Date.

Should the Issuer fail to pay any amount payable by it in relation to the Notes, it shall pay the Interest Rate on the overdue amount plus a margin of 4% (four per cent.) *per annum*, in accordance with the applicable regulation (the “**Default Interest**”), to be calculated by the Calculation Agent from the date on which this payment should have been made (including) until the date of actual payment (excluded).

Should the aggregate of the Interest Rate, the Default Interest and other fees and costs under the Conditions exceed the limits provided by the Usury Law, they shall be deemed automatically reduced (for the period strictly necessary) to the maximum interest rate allowed by such law.

6. REDEMPTION, PURCHASE AND CANCELLATION

6.1 Redemption

Unless previously redeemed in full and cancelled, the Notes will be redeemed as follows:

Redemption schedule for each Note				
Interest Payment Date	Number of redemption instalments	Amount of Principal Amount Outstanding redeemed for each Note	% of amortization of Principal Amount Outstanding redeemed for each Note on the relevant Interest Payment Date	Principal Outstanding Amount of each Note following redemption
30-9-19	1	25,000.00	25%	75,000.00
30-3-20	2	25,000.00	25%	50,000.00
30-9-20	3	25,000.00	25%	25,000.00
2-3-21	4	25,000.00	25%	0

Accordingly, the Nominal Value will be redeemed by 25% (twenty five per cent.) on each of the Interest Payment Dates which fall on September 30, 2019; March 30, 2020; September 30, 2020; and March 2, 2021.

6.2 Optional Early Redemption

The Issuer shall have the right to early redeem the Notes (a) in full or (b) in part, *pro rata*, for amounts Euro 100,000 (one hundred thousand) and additional increments thereof, on any Interest Payment Date (the “**Optional Early Redemption Date**”), by serving a 7 (seven) days prior written notice given in accordance with the applicable provisions of law and according to the ExtraMOT Regulation.

On the relevant Optional Early Redemption Date, the Issuer shall pay to the Noteholders any amount due in relation to the then Principal Amount Outstanding, *plus* interest, fees, costs and expenses accrued and unpaid thereon.

7. EVENTS OF DEFAULT

The Noteholders, following a resolution approved under Condition 12 (*Meeting of the Noteholders*), shall have the right to request the early redemption of the Notes upon the occurrence of any of the following conditions (each event below shall be treated as an “**Event of Default**”):

- (a) **Payment Default:** any failure of the Issuer to pay any principal or interest amounts payable on the Notes unless such failure is due to an administrative or technical error which is not due to willful misconduct (*dolo*) or gross negligence (*colpa grave*) of the Issuer and the relevant payment is performed within 5 (five) Business Days of the relevant discovery of the administrative or technical error.
- (b) **Insolvency Proceedings of the Issuer:** (i) a judicial steps have been taken against the Issuer aimed at commencing any Insolvency Proceedings, and/or (ii) the Issuer is subject to any Insolvency Proceedings or has entered into any of the agreements provided for by article 182 *bis* or article 67 paragraph 3 (d) of the Italian Bankruptcy Law; provided that the above subparagraphs (i) and (ii) shall not apply to any proceeding which is discharged, stayed or dismissed within 60 (sixty) calendar days from its commencement, and/or (iii) the Issuer is subject to any of the situation described in articles 2445, 2446, 2447 of the Italian Civil Code, save for what provided under Condition 8 (viii); (iv) the Issuer is unable or admits its inability to

pay its debts as they fall due, ceases or threatens to cease to carry on business or substantially the whole of its business.

- (c) **Transfer of assets to creditors:** the transfer of assets to creditors by the Issuer pursuant to article 1977 of the Italian Civil Code.
- (d) **Liquidation:** the adoption of a resolution of the competent body of the Issuer whereby it is resolved the winding up of the Issuer.
- (e) **Litigation:** (a) the filing against the Issuer of any litigation (other than arbitration proceedings) or administrative proceedings (including any dispute with any statutory or governmental authority) for an aggregate amount exceeding Euro 500,000 (five hundred thousand/00); provided that this subparagraph shall not apply to any litigation, arbitration or administrative proceedings which is (i) discharged, stayed or dismissed within 60 (sixty) calendar days of its commencement or (ii) frivolous or vexatious, in the Noteholders' opinion (acting in good faith, in accordance with the provisions of article 1375 of the Italian Civil Code); (b) any ruling under an arbitration proceeding (*lodo arbitrale*) against the Issuer (even if with temporary effects only) of any corporate or commercial nature.
- (f) **Covenants:** any of the covenants under Condition 8 (Covenants by the Issuer) is not complied with by the Issuer; provided that if the circumstances that gave rise to that event may be remedied, are not remedied within 20 (twenty) days since the date on which the Issuer is aware of such circumstance (each, a "**Cure Period**"); and provided further that the Cure Period shall not apply to the circumstances under Conditions 8(ix).
- (g) **Cross default of the Issuer:** (a) the Issuer fails to pay any amount (other than payment obligations arising from the Notes) within 10 (ten) days of its due date or within any grace period agreed with the relevant creditor; (b) any amount becomes due and payable prior to its specified maturity date as a result of an event of default (or the relevant creditor becomes entitled to make a declaration to that effect) or (c) any facility or commitment is cancelled or suspended by the relevant creditor as a result of an event of default, in each case save where the aggregate amount of all amounts under (a), (b) and (c) above at that time is less than Euro 300,000 (three hundred thousand/00).
- (h) **Force Majeure Events:** the occurrence of force majeure events, such as wars, revolutions, embargos, actions by civil and/or military authorities, earthquakes, floods, droughts, water pollution, power lines breaks that persist for a period exceeding 60 (sixty) nonconsecutive calendar days in the same solar year and from which on the expiry of the 60 (sixty) days derives an Event of Default.
- (i) **Compulsory nationalization of the Issuer's Assets:** nationalization, expropriation or dispossession by a government, public or regulatory body of the Assets of the Issuer.
- (j) **Unlawfulness:** it is or will become unlawful for the Issuer to perform or comply with any of its obligations under the Transaction Documents to which it is a party.
- (k) **Enforceability of the Security Package:** the Special Privilege granted under the Security Package becomes null, void or unenforceable for any reason, other than by waiver (*rinuncia alle garanzie*) by the Noteholders;
- (l) **Change of Control:** an event or circumstance of Change of Control occurs.
- (m) **Studio Vienna Due Diligence:** any of the data provided by the Issuer to Studio Vienna for the carrying out the Studio Vienna Due Diligence shall prove to be incomplete, untrue or misleading;
- (n) **Business Plan:** the Business Plan drafted by the Issuer is misleading, untrue, incorrect or not in accordance with the best market practice;

- (o) **Material Adverse Effect:** any claim, outstanding dispute investigation or proceeding in progress in relation to the Issuer is likely to be adversely determined and if so determined would have a Material Adverse Effect;
- (p) **Issuer’s board of directors:** (a) the Issuer’s board of directors is not held at least once in any calendar quarter; or (b)(i) the Representative of the Noteholders or the sole Noteholder, as the case may be, is not informed with a 5 (five) days prior notice of a meeting of the board of directors of the Issuer, or (ii) a person appointed by the Representative of the Noteholders or the sole Noteholder, as the case may be, is not granted access to any of the board of directors meetings of the Issuer;
- (q) **Disposal of the Vertis Bond:** any transfer or disposal (including the granting of any Lien) of the Vertis Bond, in full or in part, by Vertis.

Following a resolution approved under Condition 12 (Meeting of the Noteholders) requesting the early redemption of the Notes, on the first Business Day following a 20 (twenty) calendar days prior request (the “**Default Early Redemption Request**”) of early redemption (the “**Default Early Redemption Date**”) by the Noteholders to the Issuer, to be sent according to the applicable provisions of law and as requested by the Italian Stock Exchange, the amounts payable by the Issuer to the Noteholders shall become immediately due and payable with respect to the then Principal Amount Outstanding, *plus* interest accrued and unpaid thereon.

The Issuer shall promptly notify to the Italian Stock Exchange, Monte Titoli and the Noteholders of the receipt of the Default Early Repayment Request together with (i) detailed information of the Event of Default and (ii) the relevant Default Early Repayment Date.

The Noteholders may approve a resolution in accordance with Condition 12 (*Meeting of the Noteholders*) to waive an existing Event of Default and its consequences.

8. COVENANTS BY THE ISSUER

As long as any Note remains outstanding and unless a waiver is approved by a resolution of the Noteholders under Condition 12 (*Meeting of the Noteholders*), the Issuer shall:

- (i) maintain its status of “*società per azioni*”, duly incorporated and validly operating in accordance with the Italian law and having the power, full legal capacity, authorizations, licenses and permits necessary to carry on its business;
- (ii) maintain its properties, machinery and equipment in good condition, as well as to take out and maintain adequate insurance coverage in place with leading insurance companies in relation to them, in accordance with good commercial practice;
- (iii) other than the Permitted Transactions, not approve or carry out extraordinary transactions of any kind, including without limitation special transactions on its share capital, corporate transformations (*trasformazioni*), merger (*fusioni*) or spin-off (*scissioni*), sales or disposals of any of, or a substantial part of the assets of, any of its Subsidiaries, other than any transaction whose nominal value is equal to or lower than the 5% (five per cent.) of the then most recent, annual or semi-annual, as the case may be, revenues or Issuer Total Assets;
- (iv) not sell, lease, transfer or otherwise dispose of any of its Assets whose value exceeds 5% (five per cent.) of the Issuer Total Assets;
- (v)
 - (a) as at each Test Date, (A) maintain Assets Under Special Privilege for a value at least equal to 130% (one hundred and thirty per cent.) of the then Principal Amount Outstanding of Notes (“**Special Privilege Assets Minimum Value**”) and (B) provide report signed by the legal representative of the Issuer, certifying the value of the Assets Under Special Privilege;
 - (b) the Issuer fails to extend the Special Privilege to the whole stock (*magazzino*) of Flexi-Board, within 15 (fifteen) days from the day on which the Flexi-Board

Merger is effective in accordance with the provisions of article 2504 *bis* of the Italian Civil Code.

- (vi) without prejudice to Condition 8(iii) above, not amend its by-laws (*atto costitutivo* and *statuto*) in any material respect or change the date of its financial year's end;
- (vii) procure that its financial statements:
 - (a) will be prepared in compliance with law and with the accounting principles (where applicable), except to the extent expressly disclosed in the notes to those financial statements;
 - (b) will provide, in accordance with the accounting principles (where applicable), a true, complete and accurate financial position and the results of its financial operations, as on the date on which they were prepared and for all its reporting period; and
 - (c) will contain no significant errors or omissions of material facts that would make such documents misleading;
- (viii) not reduce its current share capital equal to Euro 798,750 (seven hundred, ninety eight thousand and seven hundred and fifty/00) fully paid, except for the mandatory cases provided for by law; and, in the event that the share capital is reduced due to losses pursuant to applicable laws, ensure that, no later than 60 (sixty) Business Days from the resolution approving such reduction, the Issuer's share capital required by applicable laws is restored;
- (ix) procure that, on each Test Date, the following financial covenants are met (the "**Financial Covenants**"):
 - (a) as at each Test Date, the Issuer's Group Net Financial Debt/Issuer's Group EBITDA does not exceed:
 - (A) 3.8x (three point eight times) on any Test Date until June 2017 (included); thereafter
 - (B) 3.5x (three point five times) on any Test Date until December 2017 (included); thereafter
 - (C) 3x (three times) on any Test Date until June 2018 (included); thereafter
 - (D) 2.8x (two point eight times) on any Test Date until December 2018 (included); thereafter
 - (E) 2.5x (two point five times) on any Test Date until December 2019 (included); and
 - (F) 2x (two times) on any the Test Date thereafter.
 - (b) as at each Test Date, the Issuer's Group EBITDA/Borrowing Costs is higher than
 - (A) 3x (three times) on any Test Date until June 2017 (included); thereafter
 - (B) 3.5x (three point five times) on any Test Date until December 2017 (included); thereafter

- (C) 3.8x (three point eight times) on any Test Date until June 2018 (included); and thereafter
- (D) 4x (four times) on any Test Date thereafter;
- (c) as at each Test Date, following the payment of the then due and payable interest, the pro-forma account Liquidity is equal to, or higher than, Euro 100,000 (one hundred thousand/00),

provided that, should any of the Financial Covenants set out above fail to be complied with (the “**Breached Financial Covenant**”):

- (1) the Issuer will have the right (the “**Cure Right**”) to include in the recalculation of the Breached Financial Covenant any New Equity or Shareholders’ loan(s) (each, a “**Cure Amount**”) received between the relevant Test Date and 10 (ten) Business Days following the relevant Valuation Date of the relevant Financial Covenant, such that the Issuer EBITDA or the Liquidity, as the case may be, included in the relevant calculation is increased by an amount equal to the Cure Amount; provided further that:
 - (A) the Cure Amount shall be recalculated only once for the relevant Breached Financial Covenant; and
 - (B) the Cure Right shall not be exercised more than 3 (three), non-consecutive, times; and
- (2) the Issuer will have the right to include in the recalculation of the Breached Financial Covenant any outstanding credit amount received by the Issuer after the relevant Test Date, but within 30 (thirty) days following the relevant Valuation Date (each an “**Adjustment**”); provided that any Adjustment shall be calculated on any following Valuation Date as at the date on which it has been actually received by the Issuer;
- (x) not pay any dividend nor interests to its Shareholders, other than the interests on the Vertis Bond;
- (xi) make all payments due in connection with the Notes without any deduction or withholding on taxes or otherwise, unless is required by law. In such case:
 - (a) the Issuer shall procure that the deduction or withholding shall not exceed the minimum amount required by law; and
 - (b) the amounts due by the Issuer to the Noteholders shall be increased of an additional amount (the “**Additional Amount**”) to allow that the amount to be paid, excluding the relevant deduction or withholding, is equal to the amount that would be due to the Noteholders without any such deduction or withholding;

provided that, no such Additional Amount shall be payable to a non-Italian resident legal entity or non-Italian resident individual, which is resident in a country that does not allow for a satisfactory exchange of information with the Republic of Italy;
- (xii) promptly notify to the Noteholders the occurrence of any failure by the Issuer to fulfill its obligations under the present Terms and Conditions or any event which may cause an Event of Default;
- (xiii) diligently fulfill all the obligations undertaken by the Issuer towards Monte Titoli and the Italian Stock Exchange, in relation to the centralized management of the Notes;

- (xiv) not take any step or institute any proceeding for the purpose of obtaining a reduction in the rate of interest applicable to the Notes or total cancellation of all payable interest;
- (xv) other than (a) the Notes, (b) the Vertis Bond, not incur into any (A) capital or finance lease or (B) any of the following Financial Indebtedness:
 - (a) bank overdraft (*fidio*), for an aggregate amount higher than Euro 800,000 (eight hundred thousand/00);
 - (b) any amounts arising from any receivable sold or discounted (both on a non-recourse basis and a recourse basis), for an aggregate amount higher than Euro 5,500,000 (five million, five hundred thousand/00);
 - (c) import / export facilities, for an aggregate amount higher than Euro 1,500,000 (one million, five hundred thousand/00);
 - (d) operating leases, for an aggregate amount higher than Euro 1,100,000 (one million, one hundred thousand/00); and
 - (e) any other bank loan not falling into items from (a) to (d) above, for an aggregate amount higher than Euro 4,500,000 (four million, five hundred thousand/00)

provided that the Issuer may incur in unsecured Financial Indebtedness, having a redemption date falling one year after the Final Maturity Date, if such Financial Indebtedness shall be applied to repay (a) in full the Vertis Bond or (b) in full or in part, the Notes;

- (xvi) as at each Test Date, not incur into Capital Expenditures for an amount higher than the maximum Capital Expenditure amount specified in the Business Plan, with (a) a headroom of 20% (twenty per cent.) and (b) the possibility for the Issuer to calculate 30% (thirty per cent.) of the Capital Expenditures not spent in one calendar, in the immediately following calendar year;
- (xvii) not create, incur, assume or permit to exist any Lien on any of the Issuer's Assets, other than the Security Package, or of the Subsidiaries' Assets;
- (xviii) comply with the provisions of Annex B (*Reporting and Financial Undertakings*);
- (xix) comply with all laws, regulations and tax provisions applicable to them and will make regular and timely liquidations and payments required and due with respect to taxes, and charges of a similar nature and their withholding taxes, except taxes that:
 - (a) are contested in good faith by the Issuer and for which appropriate reserves have been allocated in accordance with the accounting principles; and
 - (b) for which payment may be legitimately subordinated, without giving rise to the payment of any penalty or pre-emption rights of a competent tax authority on the assets of the Issuer;
- (xx) communicate to the Noteholders, on each Valuation Date, an Officers' Certificate stating that, in respect of the immediately preceding Test Date, the (a) the Financial Covenants are met, (b) has maintained the relevant Special Privilege Assets Minimum Value, (c) that a review of the activities of the Issuer has been made under the supervision of the signing Officers with a view to determining whether the Issuer observed, performed and fulfilled its obligations under the Notes, and (d) as to each such Officer signing such certificate, that to the best of his or her knowledge, the Issuer has kept, observed, performed and fulfilled each and every covenant contained

in the Notes and is not in default in the performance or observance of any of the terms, provisions and conditions of the Notes and that no Potential Event of Default or Events of Default have otherwise occurred (or, if a Potential Event of Default or Event of Default has occurred, describing all such Potential Event of Default or Event of Default of which he or she may have knowledge and what action the Issuer is taking or proposes to take with respect thereto) and that to the best of his or her knowledge no event has occurred and remains in existence by reason of which payments on account of the principal or interest amounts payable on the Notes is prohibited or if such event has occurred, a description of the event and what action the Issuer is taking or proposes to take with respect thereto;

- (xxi) so long as any of the Notes are outstanding, communicate to the Noteholders, upon any Officer becoming aware of any Potential Event of Default or Event of Default, an Officers' Certificate specifying such Potential Event of Default or Event of Default and what action the Issuer is taking or proposes to take with respect thereto;
- (xxii) not agree to amend or waive any of the terms and conditions of the Vertis Bond.

9. PAYMENTS

Payments of principal and interest in respect of the Notes will be credited, according to the instructions of Monte Titoli, by authorized intermediaries.

Payments of principal and interest in respect of the Notes are subject in all cases to any fiscal or other applicable laws and regulations.

10. ADMISSION TO TRADING

The Issuer has filed the Notes with the Italian Stock Exchange for admission to trading on the ExtraMOT PRO.

The decision of the Italian Stock Exchange and the date of commencement of trading of the Notes on the ExtraMOT PRO, together with the functional information to trading shall be communicated by the Italian Stock Exchange with a notice, pursuant to Sec. 11.6 of the Guidelines contained in the regulation for the management and operation of the ExtraMOT issued by the Italian Stock Exchange, and effective from June 8, 2009 (as amended and supplemented from time to time).

The Notes are not traded in a regulated market ("*mercato regolamentato*") therefore are not subject to the Commission Regulation (EC) No 809/2004.

11. RESOLUTIONS AND AUTHORIZATIONS RELATING TO THE NOTES AND THE SECURITY PACKAGE

The issuance of the Notes and the granting of the Security Package were approved by (i) the shareholders' meeting of the Issuer on February 24, 2016 and registered in the competent chamber of commerce on February 25, 2016, and (ii) the resolution of its board of directors on February 24, 2016. In particular, the Issuer has approved to proceed with the issuance of the Notes for a maximum aggregate nominal value equal to Euro 4,000,000 (four million/00).

12. MEETINGS OF THE NOTEHOLDERS

The Noteholders may convene a meeting in order to protect common interest related to the Notes. All meetings of the Noteholders will be held in accordance with applicable provisions of Italian law in force at the time. In accordance with article 2415 of the Italian Civil Code, the meeting of Noteholders is empowered to resolve upon the following matters: (i) the appointment and revocation of a Noteholders' representative (the "**Noteholders' Representative**"), (ii) any amendment to these Terms and Conditions, agreed or to be agreed with the Issuer, (iii) motions by the Issuer for the composition with creditors

(*amministrazione controllata* and *concordato*); (iv) establishment of a fund for the expenses necessary for the protection of the common interests of the Noteholders and the related statements of account; and (v) any other matter of common interest to the Noteholders.

Such a meeting may be convened by the board of directors of the Issuer or the Noteholders' Representative at their discretion and, in any event, in accordance with the provisions of article 2415 of the Italian Civil Code. If the meeting has not been convened following such request of the Noteholders, the same may be convened by a decision of the competent court in accordance with the provisions of article 2367 of the Italian Civil Code. Every such meeting shall be held at a place as provided pursuant to article 2363 of the Italian Civil Code.

Notwithstanding the provisions of article 2415, third paragraph, of the Italian Civil Code, any meeting of the Noteholders will be validly held if there are one or more persons present being or representing Noteholders holding at least the absolute majority of the Principal Amount Outstanding of the Notes at that time.

Notwithstanding the provisions of article 2415, third paragraph, of the Italian Civil Code, the majority required to pass a resolution at any meeting (including any adjourned meeting) convened to vote on any resolution will be one or more persons holding or representing at least the absolute majority of the Principal Amount Outstanding of the Notes at that time.

Officers and statutory auditors of the Issuer shall be entitled to attend the Noteholders' meetings, but not participate or vote with reference to the Notes held (if any) by the Issuer. Any resolution duly passed at any such meeting shall be binding on all the Noteholders, whether or not they are present at the meeting.

The Noteholders' Representative, subject to applicable provisions of Italian law, shall be appointed and remain appointed pursuant to article 2417 of the Italian Civil Code in order to represent the Noteholders' interest under these Terms and Conditions and to give effect to resolutions passed at a meeting of the Noteholders. If the Noteholders' Representative is not appointed by a meeting of such Noteholders, the Noteholders' Representative shall be appointed by a decree of the court where the Issuer has its registered office at the request of one or more Noteholders or at the request of the board of directors of the Issuer.

13. PRESCRIPTION

Claims against the Issuer for payments in respect of the Notes will be barred and become void (*prescritti*) unless made within ten years in the case of principal or five years in the case of interest from the date the relevant payment are due.

14. TAXATION

Without prejudice to the provisions of Condition 8(xii) (*Covenants by the Issuer*), any tax and fee, present and future, applicable to the Notes shall be borne by the Noteholders.

15. NOTICES

Notwithstanding any applicable provision to the contrary, all the communications from the Issuer to the Noteholders will be considered valid if made through publication on the website of the Issuer at the following address www.giplast.it, and in compliance with the disclosure requirements of the ExtraMOT Regulation; provided that, as long as the Notes are held on behalf of the beneficial owners through Monte Titoli, the Issuer shall maintain the right to notify certain communications to the Noteholders through Monte Titoli.

16. GOVERNING LAW AND JURISDICTION

The Notes are governed by, and shall be construed in accordance with, Italian law.

The Courts of Milan shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with these Notes.

ANNEX A

Financial Reporting and Undertakings

1. Annual Reporting Requirements

The Issuer shall communicate to the Noteholders:

- 1.1 as soon as the same become available, but in any event within 180 (one hundred and eighty) days after the end of each of its financial years its audited financial statements for that financial year and prepared according to Italian GAAP or IFRS; and
- 1.2 a report from its auditors in relation to the Issuer's compliance with the Financial Covenants as at the date to which such accounts were made up, in such form as the auditors agree to provide.

2. On Request Reporting Requirements

The Issuer will furnish to the Noteholder(s) (in a format acceptable to the Noteholder(s) (acting reasonably)) promptly upon a Noteholder's request to that effect such further information regarding the financial condition, business, assets and operations of the Issuer and any Subsidiary as the Noteholder(s) may reasonably request.

3. Financial information

The Issuer shall supply to the sole Noteholder (if any) or, if the Notes are held by more than one Noteholder, to the Calculation Agent:

- 3.1 a draft of the Issuer budget at least 30 (thirty) days' prior to the end of each financial year;
- 3.2 within 60 (sixty) days following the end of each of the first three fiscal quarters in each fiscal year of the Issuer from and including June 2016, an Issuer cash report including a rolling 13 (thirteen) week short term cashflow forecast starting from the end of each financial quarter, bank reconciliations and detailed breakdowns of aged debtors and creditors no less than 30 (thirty) days after the end of the relevant financial quarter;
- 3.3 within 60 (sixty) days following the end of each of the first three fiscal quarters in each fiscal year of the Issuer, from and including June 2016, an Issuer quarterly management pack together with a certificate of one of the Officers certifying compliance with the Financial Covenants and providing detailed calculations showing such compliance (including Cure Amounts and Adjustments, if any) including but not limited to revenues, EBITDA, capital expenditure, cash flow statements, interest expense, working capital, liquidity and capital resources compared to the Issuer budget and the previous year. The quarterly management pack provided in respect of a month during which a financial quarter of the Issuer ends shall also include (i) detailed commentary from the finance director of the Issuer (ii) the agenda for the board meetings occurred in that period (iii) report on liquidity and cash (iv) an update on any key initiative and projects; (v) material risk factors and material developments in the business of the Issuer and its subsidiaries; (vi) any senior management change at the Issuer and its Subsidiaries; (vii) any change in auditors of the Issuer; (viii) the entering into an agreement that will result in a Change of control, a report containing a description of such event;
- 3.4 a copy of any material regulatory notices received by the Issuer or any Subsidiary promptly on receipt;

4. Provisions with respect to Financial Statements and Audit

- 4.1 Each set of financial statements delivered by the Issuer pursuant to the provisions of this schedule shall be approved by the board of directors of the Issuer or the relevant Subsidiary as fairly representing its financial condition as at the date as at which those financial statements were drawn up. The Issuer shall procure that all audited financial statements so delivered are audited preferably by any big four accounting firm or such other auditors previously approved by the Noteholder(s).
- 4.2 Following the occurrence of an Event of Default and for so long as it is continuing, the Issuer will permit the Noteholder(s) or its appointed representatives or agents at the Issuer's expense to conduct an audit of its financial records, systems and forecasts and will afford all co-operation to the Noteholder(s) and its representatives or agents to enable such audit to take place following a period of consultation with the Issuer on the scope of the proposed audit.

ANNEX B
Studio Vienna Due Diligence

ANNEX C
Business Plan