



**GLOBAL DISPLAY SOLUTIONS S.P.A.**

via Tezze 20/A, 36073, Cornedo Vicentino (Vicenza), Italy

registered at the Companies Register of Vicenza under No. 02940180249, Fiscal Code and VAT No.  
02940180249

**TERMS AND CONDITIONS**

**of the “Euro 10,000,000.00 4.55% Fixed Rate Notes due 31 December 2024”**

**ISIN Code: IT0005394447**

The following is the text of the terms and conditions (the “**Conditions**”) of the non-convertible, senior unsecured “Euro 10,000,000.00 4.55% fixed rate notes due 31 December 2024” (the “**Notes**”) issued by Global Display Solutions S.p.A. (the “**Issuer**”) pursuant to Article 2410 et seq. of the Italian Civil Code.

**1. The Notes**

*1.1 Aggregate Nominal Amount*

The aggregate nominal amount of the Notes is equal to Euro 10,000,000.00 (ten million/00) (the “**Aggregate Nominal Amount**”).

*1.2 Minimum Denomination*

The Notes are issued in the denomination of Euro 100,000.00 (one hundred thousand/00) and integral multiples of Euro 100,000.00 (one hundred thousand/00) in excess thereof. The nominal value (the “**Nominal Value**”) of each Note is Euro 100,000.00 (one hundred thousand/00). The Notes cannot be split.

*1.3 Issue Date, Maturity Date and Issue Price*

The Notes are issued on 17 December 2019 (the “**Issue Date**”). The final maturity date of the Notes will fall on 31 December 2024 (the “**Maturity Date**”).

The issue price for each Note is equal to 100% of the Nominal Value and, therefore, the issue price of each Note is equal to Euro 100,000.00 (one hundred thousand/00) and the aggregate issue price of all the Notes is equal Euro 10,000,000.00 (the “**Issue Price**”).

The Notes bear interest from the Issue Date (the “**Interest Commencement Date**”), as provided under Condition 4 (*Interest*), and they will be redeemed in accordance with Condition 5 (*Redemption, purchase and cancellation*).

*1.4 Resolution approving the issue of the Notes*

The issue of the Notes has been authorised by a resolution of the Board of Directors of the Issuer dated 6 August 2019 notarised by Public Notary Giuseppe Muraro (*repertorio* No. 11125, *raccolta* No. 5193) and registered with the Companies Register of Vicenza on 16 September 2019.

### 1.5 *Further information relating to the Issuer*

The Issuer has its registered office at via Tezze 20/A, 36073, Cornedo Vicentino (Vicenza) and is registered at the Companies Register of Vicenza under No. 02940180249, Fiscal Code and VAT No. 02940180249.

As at the Issue Date, the Issuer's share capital is equal to Euro 11,000,000.00 (eleven million/00), paid-up for 10,000,000.00 (ten million/00), divided into No. 10,000,000.00 (ten million/00) ordinary shares having a par value of Euro 1.00 (one/00) each, whilst the reserves are equal to Euro 18,309,252.00.

According to its current by-laws the corporate object of the Issuer consists in the following activities:

- manufacturing and sale of electric, electronic and mechanics devices, monitors data and images visual display units;
- planning and realisation of software application for hardware devices and any inherent, connected and similar activity, excluding any other activity that, pursuant to applicable laws, is reserved to subjects enrolled in professional registers;
- planning, assessment, processing and control of production processes, production cycles relating to electronic products, as well as the realisation of software programmes;
- manufacturing, sale and testing, by means of traditional technology and advanced SMT, of electronic devices for civil and military uses for telecommunications, mobile phones, automotive, household appliance and other applications;
- manufacturing, building, planning, realisation, wholesale and retail sale, import-export of the so-called "Kiosk" systems as well as self-service ticketing and multimedia systems carried out on the Issuer's own account or for the account of third parties; and
- provision of consulting or any service in the field of information technology, design and development of systems and products mentioned in the preceding paragraph.

All the aforesaid activities may be carried out by the Issuer on its own behalf or on behalf of third parties, either in Italy or abroad.

To the extent that the following activities are ancillary and instrumental to the achievement of its corporate object, the Issuer may also perform any commercial, financial, industrial, real estate transaction, grant securities (*fideiussioni*), endorsements (*avalli*), deposits and guarantees also in favour of third parties, as well as acquire, either directly or indirectly, holdings in Italian and foreign companies having analogous, similar or connected corporate object for the sole purpose of investing and not placing any such holdings, provided that the Issuer may not perform any activity *vis-à-vis* the public.

## **2. Form and title of the Notes, ISIN code and listing**

### 2.1 *Form and title of the Notes*

The Notes are bearer securities (*titoli al portatore*) issued in dematerialised form pursuant to applicable law.

Starting from the Issue Date, the Notes are, and will be, wholly and exclusively held with Monte Titoli in accordance with the provisions of Articles 83-*bis* et seq. of the Financial Services Act and the Joint Regulation. Accordingly, any transaction regarding the Notes (including, without limitation, transfers of the Notes and granting of liens thereon), as well as the exercise of proprietary and voting rights, may only be made in accordance with the provisions of Articles 83-*bis* et seq. of the Financial Services Act and the Joint Regulation.

Save for the right to request the certificates referred to in Articles 83-*quinquies* and 83-*sexies* of the Financial Services Act, the Noteholders will not be entitled to request delivery of the documents representative of the Notes.

## 2.2 *Restrictions on circulation of the Notes*

Only persons who are Qualified Investors may hold the Notes. The Notes can be sold, transferred and delivered to Qualified Investors only.

The Notes have not been and will not be registered under the Securities Act and securities legislations of other countries where it is unlawful to sell, transfer or deliver the Notes, either directly or indirectly, in lack of exemptions or authorisations from the competent Authorities (the “**Other Countries**”) and, accordingly, the Notes may not be offered, sold or delivered within the United States and the Other Countries or to, or for the account or benefit of, U.S. persons or to those persons to whom they may not be sold, transferred or delivered pursuant to applicable laws.

## 2.3 *ISIN code*

The ISIN code of the Notes is IT0005394447.

## 3. **Status of the Notes**

The Notes are direct unconditional and unsecured obligations of the Issuer which (subject to Condition 7.1 (*Negative pledge*) below) will at all times rank *pari passu* and without any preference among themselves and *pari passu* with all other present and future, unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law.

## 4. **Interest**

### 4.1 *Interest*

The Notes bear interest (the “**Interest**”) on their Residual Nominal Value at the annual fixed rate of 4.55% (the “**Rate of Interest**”) from (and including) the Interest Commencement Date to (but excluding) the Maturity Date or, if earlier, the date on which the Notes will be repaid in full.

Without prejudice to Condition 5 (*Redemption, purchase and cancellation*) below, Interests will be paid in arrears on a semi-annual basis on 30 June and 31 December of each year (each, an “**Interest Payment Date**”). The first Interest Payment Date will fall on 30 June 2020 and the last Interest Payment Date will fall on the Maturity Date or, if earlier, the date on which the Notes will be repaid in full.

Interest payable in respect of each Note on each Interest Payment Date will be calculated by the Calculation Agent by applying the Rate of Interest to the Residual Nominal Value, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the cent, with 0.05 cents being rounded upwards.

If an Interest Payment Date falls on a day other than a Business Day, the payment will be postponed to the next day that is a Business Day, provided that Interest due with respect to such Interest Payment Date shall not bear further interest and the Interest Period shall not be amended nor shall the following Interest Payment Dates be postponed (*Following Business Day Convention - Unadjusted*).

Payment of Interest due pursuant to this Condition 4 (*Interest*) will be made through Authorised Intermediaries by means of the clearing system managed by Monte Titoli.

### 4.2 *Default interest*

Should the Issuer fail to pay any amount payable by it under the Notes on its due date, it shall pay, subject to applicable law, the default interest (*interessi di mora*) on the overdue amount at a margin of 2% (two per cent.) *per annum*, to be calculated, in addition to the applicable Rate of Interest, by the Calculation Agent from (and including) the date on which this payment should have been made up to (and excluding) the date of actual payment.

## 5. Redemption, purchase and cancellation

### 5.1 Scheduled redemption

Subject to Condition 5.3 (*Redemption for tax reason (Tax Call)*), Condition 5.4 (*Early redemption at the option of Noteholders on the occurrence of a Put Event*) and Condition 8 (*Events of Defaults*), each Note will be redeemed in accordance with the following amortisation plan (the “**Amortisation Plan**”).

<i>Instalments Payment Dates</i>	<i>Principal instalments for each Note</i>	<i>%</i>	<i>Residual Nominal Value</i>	<i>%</i>
31 December 2022 (the “ <b>First Instalment Payment Date</b> ”)	20,000.00 (twenty thousand/00)	20%	80,000.00 (eighty thousand/00)	80%
31 December 2023 (the “ <b>Second Instalment Payment Date</b> ”)	30,000.00 (thirty thousand/00)	30%	50,000.00 (fifty thousand/00)	50%
Maturity Date	50,000.00 (fifty thousand/00)	50%	-	0%

If an Instalment Payment Date falls on a day other than a Business Day, the payment of the relevant principal instalment will be postponed to the next day that is a Business Day, provided that such principal amount shall not bear further interest nor shall the following Instalment Payment Date be postponed (*Following Business Day Convention - Unadjusted*).

Payment of principal due pursuant to this Condition 5.1 (*Scheduled redemption*) will be made through Authorised Intermediaries by means of the clearing system managed by Monte Titoli.

### 5.2 Early redemption at the option of the Issuer (*Issuer call*)

The Issuer has not the right to early repurchase and redeem the Notes, in whole or in part, prior to the Maturity Date.

### 5.3 Redemption for tax reason (*Tax Call*)

The Notes may be repurchased and redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 (thirty) nor more than 60 (sixty) days' prior notice to the Noteholders in accordance with Condition 11 (*Notices*) (which notice shall be irrevocable), at their principal amount, together with Interest (if any) accrued thereon to the date fixed for redemption, if:

- the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 12 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations 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 the Issue Date; and
- such obligation cannot be avoided by the Issuer taking reasonable measures available to it.

Prior to the giving of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Noteholders and/or the Noteholders' Representative (where appointed):

- 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

- (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Should the Issuer exercise its rights pursuant to this Condition 5.3 (*Redemption for tax reason (Tax Call)*), the Notes will be redeemed at par together with Interest accrued and unpaid to (but excluding) the date of redemption.

Upon the expiry of any such notice as is referred to in this Condition 5.3 (*Redemption for tax reason (Tax Call)*), the Issuer shall be bound to redeem the Notes in accordance with this Condition 5.3 (*Redemption for tax reason (Tax Call)*).

#### 5.4 *Early redemption at the option of Noteholders on the occurrence of a Put Event (Put Option)*

Upon occurrence of a Put Event, each Noteholder will have the option (the “**Put Option**”) to request the Issuer to repurchase and redeem all or certain Notes it holds in whole, but not in part, on the Optional Redemption Date (as defined below), at 100% of the Residual Nominal Value, together with accrued and unpaid Interest (if any) up to (but excluding) the Optional Redemption Date.

Promptly upon the Issuer becoming aware that a Put Event has occurred and in any event within 5 Business Days of the occurrence of such Put Event, the Issuer shall give notice to the Noteholders in accordance with Condition 11 (*Notices*) (a “**Put Event Notice**”) specifying (i) that a Put Event has occurred; (ii) the circumstances giving rise to the Put Event; and (iii) that each Noteholder is entitled to require the Issuer to redeem or repurchase the Notes of such holder in accordance with procedure provided under this Condition 5.4 (*Early redemption at the option of Noteholders on the occurrence of a Put Event*).

In order to exercise the Put Option, the relevant Noteholder, promptly upon becoming aware that a Put Event has occurred, and in any event within 30 Business Days after receipt of the relevant Put Event Notice (the “**Put Period**”), must serve a notice to the Issuer in accordance with Condition 11 (*Notices*) (the “**Put Option Notice**”) specifying the number of Notes in respect of which the Noteholder claims for redemption.

Subject to the delivery of a Put Option Notice, the Issuer shall redeem the Notes in respect of which the Put Option has been validly exercised on the date which falls the 20<sup>th</sup> Business Day following the expiry of the Put Period (the “**Optional Redemption Date**”).

Payment of the amounts due to Noteholders pursuant to this Condition 5.4 (*Early redemption at the option of Noteholders on the occurrence of a Put Event*) will be made through Authorised Intermediaries by means of the clearing system managed by Monte Titoli.

#### 5.5 *Cancellation*

All Notes redeemed in full pursuant to Condition 5.1 (*Scheduled redemption*) and those repurchased and redeemed pursuant to Condition 5.3 (*Redemption for tax reason (Tax Call)*) and Condition 5.4 (*Early redemption at the option of Noteholders on the occurrence of a Put Event*) will be cancelled.

### 6. **Prescription**

Claims for principal shall become void unless the relevant Notes are presented for payment within ten years from the date on which such principal becomes due. Claims for Interest shall become void unless the relevant Notes are presented for payment within five years from the date on which such Interest becomes due and payable.

### 7. **Covenants**

#### 7.1 *Negative pledge*

So long as any Note remains outstanding, the Issuer will not, and shall procure that any Material Subsidiary will not, create or permit to subsist any Security Interest (other than Permitted Security Interests) over any of their respective present or future undertakings, assets or revenues to secure any Financial Indebtedness without at the same time or prior thereto:

- (a) securing the Notes equally and rateably therewith; or
- (b) providing such other security, guarantee, indemnity or other arrangement for the Notes as shall be approved by the Noteholders.

### 7.2 *Financial Covenants*

So long as any Note remains outstanding, the Issuer shall ensure that:

- (a) the Net Financial Debt-EBITDA Ratio is equal to or lower than 3.25x
- (b) the EBITDA-Financial Charges Ratio is equal to or higher than 4.0x
- (c) the Net Financial Debt-Shareholders' Equity Ratio is equal to or lower than 1.5x.

The financial ratios set out under (a) and (b) of this Condition 7.2 (*Financial Covenants*) shall be tested on each Calculation Date by reference to, as the case may be, the latest Annual Consolidated Financial Statements or Semi-Annual Consolidated Financial Statements of the Issuer, so that the financial ratios test will be made twice in each year with respect to the previous Relevant Period. The financial ratio set out under (c) of this Condition 7.2 (*Financial Covenants*) shall be tested once a year on the Calculation Date referred to under letter (A) of the relevant definition by reference to the latest Annual Consolidated Financial Statements of the Issuer.

### 7.3 *Information covenants*

So long as any Note remains outstanding, the Issuer shall, in accordance with Condition 11 (*Notices*):

- (i) make available to the Noteholders no later than 31 March of each year, the Issuer's annual consolidated managements accounts (including the income statement and the balance sheet) related to the financial year ended on the immediately preceding 31 December;
- (ii) make available to the Noteholders no later than 10 (ten) Business Days from the relevant date of approval (and in any event no later than, respectively, (a) 180 (one hundred eighty) days from the end of the Issuer's financial year and (b) 90 (ninety) days from the end of the first half of the Issuer's financial year) its Annual Consolidated Financial Statements and Semi-Annual Consolidated Financial Statements;
- (iii) make available to the Noteholders the Interim Consolidated Results as at 31 March and 30 September of each year no later than (a) 15 May, with respect to the first quarter of each financial year and (b) 15 November, with respect to the third quarter of each financial year;
- (iv) promptly, upon it becoming aware, notify to the Noteholders of the occurrence of (a) any failure by the Issuer to fulfil its obligations under these Conditions, and (b) any event which may cause an Event of Default, specifying (i) the nature of the event occurred, (ii) the circumstances giving rise to it; (iii) the actions, if any, undertaken to cure such event; (iv) the right of each Noteholder to require the Issuer to redeem the Notes in accordance with the procedure set forth in Condition 8 (*Events of Defaults*);
- (v) promptly, upon it becoming aware, notify to the Noteholders of the occurrence of a Put Event and of the receipt of a Put Option Notice pursuant to Condition 5.4 (*Early redemption at the option of Noteholders on the occurrence of a Put Event*);
- (vi) on each Calculation Date, provide a compliance certificate (the "**Compliance Certificate**") in accordance with Condition 11 (*Notices*) signed by an authorised signatory of the Issuer, certifying (i) compliance (or not compliance) by the Issuer for the Relevant Period with the financial covenants under Condition 7.2 (*Financial Covenants*) (such certificate shall be accompanied by, and give evidence of, the calculation made for this purpose); (ii) compliance with the covenants under subparagraph (e) of Condition 7.4 (*Further covenants*) (such certificate shall be accompanied by, and give evidence of, the calculation made for this purpose); (iii) that no Event of Default has occurred or, if an

Event of Default has occurred, specifying the type of Event of Default and the actions, if any, undertaken to cure such event; (iv) the amount of net profits resulting from the Annual Consolidated Financial Statements or Semi-Annual Consolidated Financial Statements, as the case may be, and available for distribution pursuant to applicable laws and the Issuer's by-laws; and (v) that there have been no events, developments or circumstances that would materially affect its ability to certify such compliance on the basis of the Issuer's financial condition as at the date of the certificate and its results of operations since the end of the last Relevant Period;

- (vii) (a) promptly inform the Noteholders if any Subsidiary cease to be or, as the case may be, become a Material Subsidiary; and (b) promptly notify the Noteholders of any acquisition of equity interests in a third company which, upon consolidation, would become a Material Subsidiary; and
- (viii) upon request of any Noteholder, make available to all Noteholders, subject to applicable law, all reasonable information on the business operation and/or financial performance of the Issuer.

#### 7.4 Further covenants

So long as any Note remains outstanding, the Issuer undertakes:

- (a) not to amend or waive the economic terms and conditions of the Shareholder Loan (including, by way of example, the amount of interest, principal, costs and other expenses payable by the Issuer thereunder);
- (b) that the Notes will constitute direct, general and unconditional obligations of the Issuer which will at all times rank *pari passu* and without any preference among themselves and at least *pari passu* with all other present and future, unsecured and unsubordinated obligations of the Issuer, save for certain mandatory exceptions of applicable law;
- (c) to procure that, at any time, the ratio (expressed as a percentage) of the Gross Financial Debt attributable to the Material Subsidiaries taken as a whole to the Gross Financial Debt of the Issuer is equal to, or lower than, 15%;
- (d) not to distribute or repay any dividend on, or in respect of, its share capital or share premium reserve or any other reserve;
- (e) without prejudice to the Permitted Transactions, not to, and to procure that no Material Subsidiary will, approve any “ *fusione* ” or “ *scissione* ” or “ *trasformazione* ” (such expressions bearing the meanings ascribed to them by the laws of the Republic of Italy) or any other, amalgamation, reorganisation, merger, demerger (whether in whole or in part), consolidation or restructuring whilst solvent or any other similar arrangement provided under the country of incorporation of the relevant entity;
- (f) without prejudice to the possibility of the Issuer to sell, transfer or otherwise dispose of equity interests in any Subsidiary in circumstances which are not forbidden pursuant to this Conditions, not to, and to procure that no Material Subsidiary will, resolve and/or carry out any contribution in kind, conveyance, sale, assignment, transfer, lease of, or any kind of disposal of all or any of its assets or its going concern or any other similar arrangement unless (A) such arrangements relate to assets which are not instrumental to the core business of the Group and all the following conditions are met: (i) such arrangements are made in the ordinary course of business of the Issuer or the relevant Material Subsidiary on arm's length terms, (ii) any net proceed is applied towards the core business of the Group and (iii) no Event of Default has occurred and is continuing or would occur as a result of that transaction; or (B) such disposal relates to assets and/or going concern which are disposed in favour of the Issuer or any Material Subsidiary at arm's length terms; and

- (g) to procure that the Annual Consolidated Financial Statements are prepared in accordance with the applicable accounting principles and audited by a first standing auditing firm enrolled in the register of independent auditors held by the Italian Ministry of Economy and Finance.

## **8. Events of Defaults**

- 8.1 Any of the following events (each, an “**Event of Default**”) constitutes an Event of Default pursuant to these Conditions.

### *8.1.1 Non-payment*

The Issuer fails to pay any amount of principal in respect of the Notes on the due date for payment thereof and/or fails to pay any amount of interest in respect of the Notes on the due date for payment thereof and such failure continues for a period of 14 (fourteen) days.

### *8.1.2 Breach of Financial Covenants*

The Issuer does not comply with one or more of the Financial Covenants provided in Condition 7.2 (*Financial Covenants*).

### *8.1.3 Breach of other obligations*

The Issuer does not perform or comply with one or more of its obligations in respect of the Notes including (without limitation) the covenants provided in Condition 7 (*Covenants*) (other than the payment obligation referred to under Condition 8.1.1 (*Non-payment*) and the Financial Covenants provided in Condition 7.2 (*Financial Covenants*)).

### *8.1.4 Cross Default*

In respect of the Financial Indebtedness of the Issuer (other than the one arising under the Notes) or of any Material Subsidiary, the occurrence of any of the following circumstances:

- (i) any Financial Indebtedness of the Issuer or any Material Subsidiary is not paid when due or (as the case may be) within any originally stated grace period; or
- (ii) any such Financial Indebtedness becomes due and payable prior to its stated maturity by reason of an event of default, howsoever described,

*provided that*, an Event of Default pursuant to this Condition 8.1.4 (*Cross Default*) shall only occur if the amount of Financial Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above individually or in the aggregate exceeds Euro 500,000.00 (five hundred thousand/00) (or its equivalent in any other currency or currencies).

### *8.1.5 Insolvency and insolvency proceedings.*

- (i) The Issuer or any Material Subsidiary becomes insolvent or is unable to pay its debts as they fall due;
- (ii) an administrator, liquidator or other similar officer of the Issuer or any Material Subsidiary is appointed; or
- (iii) the Issuer or any Material 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 respect of any of its Financial Indebtedness or any guarantee and/or indemnity of any Financial Indebtedness given by it *provided that*, an Event of Default pursuant to sub-paragraph (iii) of this Condition 8.1.5 (*Insolvency and insolvency proceedings*) shall only occur if the amount of Financial Indebtedness referred to herein individually or in the aggregate exceeds Euro 500,000.00 (five hundred thousand/00) (or its equivalent in any other currency or currencies).



#### 8.1.6 *Unsatisfied judgment*

One or more judgment(s) or order(s) for the payment of an amount individually or in the aggregate higher than Euro 500,000.00 (five hundred thousand/00) (or its equivalent in any other currency or currencies) is rendered against the Issuer or any Material Subsidiary and continue(s) unsatisfied and unstayed for a period of 30 (thirty) days after the date(s) thereof or, if later, the date therein specified for payment.

#### 8.1.7 *Security enforced*

Any mortgage, charge, pledge, lien or other encumbrance created or assumed by the Issuer or any Material Subsidiary in respect of all or a Substantial Part of the undertaking, property, assets or revenues of the Issuer or any Material Subsidiary in respect of any Financial Indebtedness incurred by it, individually or in aggregate, in excess of Euro 500,000.00 (five hundred thousand/00) (or its equivalent in any other currency or currencies) is enforced, unless such proceeding is dismissed within 30 (thirty) days.

#### 8.1.8 *Cessation of business*

The Issuer or any Material Subsidiary, through one or of a series of transactions, ceases or threatens to cease to carry on all or a Substantial Part of the business conduct by it, directly and/or through any of its subsidiary.

#### 8.1.9 *Winding up*

An order is made by any competent court or a resolution is passed for the winding-up, liquidation or dissolution of the Issuer or (otherwise than as a result of a Permitted Reorganisation) any Material Subsidiary.

#### 8.1.10 *Unlawfulness*

It is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes.

#### 8.1.11 *Analogous event*

Any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events or circumstances referred to in paragraphs 8.1.1 (*Non-payment*) to 8.1.8 (*Winding-up*) above.

### 8.2 *Remedies*

If any of the Event of Defaults occurs and is continuing Noteholders may require the Issuer to redeem the Notes in whole, but not in part.

The Issuer shall promptly, upon it becoming aware that an Event of Default has occurred, give notice to Noteholders pursuant to Condition 7.3 (*Information covenants*) and shall at the same time or no later than 7 (seven) Business Days therefrom serve a notice pursuant to Condition 11 (*Notices*) convening the Meeting of Noteholders in order for such meeting to resolve upon the early redemption of the Notes.

Subject to the delivery by the Noteholders of a written notice requesting for the early redemption of the Notes in accordance with item (ii) of Condition 11 (*Notices*), the Issuer shall redeem the Notes on the date specified in therein, which shall fall at least 30 (thirty) Business Days after the receipt of such notice.

Each Note will be redeemed at 100% of the Residual Nominal Value, together with (or, where purchased, together with an amount equal to) accrued and unpaid interest (if any) to (but excluding) the relevant payment date.

Payment of the amounts due to Noteholders pursuant to this Condition 8.2 (*Remedies*) will be made through Authorised Intermediaries by means of the clearing system managed by Monte Titoli.

Pursuant to Article 2419 of the Italian Civil Code, the above provisions are without prejudice to the individual actions of Noteholders unless they are not compatible with the resolutions passed by the Noteholders' meeting pursuant to Article 2415 of the Italian Civil Code.

## **9. Amendments and waivers**

### *9.1 Amendments to be approved by the Issuer*

The Notes and these Conditions may be amended by the Issuer without the prior consent of the Noteholders to correct a manifest error or if the amendment is of a formal, minor or technical nature, provided that such amendments are not materially prejudicial to the interests of the Noteholders.

### *9.2 Amendments and waivers to be approved by Noteholders' meeting*

All the amendments other than those referred to under Condition 9.1 (*Amendments to be approved by the Issuer*) and waivers shall be solely approved by the Noteholders' meeting.

## **10. Meetings of Noteholders and Noteholders' Representative**

### *10.1 Noteholders' meeting*

The Noteholders meeting may be convened in order to protect common interests relating to the Notes. All meetings of the Noteholders will be held in accordance with the applicable provisions of the laws of the Republic of Italy in force from time to 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 the Noteholders' representative;
- (ii) any amendment to these Conditions;
- (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.

Pursuant to Article 2415, paragraph 2 of the Italian Civil Code, a meeting of Noteholders may be convened by the Board of Directors of the Issuer or the Noteholders' Representative and shall be convened by either of them upon the request in writing of Noteholders holding not less than one-twentieth of the aggregate principal amount of the outstanding Notes. If the Issuer (or the Board of Statutory Auditors on its behalf) or the Noteholders' Representative defaults in convening the meeting following such request or requisition by the Noteholders representing not less than one-twentieth of the aggregate principal amount of the outstanding Notes, the same may be convened by a decision of the competent court in accordance with Article 2367, paragraph 2 of the Italian Civil Code.

Pursuant to Article 2415, paragraph 3 of the Italian Civil Code the Noteholders' meeting shall be governed by the provisions of the Italian Civil Code applicable to the extraordinary shareholders' meeting. The minutes of the resolutions passed by the Noteholders' meeting shall be notarised by a public notary and shall be registered with the Companies' Register.

### *10.2 Noteholders' Representative*

Subject to applicable provisions of Italian law, the Noteholders' Representative (*rappresentante comune*) (the "**Noteholders' Representative**") will be appointed pursuant to Article 2417 of the Italian Civil Code in order to represent the Noteholders' interests under these Conditions and to give effect to resolutions passed at a meeting of the Noteholders. If the Noteholders' Representative is not appointed by a 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 directors of the

Issuer. The Noteholders' Representative shall remain appointed for a maximum period of three years, but may be reappointed again thereafter and shall have the powers and duties set out in Article 2418 of the Italian Civil Code.

The Noteholders' Representative may be selected among persons, legal entities authorised to provide investment services and trust companies (*società fiduciarie*) even other than Noteholders. The member of the Board of Directors, the Board of Statutory Auditors, the employees of the Issuer and those persons referred to in Article 2399 of the Italian Civil Code may not be appointed as Noteholders' Representative and, if appointed, they will automatically cease from such office.

### 10.3 *Individual rights*

Pursuant to Article 2419 of the Italian Civil Code, the above provisions are without prejudice to the individual actions of Noteholders unless they are not compatible with the resolutions passed by the Noteholders' meeting pursuant to Article 2415 of the Italian Civil Code.

### 10.4 *Costs and expenses*

Any costs incurred in connection with the Noteholders' meeting will be borne by the Issuer regardless of who convened the Meeting. Any costs incurred in relation to the appointment of the Noteholders' Representative will be borne by the Issuer.

## 11. **Notices**

Without prejudice to applicable laws and regulations:

- (i) for so long as the Notes are held through Monte Titoli, any notice or other communication to Noteholders shall be deemed to have been validly given by the Issuer if and when given through the systems of Monte Titoli or published on the Issuer's website (<ftp.gds.com>). Requests for username and password to access the restricted area of such website shall be delivered by Noteholders or potential Noteholders by certified e-mail (*posta elettronica certificata*) at the following e-mail address [GDSSPA@LEGALMAIL.IT](mailto:GDSSPA@LEGALMAIL.IT). The Issuer will promptly verify the validity of any such request and the eligibility of the applicant and will thereafter notify username and password by certified e-mail (*posta elettronica certificata*) at the certified e-mail (*posta elettronica certificata*) address of the applicant;
- (ii) notices to the Issuer shall be deemed validly given by the Noteholders or the Noteholders' Representative (where appointed) if delivered by registered letter (*lettera raccomandata*) at the attention of the legal representative of the Issuer at the registered office of the Issuer, Via Tezze 20/A, 36073 Cornedo Vicentino (Vicenza) and sent in advance at the following e-mail address [GDSSPA@LEGALMAIL.IT](mailto:GDSSPA@LEGALMAIL.IT) or at any other e-mail address communicated by the Issuer pursuant to the preceding item (i) of this Condition 11 (*Notices*).

## 12. **Taxation**

All payments of principal and interest in respect of the Notes 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 imposed, levied, collected, withheld or assessed by or within Italy or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note presented for payment:

- (i) in the Republic of Italy; or
- (ii) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the Republic of Italy, other than the mere holding of the Note; or

- (iii) more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day;
- (iv) by or on behalf of a holder of the Notes who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or residence or other similar claim for exemption; or
- (v) in relation to any payment or deduction on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of 1 April 1996, as amended and/or supplemented or any regulations implementing or complying with such Decree; or
- (vi) where such withholding or deduction is required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law or regulation implementing an intergovernmental approach thereto as amended from time to time.

As used in this Condition 12, “**Relevant Date**” in respect of any Note means whichever is the later of (i) the date on which a payment in respect thereof first becomes due and payable or (ii) (if the full amount of the moneys payable in respect of any Notes due and payable on or before that date has not been duly received by the Paying Agent on or prior to such date) the date on which notice that the full amount of such moneys has been received is duly given to the Noteholders in accordance with Condition 11 (*Notices*).

### **13. Calculation Agent, Paying Agent and other agents/intermediaries appointed by the Issuer**

#### *13.1 Calculation Agent*

The Calculation Agent will perform the calculation activities required to be performed under these Conditions. Absent any manifest error, such calculations will be final, conclusive and binding on the Noteholders.

#### *13.2 Paying Agent*

The Issuer will make the payments of the amounts due and payable under these Conditions through the Paying Agent.

#### *13.3 Replacement of the Calculation Agent / Paying Agent*

The Issuer reserves the right to replace at any time the Calculation Agent and/or the Paying Agent.

#### *13.4 Further agents or intermediaries appointed by the Issuer*

At the Issue Date, the Issuer has not appointed any agent or intermediary in relation to the Notes other than the Calculation Agent and the Paying Agent.

The Issuer reserves the right to appoint at any time further agents or intermediaries or to replace any or all of them. In such cases the Issuer will promptly give notice to Noteholders in accordance with Condition 11 (*Notices*).

### **14. Noteholders’ identification**

14.1 The Issuer may, at any time and its own expenses, request the Authorised Intermediaries, directly and/or through Monte Titoli, to provide the identity of Noteholders together with the number of Notes held in their respective accounts.

14.2 The Issuer shall request the Authorised Intermediaries, through Monte Titoli, to provide the identity of Noteholders together with the number of Notes held in their respective accounts following such request by the Noteholders’ Meeting or Noteholders representing not less than one-fortieth of the

aggregate principal amount of the outstanding Notes. In such event all the expenses will be borne by the Noteholders.

- 14.3 Without prejudice to the preceding Conditions 15.1 and 15.2, the Issuer may request (1) Monte Titoli, to provide the identity of the Authorised Intermediaries in whose account the Notes are credited together with the number of Notes held in their respective accounts and (2) the Authorised Intermediaries to provide the identity of Noteholders together with the number of Notes held in their respective accounts.
- 14.4 In any of the cases provided under Condition 14.1, Condition 15.2 and Condition 15.3 above, the Issuer will give notice of its decision to request for the Noteholders' identification and of the reasons behind such decision, as well as, in the case provided under Condition 14.2, of the identity of applicant Noteholders.
- 14.5 The foregoing is without prejudice to the right of Noteholders to expressly forbid the provision of their identity, it being understood that in the absence of express denial, the consent to such provision shall be deemed to be given. In case of co-ownership of the Notes, the denial given by only one of the co-owner will not make it possible to identify all the co-owners.

## 15. Governing law and Jurisdiction

The Notes are created and issued in the Republic of Italy and these Conditions 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.

## 16. Miscellaneous

The subscription and purchase of the Notes entails the full acknowledgment and agreement of all the terms and conditions provided under these Conditions.

Save as otherwise expressly provided herein, these Conditions shall be supplemented by applicable laws and the Issuer's by-laws applicable from time to time.

## 17. Definitions

In these Conditions the following expressions have the following meanings:

“**Aggregate Nominal Amount**” has the meaning given in Condition 1.1 (*Aggregate Nominal Amount*).

“**Amortisation Plan**” has the meaning given in Condition 5.1 (*Scheduled redemption*).

“**Annual Consolidated Financial Statements**” means the annual consolidated financial statements of the Issuer prepared in accordance with the applicable accounting principles and audited by a first standing auditing firm enrolled in the register of independent auditors held by the Italian Ministry of Economy and Finance including the income statement, the balance sheet and any notes to those documents and any accompanying reports, statements, declarations and other documents or information.

“**Authorised Intermediaries**” means foreign or Italian authorised intermediaries adhering to the clearing system managed by Monte Titoli (as *intermediari aderenti*) where a Noteholder (and in case of transfer, the purchaser) hold its securities account.

“**Business Day**” shall be any day (other than a Saturday and a Sunday) on which banks are open for business in Milan and Vicenza which is a TARGET Settlement Day, being a day on which the TARGET System is open for the settlement of payments in euro.

“**Calculation Agent**” means BNP Paribas Securities Services, Piazza Lina Bo Bardi 3, Milano, or any of its successor or assignee.

“**Calculation Date**” means (A) with respect to the financial covenants to be tested on the basis of the Annual Consolidated Financial Statements, the earlier of (i) the date falling 10 (ten) Business Days following approval of the relevant Annual Consolidated Financial Statements and (ii) 180 (one hundred eighty) days following the end of the fiscal year to which the relevant Annual Consolidated Financial Statements refers to; and (B) with respect to the financial covenants to be tested on the basis of the Semi-Annual Consolidated Financial Statements, the earlier of (i) the date falling 10 (ten) Business Days following approval of the relevant Semi-Annual Consolidated Financial Statements and (ii) 90 (ninety) days following the end of the semi-annual period to which the relevant Semi-Annual Consolidated Financial Statements refers to.

“**Cariolato Family**” means collectively Mr Giovanni Cariolato, Fiscal Code CRLGNN57D21L551T, Ms Regina Battilana, Fiscal Code BTTRGN59T66L55I, Mr Filippo Cariolato, Fiscal Code CRLFPP84H03L551V, Mr Riccardo Cariolato, Fiscal Code CRLRCR92A15L551C and their heirs.

“**Change of Control**” the Issuer cease to control pursuant to Article 2359, paragraph 1, No. 1 of the Italian Civil Code of any Material Subsidiary.

“**Change of Ownership**” shall be deemed to occur if at any time the Relevant Shareholders, individually or jointly (where “jointly” means two or more of the Relevant Shareholders), cease to hold, directly or indirectly, issued share capital having the right to cast at least 45% of the votes capable of being cast in general meetings of the Issuer.

“**Compliance Certificate**” has the meaning given in Condition 7.3 (*Information covenants*).

“**Conditions**” means these terms and conditions.

“**Consolidated Assets**” means, with respect to any date, the consolidated total assets of the Group, as reported in the most recently published Annual Consolidated Financial Statements or Semi-Annual Consolidated Financial Statements, as appropriate.

“**Consolidated EBITDA**” means, with reference to the Issuer's latest Annual Consolidated Financial Statements or Semi-Annual Consolidated Financial Statements, as appropriate, the sum of the following items:

- (a) difference between value of production and costs of production (item A – item B of the consolidated income statement); plus
- (b) amortisation of fixed intangible assets (item 10 (a) of the consolidated income statement); plus
- (c) amortisation of fixed tangible assets (item 10 (b) of the consolidated income statement); plus
- (d) other depreciation of fixed assets (item 10 (c) of the consolidated income statement); plus
- (e) depreciation of receivables included in the current assets and cash availabilities (item 10 (d) of the consolidated income statement); plus
- (f) provisions for risks (item 12 of the consolidated income statement); plus
- (g) other provisions (item 13 of the consolidated income statement); plus
- (h) in case the relevant Annual Consolidated Financial Statements or, as the case may be, Semi-Annual Consolidated Financial Statements have not been prepared in accordance with IAS 17, operating costs for the availability of third parties’ assets (item 8 of the consolidated income statement) (for the sole portion relating to rentals due under financial leasing transactions, in respect of leased assets).

“**Consolidated Revenues**” means, with respect to any date, the consolidated total revenues of the Group, as reported in the most recently published Annual Consolidated Financial Statements or Semi-Annual Consolidated Financial Statements, as appropriate.

**“Day Count Fraction”** means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period), Actual/Actual ICMA (as interpreted in accordance with the market practice).

**“EBITDA-Financial Charges Ratio”** means the ratio of (i) Consolidated EBITDA to (ii) Net Financial Charges for the Relevant Period.

**“Eligible Debt Securities”** means short term euro-denominated senior secured or unsecured notes, bond or other debt securities issued by investment grade banks established in the European Union.

**“Events of Default”** has the meaning given in Condition 8 (*Events of Defaults*).

**“Financial Services Act”** means Legislative Decree No. 58 of 24 February 1998, as amended.

**“Financial Indebtedness”** means any payment obligation, even if not yet due and payable, relating to:

- (a) any present or future indebtedness (whether being principal, premium, interest, fees or other amounts, excluded the payment obligations arising out of *pro soluto* assignments of receivables) of any type and regardless of the legal qualification of such indebtedness, including without limitation any loan, bank facility, notes, bonds, commercial papers, debentures, debenture stock, loan stock or other securities; and
- (b) any guarantee or indemnity in respect of any subscription commitment of third parties or third parties' obligations including any indemnity, letter of patronage, personal guarantee (other than obligations of commercial nature assumed in the context of the ordinary course of business and the so-called performance bond).

**“First Instalment Payment Date”** has the meaning given in Condition 5.1 (*Scheduled redemption*).

**“GDS Holding”** means GDS Holding S.r.l. with registered office at Via Tezze 20/a - Cornedo Vicentino (VI) - Italy

**“GDS USA”** means Global Display Solutions, Inc. with registered office at 5217 28th Ave., Rockford, IL 61109, United States.

**“Gross Financial Debt”** means, with reference to the Issuer's latest Annual Consolidated Financial Statements or Semi-Annual Consolidated Financial Statements, as appropriate, the sum of the following:

- (a) the Net Financial Debt; plus
- (b) available cash and cash equivalents (item C IV of the assets section); plus
- (c) Eligible Debt Securities (item C III 6 of the assets section).

**“Group”** means the Issuer and its Subsidiaries.

**“Instalment Payment Dates”** means the First Instalment Payment Date, the Second Instalment Payment Date and the Maturity Date.

**“Interest Commencement Date”** has the meaning given in Condition 1.3 (*Issue Date, Maturity Date*).

**“Interest Payment Date”** has the meaning given in Condition 4 (*Interest*).

**“Interest Period”** means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date, provided that if an Interest Payment Date falls on a day other than a Business Day, the payment will be postponed to the next day that is a Business Day, and further provided that Interest due with respect to such Interest Payment Date shall not bear further interest and the Interest Period shall not be amended nor shall the following Interest Payment Dates be postponed (Following Business Day Convention - Unadjusted).

**“Interest”** has the meaning given in Condition 4 (*Interest*).

“**Interim Consolidated Results**” means the Issuer’s unaudited consolidated management accounts substantially in the form available on the Issuer website in accordance with Condition 11 (*Notices*).

“**Issue Date**” has the meaning given in Condition 1.3 (*Issue Date, Maturity Date and Issue Price*).

“**Issue Price**” has the meaning given in Condition 1.3 (*Issue Date, Maturity Date and Issue Price*).

“**Issuer**” has the meaning given in Condition 1.1 (*Aggregate Nominal Amount*).

“**Issuers’ Regulation**” means CONSOB Regulation No. 11971 of 14 May 1999, as amended.

“**Italian Civil Code**” means the Italian Royal Decree No. 262 dated 16 March 1942.

“**Joint Regulation**” means the regulation issued jointly by the Bank of Italy and CONSOB on 13 August, 2018 (*Regulation of central counterparties, central securities depositories and centralised management*), as amended.

“**Material Subsidiary**” means any Subsidiary of the Issuer which accounts, directly or indirectly, for more than 10% of the Consolidated Assets and/or Consolidated EBITDA.

“**Maturity Date**” has the meaning given in Condition 1.3 (*Issue Date, Maturity Date and Issue Price*).

“**Monte Titoli**” means Monte Titoli S.p.A., with registered office at Piazza degli Affari 6, 20123 Milan.

“**Net Financial Charges**” means, with reference to the Issuer's latest Annual Consolidated Financial Statements or Semi–Annual Consolidated Financial Statements, as appropriate, the sum of the following items:

- (a) interest and other financial charges (item 17 of the consolidated income statement); minus
- (b) other financial income (item 16 of the consolidated income statement); plus
- (c) financial charges arising out of financial leasing agreements, calculated in accordance with IAS 17 where not yet included in the foregoing items.

“**Net Financial Debt-EBITDA Ratio**” means the ratio of (i) Net Financial Debt as at the end date of the Relevant Period to (ii) Consolidated EBITDA for the Relevant Period.

“**Net Financial Debt–Shareholders’ Equity Ratio**” means the ratio of (i) Net Financial Debt to (ii) Shareholders’ Equity as at the end date of the Relevant Period.

“**Net Financial Debt**” means, with reference to the Issuer's latest Annual Consolidated Financial Statements or Semi–Annual Consolidated Financial Statements, as appropriate, the sum of the following items:

- (a) bonds (item D 1 of the shareholders' equity and liabilities section); plus
- (b) convertible bonds (item D 2 of the shareholders' equity and liabilities section); plus
- (c) unsubordinated liabilities arising out of shareholders’ financing (item D 3 of the shareholders' equity and liabilities section); plus
- (d) liabilities *vis-à-vis* banks (item D 4 of the shareholders' equity and liabilities section); plus
- (e) liabilities *vis-à-vis* other financial institutions (item D 5 of the shareholders' equity and liabilities section); plus
- (f) other financial liabilities (item D 11 of the shareholders' equity and liabilities section) to the extent that such liabilities are not subordinated to the Notes;
- (g) residual liabilities in principal amount arising out of the outstanding financial leasing transactions (calculated in accordance with IAS 17) where not yet included in the foregoing items; plus
- (h) *pro soluto* factoring; plus



- (i) third parties' equity with commitment/ right to repurchase the equity interests at maturity net of advance payment, if any; plus
- (j) guarantees, sureties and other personal guarantees granted in favour, or in the interest of, any Person not belonging to the Group (excluding guarantees issued in connection with supply contracts and performance bonds); minus
- (k) available cash and cash equivalents (item C IV of the assets section); minus
- (l) Eligible Debt Securities (item C III 6 of the assets section).

“**Nominal Value**” means the nominal value for each Note as provided under Condition 1.2 (*Minimum Denomination*).

“**Note(s)**” has the meaning given in Condition 1.1 (*Aggregate Nominal Amount*).

“**Noteholders' Meeting**” means the meeting of Noteholders governed by Article 2415 of the Italian Civil Code and Condition 10.1 (*Noteholders' meeting*).

“**Noteholders' Representative**” means the Noteholders' representative (*rappresentante comune*) referred to in Articles 2417 and 2418 of the Italian Civil Code and in Condition 10.2 (*Noteholders' Representative*).

“**Noteholders**” mean the holders of the Notes for the time being.

“**Optional Redemption Date**” has the meaning given in Condition 5.4 (*Early redemption at the option of Noteholders on the occurrence of a Put Event*).

“**Paying Agent**” means BNP Paribas Securities Services, Piazza Lina Bo Bardi 3, Milano, or any of its successor or assignee.

“**Permitted Reorganisation**” means, in relation to any Material Subsidiary, any:

- (i) “*fusionione*” or “*scissione*” (such expressions bearing the meanings ascribed to them by the laws of the Republic of Italy) or any other, amalgamation, reorganisation, merger, demerger (whether in whole or in part), consolidation or restructuring whilst solvent or any other similar arrangement; or
- (ii) contribution in kind, conveyance, sale, assignment, transfer, lease of, or any kind of disposal of all or any of its assets or its going concern or any other similar arrangement; or
- (iii) purchase or exchange of its assets or its going concern, whether or not effected through a capital increase subscribed and paid-up by means of a contribution in kind or any other similar arrangement; or
- (iv) lease of its assets or its going concern,

whereby all or Substantially All the assets and undertaking (as evidenced in its latest audited financial statements (consolidated, if available)) of such Material Subsidiary are transferred, sold, contributed, assigned or otherwise vested in (A) the Issuer or (B) any other Material Subsidiary.

“**Permitted Security Interest**” means:

- (i) any Security Interest already existing over or affecting any assets of the Issuer and/or any Material Subsidiary as at the Issue Date;
- (ii) in the case of any person which become a Material Subsidiary of the Issuer after the Issue Date, any Security Interest over or affecting any of its assets, provided that the Security Interest was not created in contemplation of or in connection with it becoming a Material Subsidiary and the amounts secured have not been increased in contemplation of or in connection therewith;
- (iii) any Security Interest created by the Issuer and/or a Material Subsidiary of the Issuer in substitution of any security permitted under paragraphs (i) and (ii) above (including the further and subsequent

substitution of such Security Interest), provided that the principal amount secured by the substitute Security Interest does not exceed the principal amount secured by the initial Security Interest;

- (iv) any Security Interest arising exclusively by operation of law and not as a result of any default or omission by the Issuer or any Material Subsidiary;
- (v) any Security Interest over movables, real estate or intangible assets to be used in the ordinary course of business and acquired by the Issuer or any Material Subsidiary after the Issue Date if such acquisition was financed exclusively by Financial Indebtedness secured by such movables, real estate or intangible assets;
- (vi) any Security Interest created in the context or for the purposes of contracts (*contratti di appalto*) entered into by the Issuer or any Material Subsidiary in the ordinary course of business, including performance bond and cash collateral; and
- (vii) any Security Interest created in connection with, or pursuant to, a securitisation, asset-backed financing or *pro soluto* factoring where the payment obligations in respect of the Financial Indebtedness secured by the relevant Security Interest are to be discharged solely from the revenues generated by the present or future assets (including receivables) over which such security is created provided that the aggregate nominal amount of the collateralised/secured Financial Indebtedness shall not at any time exceed 10% of the Consolidated Assets.

“**Permitted Transactions**” means, subject to compliance with the Financial Covenants:

- (a) any merger or demerger of a Subsidiary with another Subsidiary of the Issuer made on arm’s length terms and on a solvent basis;
- (b) the merger by way of incorporation of a Subsidiary of the Issuer into the Issuer, made on arm’s length terms and on a solvent basis;
- (c) any transformation (*trasformazione* pursuant to Italian law) of a Subsidiary into a joint stock company or a limited liability company or analogous company under the laws of the relevant place of incorporation made on arm’s length terms,

to the extent that no Event of Default has occurred or is continuing or would occur as a result of that transaction.

“**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.

“**Put Event Notice**” has the meaning given in Condition 5.4 (*Early redemption at the option of Noteholders on the occurrence of a Put Event*).

“**Put Event**” means each of the following events:

- (i) a Change of Control;
- (ii) a Change of Ownership;
- (iii) the revocation by Cerved or by the other analogous rating agency appointed by the Issuer of the rating assigned by it to the Issuer attributable to the Issuer's failure to pay the relevant fees or to cooperate in doing everything reasonably necessary, useful or appropriate (including, but not limited to, permit site visit at the Issuer's premises) in order to allow such rating agency to monitor and/or revise the Issuer's creditworthiness on an annual basis for the entire period between the Issue Date (included) and the Maturity Date (included).

“**Put Option**” has the meaning given in Condition 5.4 (*Early redemption at the option of Noteholders on the occurrence of a Put Event*).

“**Put Option Notice**” has the meaning given in Condition 5.4 (*Early redemption at the option of Noteholders on the occurrence of a Put Event*).

“**Put Period**” has the meaning given in Condition 5.4 (*Early redemption at the option of Noteholders on the occurrence of a Put Event*).

“**Qualified Investors**” means a qualified investor (*investitore qualificato*) pursuant to Italian securities laws and regulations and, as of the date hereof, as defined under Article 100 of the Financial Services Act, as implemented by Article 35, first paragraph, letter d) of CONSOB Regulation No. 20307 of 15 February 2018, as amended, pursuant to Article 34-ter, first paragraph, letter b), of the Issuers’ Regulation.

“**Relevant Period**” means (i) each period of 12 (twelve) months ending on the last day of the Issuer's financial year; and (ii) each period of 12 (twelve) months ending on the last day of the first half of the Issuer's financial year, as appropriate and used for the calculation of the financial covenants in Condition 7.2 (*Financial Covenants*).

“**Relevant Shareholders**” means the Cariolato Family.

“**Residual Nominal Value**” means, subject to compliance with the Amortisation Plan, with respect to each Note:

- (a) in the period from the Issue Date to (but excluding) the First Instalment Payment Date, 100% of the Nominal Value, i.e., Euro 100,000.00 (one hundred thousand/00);
- (b) in the period from the First Instalment Payment Date to (but excluding) the Second Instalment Payment Date, 80% of the Nominal Value, i.e., Euro 80,000.00 (eighty thousand/00); and
- (c) in the period from the Second Instalment Payment Date to (but excluding) the Maturity Date, 50% of the Nominal Value, i.e., Euro 50,000.00 (fifty thousand/00).

“**Second Instalment Payment Date**” has the meaning given in Condition 5.1 (*Scheduled redemption*).

“**Securities Act**” means the United States Securities Act of 1933, as amended.

“**Security Interest**” means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any applicable jurisdiction.

“**Semi-Annual Consolidated Financial Statements**” means the unaudited semi-annual management accounts of the Issuer including the income statement, the balance sheet and any notes to those documents and any accompanying reports, statements, declarations and other documents or information.

“**Shareholder Loan**” means, collectively, (i) the Euro 1,500,000 facility entered into between GDS Holding, as lender, and the Issuer, as borrower, on 20 June 2014 and (ii) the Euro 500,000 facility entered into between GDS Holding, as lender, and the Issuer, as borrower, on 1 July 2015.

“**Shareholders' Equity**” means, with reference to the Issuer's latest Annual Consolidated Financial Statements or Semi-Annual Consolidated Financial Statements, as appropriate, the sum of the following items:

- (a) shareholders’ equity (item A of the shareholders' equity and liabilities section); minus
- (b) third parties’ equity with commitment/ right to repurchase the equity interests at maturity net of advance payment, if any (item A of the shareholders' equity section); plus
- (c) other financial liabilities (item D 11 of the liabilities section) to the extent that such liabilities are subordinated to the Notes.

“**Subsidiary**” means any company which is controlled by the Issuer pursuant to Article 2359, paragraph 1, No. 1 and 2 of the Italian Civil Code.

“**Substantially All**” means a part of the whole which accounts for at least 80%.

**“Substantial Part”** means a part of the whole which accounts for at least 30%.