

~~4. TERMS AND CONDITIONS~~ TERMS AND CONDITIONS OF THE NOTES

INNOVATEC S.P.A.

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

~~Up to Euro 15,000,000.00~~ 2,998,820 Convertible Notes due ~~2020~~ 2021

~~Issue Price on the Issue Date 100% (one hundred per cent.)~~

ISIN CODE IT0005057770

Innovatec S.p.A.

Registered office: Via G. Bensi 12/3, Milano

VAT no.: 08344100964

Share capital: Euro ~~5,027,858.00~~ 4.173.444,00 i.v.

The following is the text of the terms and conditions (the “**Terms and Conditions**”) of the Notes issued by Innovatec S.p.A. (the “**Issuer**”), on the 21st of October 2014 (the “**Issue Date**”), pursuant to articles 2410 and followings of the Italian Civil Code.

In these Terms and Conditions:

1. DEFINITIONS

“~~Additional Subscription Amount~~” has the meaning ascribed to it in Condition ~~3~~ (Subscription and Transfer of the Notes) 9(vii) (Covenants by the Issuer).

“**AIM Italia**” means the *Alternative Investment Market Italia* system of trading organised and managed by Italian Stock Exchange.

“**Assets**” means, in relation to a company, the tangible and intangible assets and/or shares and financial instruments held by the company itself.

~~“Audit Firm” means any of Deloitte, Ernst & Young, KPMG, Mazars and PricewaterhouseCoopers.~~

“**Bankruptcy Law**” means Royal Decree No. 267 of 16 March 1942, as subsequently amended and supplemented.

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

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

~~“Closing Date” means each Friday being a Business Day, falling within the Offering Period.~~ “Change of Control” means any event or circumstance in which any person(s) or entities acquire Control of the Issuer, other than Sostenya or any entity Controlled by this latter.

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

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

“Conversion Notice” means the notice to be delivered to by the relevant Noteholder to its custodian of the Notes (“intermediari” in accordance with the regulation “Disciplina dei servizi di gestione accentrata, di liquidazione, dei sistemi di garanzia e delle relative società di gestione” jointly issued by the Bank of Italy and CONSOB) in order to exercise its Conversion Right.

“Control” has the meaning ascribed to it by art. 93 of the TUF and “Controlled” shall be interpreted accordingly.

“Conversion Date” has the meaning ascribed to it in Condition 6.2 (Conversion Dates).

“Conversion Rate” has the meaning ascribed to it in Condition 6.1 (Conversion Right).

“Conversion Right” has the meaning ascribed to it in Condition 6.1 (Conversion Right).

“Decree 213/1998” means the Italian Legislative Decree No. 213 of 24 June 1998.

“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).

~~“Disposal of Assets” means the sale, transfer or other disposal of a participation in a company, whereby the relevant Guarantor participation therein is reduced below 50% (fifty per cent.)~~“Delivery Date” has the meaning ascribed to it in Condition 6.3 (Conversion Notice, issuance and delivery of the Shares).

“Dividend” means any dividend or distribution to the class of holders of share of the Issuer.

“Early Redemption Date” means, as the case may be, an Optional Early Redemption Date and a Default Early Redemption Date.

“Event of Default” has the meaning ascribed to it in Condition 7 (Events of Default).

~~“ExtraMOT” means the multilateral system of trading of financial instruments organised and managed by the Italian Stock Exchange.~~

~~“ExtraMOT PRO” means the professional segment of the ExtraMOT.~~

~~“Extraordinary Dividends” means dividends other than dividends deriving from the Kinexia’s yearly balance sheet approval.~~

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

~~“First Interest Payment Date” means the Interest Payment Date falling on the 21st of April 2015.~~“Conversion Period” has the meaning ascribed to it in Condition 6.2 (Conversion Dates).

~~“Guarantees” means the unconditional, irrevocable, autonomous and on first demand guarantees released by the Guarantors for an amount equal to the aggregate of (i) the Principal Amount Outstanding, and (ii) the interest that will accrue thereon, a form of which is attached hereby under Annex A.~~

~~“Guarantors” means Kinexia and Volteo.~~

~~“Guarantors Reference Date” means, following 31st of December 2015, (i) the 30th of June of each year, with respect to any semi-annual (A) consolidated financial statement of the Group, in relation to Kinexia and (B) financial statement of Volteo, in relation to Volteo, and (ii) the 31st of December of each year, with respect to any annual (A) consolidated financial statement of the Kinexia Group, in relation to Kinexia and (B) financial statement of Volteo, in relation to Volteo.~~

~~“Guarantors Valuation Date” means the first Business Day falling after (i) 60 (sixty) calendar days following the Guarantors Reference Date referring to any semi-annual (A) consolidated financial statement of the Group, in relation to Kinexia and (B) financial statement of Volteo, with respect to Volteo, and (ii) 120 (one hundred and twenty) calendar days following the Guarantors Reference Date referring with respect to any annual (A) consolidated financial statement of the Kinexia Group, in relation to Kinexia and (B) financial statement of Volteo, in relation to Volteo.~~

~~“Initial Subscription Amount” has the meaning ascribed to it in Condition 2.1 (Denomination and Price). “Independent Advisor” means any of the following, at the Issuer’s discretion: KPMG, E&Y, Deloitte, RIA, Grant Thornton, and Baker Tilly.~~

“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 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 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”).~~

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

“Interest Payment Amount” means the amount payable as interest on the Notes in respect of the relevant Interest Calculation Period calculated by applying the relevant Interest Rate to the Principal Amount Outstanding of the Notes.

“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 Innovatec S.p.A. a joint stock company (*società per azioni*) incorporated under the laws of the Republic of Italy, with registered office in Via G. Bensi 12/3, Milano, fiscal code, VAT number and registration number with the Company Register of Milan, no. 08344100964, share capital equal to Euro ~~5,027,858.00~~.

~~“Issuer Group EBITDA” means, based on the results of the annual or semi-annual, as the case may be, consolidated financial statements of the Issuer, the algebraic sum of the following items of the Profit and Loss Account (Conto Economico):-~~

- ~~(i) — (+) A) revenues; other operating income; change in inventories of semi-finished and finished products; and~~
- ~~(ii) — (–) B) costs of raw materials, consumables, and goods for resale; costs for services; personnel costs; other operating costs.~~

~~“Issuer Financial Covenants” has the meaning ascribed to it in Condition 8(vii).~~

~~“Issuer Interest Coverage Ratio” means, based on the results of the annual or semi-annual, as the case may be, consolidated financial statements of the Issuer, the following ratios:~~

- ~~(i) — the Issuer Group EBITDA; and~~
- ~~(ii) — the amount of interest expense and other charges due and payable by the Issuer Group in relation to the Issuer Net Financial Debt during the relevant reference period.~~

~~“Issuer Net Financial Debt” means, based on the results of the annual or semi-annual, as the case may be, consolidated financial statements of the Issuer, the net consolidated financial~~

~~debt calculated according to *Comunicazione* CONSOB n. DEM/6064293 dated 28 July 2006, as subsequently amended and supplemented.~~

~~“**Issuer Reference Date**” means (i) the 30th of June of each year starting from 2015, with respect to any semi-annual consolidated financial statement of the Issuer, and (ii) the 31st of December of each year starting from 2014, with respect to any annual consolidated financial statement of the Issuer.~~

~~“**Issuer 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, consolidated financial statement of the Issuer. “**Issuer Valuation Date**” means the first Business Day falling after (i) 60 (sixty) calendar days following the Issuer Reference Date referring to any semi-annual consolidated financial statement of the Issuer, and (ii) 120 (one hundred twenty) calendar days following the Issuer Reference Date referring with respect to any annual consolidated financial statement of the Issuer 4.173.444,00 fully paid.~~

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

~~“**Kinexia**” means a joint stock company incorporated under Italian law, with registered office in Via Giovanni Bensi 12/3, Milan, registered in the companies’ register of Milan no. 00471800011, share capital equal to Euro 93,902,051.17.~~

~~“**Kinexia Group**” means Kinexia and any other entity qualified as “controlled” (*controllata*) by Kinexia pursuant to article 93 of TUF.~~

~~“**Kinexia Group EBITDA**” means, in relation to the Kinexia Group, and based on the results of the annual or semi-annual, as the case may be, consolidated financial statements, the algebraic sum of the following items of the Profit and Loss Account (*Conto Economico*):-~~

~~1. (+) A) revenues; other operating income; change in inventories of semi-finished and finished products; and~~

~~2. (-) B) costs of raw materials, consumables, and goods for resale; costs for services; personnel costs; other operating costs.~~

~~“**Kinexia Group Net Financial Debt**” means, in relation to the Kinexia Group, and based on the results of the annual or semi-annual, as the case may be, consolidated financial statements, the net consolidated financial debt calculated according to *Comunicazione* CONSOB n. DEM/6064293 dated 28 July 2006, as subsequently amended and supplemented, excluding from the non-current net financial position, any debt arising from leaseings and loans specifically granted to finance or re-finance the construction of renewable energy plants and industrial plants.~~

~~“**Kinexia Financial Covenants**” has the meaning ascribed to it in Condition 7(m)(iii).~~

~~“**Kinexia Interest Coverage Ratio**” means, in relation to the Kinexia Group, and based on the results of the annual or semi-annual, as the case may be, consolidated financial statements, the following ratios:~~

~~(i) — the Kinexia Group EBITDA; and~~

~~(ii) — the amount of interest expense and other charges due and payable by the Group in relation to the Kinexia Group Net Financial Debt during the relevant reference period.~~

~~“**Kinexia 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, consolidated financial statement of the Kinexia Group.~~

“**Liens**” means any guarantee, mortgage, pledge, charge or lien or privilege on assets as security for the obligations of the Issuer and / or any third party (including any form of destination and segregation of assets).

~~“**Maximum Subscription Amount**” has the meaning ascribed to it in Condition 2.1 (Denomination and Price).~~ “**Market Business Day**” means a day on which AIM Italia, or such other multilateral trading system or regulated market on which the shares of the Issuer are traded, is open for business.

“**Modified Following Business Day Convention - unadjusted**” means, for any Interest Payment Date, other than the Final Maturity Date, that falls on a day that is not a Business Day, that any payment due on such Interest Payment Date 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 accrue from and including such Interest Payment Date to and including the date of payment of such interest as so postponed; and provided further 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.

~~“**Net Proceeds**” means the consideration received by Kinexia for the sale, lease or transfer of any of its Assets, after deducting the repayment of any outstanding indebtedness incurred by Kinexia for the purchase of the relevant Asset.—~~

“**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 ~~up to Euro 15,000,000.00 (fifteen million/00)~~ 100 notes due the 21st of ~~October, 2020,~~ July, 2021, issued by the Issuer, for an aggregate of Euro 2,998,820.00 (two million nine hundred ninety thousand and eight hundred twenty/00).

~~“**Offering Period**” means the period from (and including) the 3rd of November, 2014 to (and including) the 30th of June, 2015.~~ “**OPA**” a public offering of the purchase of all or part of the share capital of the Issuer (*offerta pubblica di acquisto*) in accordance with the provisions of art. 94 *et seq.* of the TUF.

“**Optional Early Redemption Date**” has the meaning ascribed to it in Condition 6.1 (*Optional Early Redemption*).

“**Principal Amount Outstanding**” means, at any relevant date, the sum of ~~(a) the Initial Subscription Amount plus (b) any Additional Subscription Amount (if any),~~ the Nominal Amount minus the aggregate of all repayments of principal made on the Notes, provided that the residual principal of any Note as at July 21, 2018 is equal to 29,988.20 (twenty nine thousand, nine hundred eightyeight/20) (the “Residual Amount Outstanding”).

“**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 TUF 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.

~~“Rules of ExtraMOT” means the rules of the ExtraMOT issued by the Italian Stock Exchange in force from 8 June 2009, as subsequently amended and supplemented.~~ **Residual Amount Outstanding** has the meaning ascribed to it in the definition “*Principal Amount Outstanding*”.

Restricted Period has the meaning ascribed to it in Condition 6.4 (*restriction on exercise of Conversion Rights*).

Second Conversion Period has the meaning ascribed to it in Condition 6.2 (*Conversion Dates*).

Shares means each fully paid share in the capital of the Issuer which will be issued on the conversion (if any) of the Notes in accordance with Condition 6 (*Conversion of the Notes*), at no nominal value, without any option attached, admitted or to be admitted to trading on AIM Italia, issued in dematerialised form, wholly and exclusively deposited with Monte Titoli.

Sostenya means Sosteny Group Plc, a company incorporated under the laws of the England and Wales, with registered office at 44 Welbeck Street, London W1G 8DY (UK), registered in the England and Wales company register no. 8926790, share capital: £ 53,590,000.00.

Sostenya Group means Sostenya and any other entity qualified as Controlled by Sostenya pursuant to article 93 of TUF.

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

TUF means the Italian Legislative Decree no. 58 dated February 24th, 1998, as subsequently amended and supplemented.

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

~~“Volteo” means Volteo Energie S.p.A., a joint stock company incorporated under Italian law, with registered office in Via Giovanni Bensi 12/3, Milan, registered in the companies’ register of Milano 06375370969, share capital equal to Euro 10.000.000, fully owned by Kinexia.~~

~~“Volteo EBITDA” means, based on the results of the annual or semi-annual, as the case may be, financial statements of Volteo, the algebraic sum of the following items of the Profit and Loss Account (*Conto Economico*):-~~

- ~~(i) (+) A) revenues; other operating income; change in inventories of semi-finished and finished products; and~~
- ~~(ii) (-) B) costs of raw materials, consumables, and goods for resale; costs for services; personnel costs; other operating costs.~~

~~“Volteo Financial Covenants” the meaning ascribed to it in Condition 7(m)(iv).~~

~~“Volteo Interest Coverage Ratio” means, based on the results of the annual or semi-annual, as the case may be, financial statements of Volteo, the following ratios:~~

- ~~(i) the Volteo EBITDA; and~~
- ~~(ii) the amount of interest expense and other charges due and payable by Volteo in relation to the Volteo Net Financial Debt during the relevant reference period.~~

~~“Volteo Net Financial Debt” means the net financial debt arising from the annual or semi-annual, as the case may be, financial statements of Volteo.~~

2. NOTES

2.1 Denomination and Price

The total amount of the issued Notes on the Issue Date will be equal to Euro ~~10,000,000.00~~2,998,820.00 (~~ten~~two million nine hundred ninety thousand and eight hundred twenty/00) (the “**Initial Subscription Amount**”).

~~The~~Subject to the Residual Principal Amount Outstanding, the Notes issued on the Issue Date will be issued in a minimum denomination of Euro ~~100,000.00~~100,000 (one hundred thousand/00) and additional increments of Euro ~~100,000.00~~100,000 (one hundred thousand/00) thereafter (the “**Nominal Value**”).

The Notes issued on the Issue Date will be issued for a price equal to 100% (one hundred per cent.) of their Nominal Value, i.e. for a price equal to Euro 100,000.00 (one hundred 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 15,000,000.00 (fifteen 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 TUF 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 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 TUF 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 TUF.

2.3 Status and guarantees

The Notes are 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 *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 and unconditionally and irrevocably guaranteed by the Guarantees. The Notes have not been and will not be convertible into shares or participation rights in of the share capital of the Issuer, the Guarantors, nor any other company. Therefore, the Noteholders will not have any right to direct and/or indirect control the management of the Issuer, the Guarantors, or any other company.~~Issuer in accordance with Condition 6.

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, the Notes may be issued and subscribed for an amount equal to the Nominal Value (each, an “Additional Subscription Amount”), up to the Maximum Subscription Amount.~~

~~The Notes issued and subscribed during the Offering Period shall be paid at the Issue Price, plus interest accrued at the Interest Rate on the Notes from (and including) the Interest Payment Date immediately preceding the relevant Closing Date to (but excluding) the Interest Payment Date immediately following the relevant Closing Date. At the end of the Offering Period, the total will be issued and subscribed for an amount of issued Notes will be~~

equal to the ~~aggregate of the (i) the Initial Subscription Amount and (ii) sum of the Additional Subscription Amounts.~~

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 TUF 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 by the relevant authorities.

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 the 21st of October, 2014 (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 ~~October 2020~~ July 2021 (the “**Final Maturity Date**”).

5. INTEREST

- 5.1 Interest will accrue in each Interest Calculation Period on the Principal Amount Outstanding of each Note starting from the ~~Issue~~ Interest Payment Date falling in July 2018 (included) up to the earlier of (a) any Conversion Date (excluded) on which a Conversion Right is exercised with respect to the relevant Principal Amount Outstanding and (b) the later of (a) the Early Redemption Date (excluded) and (b) the Final Maturity Date (excluded), and will be payable in Euro ~~(i) on the First Interest Payment Date, and thereafter (ii)~~ semi-annually on the 21st of ~~April~~ January and ~~October~~ July of each year (each an “**Interest Payment Date**”).

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

Interest shall cease to accrue on any part of the Principal Amount Outstanding of the Notes from (and including) (i) the due date for redemption of such part or (ii) the relevant Conversion Date (if any), unless payment of principal due and payable but unpaid is improperly withheld or refused, whereupon interest shall continue to accrue on such principal (as well after as before any judgment) at the rate from time to time applicable to the Notes.

If an Interest Payment Date or the Final Maturity Date would fall on a day other than a Business Day, Modified Following Business Day Convention – unadjusted shall apply.

5.2 Interest Rate

The Notes shall accrue interest at a semi-annual fixed rate determined on the basis of the Actual/~~360~~ 365 equal to ~~8.125% (eight point one hundred twenty five~~ 2% (two per cent.) (the “**Interest Rate**”).

The 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 2% (two 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).

If the relevant Interest Rate and/or the relevant Default Interest 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 to be calculated by the Calculation Agent.

6. CONVERSION OF THE NOTES

6.1 Conversion Right

Subject as provided in these Conditions, each Noteholder shall be entitled to convert (the “**Conversion Right**”) the full Nominal Value, but not part of it, of each Note into 545,240 (five hundred forty five thousand and two hundred and forty) Shares (the “**Conversion Rate**”).

6.2 Conversion Dates

Subject to and as provided in these Conditions, the Conversion Right in respect of a Note may be exercised, at the option of the relevant Noteholder thereof, (subject to any applicable laws or regulations) on any of the following days (each a “**Conversion Date**”):

(a) following the Interest Payment Date falling in December 2018, on any Market Business Day during the following periods:

(i) from January 21 to February 5 2021 (“**First Conversion Period**”); and thereafter

(ii) from April 22 to May 7 2021 (“**Second Conversion Period**”);

(b) following a Default Early Redemption Date, within, but excluding, the Default Early Redemption Date;

(c) following the notice of an OPA.

6.3 Conversion Notice, issuance and delivery of the Shares

A Noteholder may exercise the Conversion Right by delivering a Conversion Notice to the specified office of the Issuer or **as otherwise provided by mandatory provisions of law.**

Upon exercise of Conversion Rights by a Noteholder, the Issuer will issue the relevant number of Shares to the relevant Noteholder within the tenth Market Business Day (i) falling after (a) April 21 with respect to the First Conversion Period and (b) July 21 with respect to the Second Conversion Period or (ii) should authorizations, permits, consents or grace period be required by any applicable law, competent authority or AIM Italia, falling after such authorization, permits, consents or grace period (the “**Delivery Date**”). The Issuer will procure that the Shares to be issued and delivered on exercise of Conversion Rights will be issued and delivered to the relevant Noteholder, without any further action being required to be taken by, and without any cost or expense to, the relevant Noteholder.

The Issuer shall, at its own expense, be entitled to do all such things and make all such entries

in the Issuer's registers of shareholders and execute all such documents on behalf of the relevant Noteholder as may be necessary to effect any such delivery of Shares.

Conversion Rights are not exercisable in respect of any specific Shares and no Shares have been or will be charged, placed in custody or otherwise set aside to secure or satisfy the obligations of the Issuer in respect of the delivery of Shares.

Upon the issuance and delivery of the Shares upon exercise of the Conversion Right by a Noteholder, the Principal Outstanding Amount of such Note converted into Shares will be cancelled and the Issuer shall have no further liability in respect thereof.

The Notes will only be converted upon exercise of the Conversion Rights.

6.4 Restriction on exercise of Conversion Rights

Conversion Rights may not be exercised, and any Conversion Notice submitted by a Noteholder shall be deemed not to have been delivered and shall be null and void if the board of directors of the Issuer resolves to convene a shareholders' meeting, during the period commencing on (but excluding) the day on which the relevant shareholders' meeting is convened and ending on (and including) the date of the shareholders' meeting (which, if such meeting is adjourned, shall be deemed to be the date of the adjourned meeting) (the "**Restricted Period**"), provided that if the meeting has been convened to resolve upon the distribution of Dividends, the Restricted Period shall end on the Market Business Day immediately following the relevant date for the payment of the Dividend (if the resolution is approved at the relevant shareholders' meeting) or the day on which such shareholders' meeting (which, if such meeting is adjourned, shall be deemed to be the day of such adjourned meeting) is actually held (if the resolution is not approved at the relevant shareholders' meeting).

6.5 Adjustment of the Conversion Right

(a) After January 2019, upon the happening of any of the events described below, the Conversion Rate shall be adjusted as follows:

- (i) should the Issuer carry out a consolidation (*raggruppamento*) or subdivision (*frazionamento*) affecting its share capital, the Conversion Rate shall be adjusted on the basis of the rate upon which such consolidation or subdivision will occur. Such adjustment shall become effective on the date the consolidation or subdivision, as the case may be, takes effect on the AIM Italia.
- (ii) should the Issuer issue any shares for no consideration to its shareholders (*aumento di capitale a titolo gratuito*), the Conversion Rate shall be adjusted by increasing *pro rata* the number of Shares convertible by each Noteholder; provided that, no adjustment will occur if a capital increase for no consideration (*aumento di capitale a titolo gratuito*) will be made without the issuance of new shares; and provided further that any increase in the nominal value of the shares (*valore nominale unitario*) will also apply to the Shares. Such adjustments shall become effective on the first day on which the new shares issued for no consideration will be admitted on the AIM Italia;
- (iii) should the Issuer issue shares to its shareholders for a consideration (*aumento di capitale a pagamento*) or grant option, warrants or securities which carry rights of conversion into, or exchange in, or subscription of shares, for a consideration, in each case under circumstances where an option to any of the above instruments is granted to the shareholders, such option, upon the same terms and conditions, shall also be granted to the Noteholders;

- (iv) should the Issuer reduce its share capital due to losses incurred by the Issuer (*riduzione del capitale per perdite*) by cancelling shares, the number of Shares to be delivered under the Conversion Rate will be reduced by the number of Shares which would have been cancelled had the Shares already been delivered as at the date on which the share capital reduction is approved; provided that, no adjustment will occur if the share capital is reduced via a reduction of the nominal value of the shares (*valore nominale unitario*) of the shares, that will also apply to the Shares;
- (v) should the Issuer merge (*fusione*) or spin-off (*scissione*), shares of the resulting entity or entities, as the case may be, will be delivered to the Noteholders in an amount equal to the amount the Noteholders would have received had the Notes been converted before such merger or spin-off had occurred;
- (b) Should any event detailed under items (i) to (v) above (included) fall prior to the applicable Delivery Date, but its effect fall after such Delivery Date, the Issuer will issue additional Shares within the tenth Market Business Day following (a) the occurrence of such effects or (b) should authorizations, permits, consents or grace period be required by any applicable law, competent authority or AIM Italia, such authorization, permits, consents or grace period.
- (c) Should the outcome of any of the calculations under items (i) to (v) above (included) not result in an integer number of Shares, the decimal portion of such number shall be paid by the Issuer to the Noteholders in cash at the relevant Delivery Date at the weighted average price of the Share on such Delivery Date.
- (d) Should the outcome of any of the calculations under items (i) to (v) above (included) not result in an integer number of Shares, the decimal portion of such number shall be paid by the Issuer to the Noteholders in cash at the relevant Delivery Date at the weighted average price of the Share on such Delivery Date.
- (e) Should the Issuer make any changes to its share capital which are not referred to in items (i) to (v) above (included), an Independent Advisor designated by the Issuer at its sole discretion will determine the adjustment of the Conversion Rate, in accordance with market standards calculations, in compliance with any applicable laws and regulations; provided that, no adjustment will occur in case of share capital increase in kind (*aumenti di capitale riservati*) or reserved (*aumenti di capitale riservati*). A written opinion of such Independent Advisor in respect thereof shall be conclusive and binding on the Noteholders and the Issuer, save in the case of manifest error.

7. ~~6.~~ REDEMPTION, PURCHASE AND CANCELLATION

7.1 ~~6.1~~ Redemption

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

- ~~(i) — Euro 5,000,000.00 (five million/00) plus any interest accrued thereon, on the Interest Payment Date which falls in October 2018;~~
- ~~(ii) — Euro 5,000,000.00 (five million/00) plus any interest accrued thereon, on the Interest Payment Date which falls in October 2019;~~ ~~(iii) — the lower of (a) Euro 5,000,000.00 (five million/00) and (b) the remaining Principal Amount Outstanding, plus any interest accrued thereon, on the Final Maturity Date.~~

~~Accordingly, by way of exemplification only, should no Additional Subscription Amount be subscribed during the Offering Period, the Nominal Value will be redeemed (i) by 50% (fifty~~

~~per cent.) on the Interest Payment Date which falls on October 2018, and (ii) by 50% (fifty per cent.) on the Interest Payment Date which falls on October 2019.~~

7.2 ~~6.2~~ **Optional Early Redemption**

The Issuer shall have the right to early redeem in full the Notes on ~~the any~~ Interest Payment Dates ~~which fall in October 2018 and October 2019~~ (the “**Optional Early Redemption Date**”) by serving a 30 (thirty) days prior written notice given in accordance with the applicable provisions of law ~~and as provided for by the Italian Stock Exchange.~~

On the relevant Optional Early Redemption Date, the Issuer shall pay to the Noteholders any amount due in relation to the Principal Amount Outstanding and interest accrued on the Notes.

8. ~~7.~~ **EVENTS OF DEFAULT**

The Noteholders, following to a resolution approved under Condition 12 (*Meeting of the Noteholders*) below, 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 ~~or any Guarantor~~ to pay any principal or interest amounts payable on the Notes within 30 calendar days from the due date, 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) **OPA and Change of Control:** an OPA is made by any person or entity or a Change of Control occurs;
- (c) ~~(b)~~ **Insolvency Proceedings of the Issuer:** (i) a judicial steps have been taken against the Issuer ~~or any Guarantor~~ aimed at commencing any Insolvency Proceedings, and/or (ii) the Issuer ~~or any Guarantor~~ 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 Bankruptcy Law;~~ provided that the above subparagraphs (i) and (ii) shall not apply to any proceeding which is discharged, stayed or dismissed within 120 (one hundred twenty) days from its commencement, ~~and/or (iii) the Issuer or any Guarantor 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(vi).~~
- (d) ~~(e)~~ **Transfer of assets to creditors:** the transfer of assets to creditors by the Issuer ~~or any Guarantor~~ pursuant to article 1977 of the Italian Civil Code.
- (e) ~~(d)~~ **Liquidation:** the adoption of a resolution of the competent body of the Issuer ~~or any Guarantor~~ whereby it is resolved the winding up of the Issuer ~~or the relevant Guarantor, as the case may be.~~ (e) ~~————~~ **Litigation:** ~~the filing against the Issuer or Kinexia of any litigation, arbitration or administrative proceedings (including any dispute with any statutory or governmental authority) for amounts exceeding (i) Euro 10.000.000,00 (ten million) in relation to the Issuer, and (ii) Euro 50.000.000,00 (fifty million) in relation to Kinexia Group; provided that this subparagraph shall not apply to any litigation, arbitration or administrative proceedings which is discharged, stayed or dismissed within 120 (one hundred twenty) days of its commencement.~~
- (f) **Covenants:** any of the covenants under Condition 89 (*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 180 (one hundred eighty) days since the date on which the Issuer ~~or the Guarantors are~~ is aware of such circumstance.

- ~~(g) — **Cross default of the Issuer:** the failure by the Issuer to pay any payment obligation (other than those payment obligations arising from the Notes), for amounts exceeding Euro 10,000,000.00 (ten million/00) unless such payment is made within 180 (one hundred eighty) days starting from the relevant failure.~~
- ~~(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.~~
- ~~(g) (i) — **Compulsory nationalization of the Issuer's or any Guarantors' assets:** nationalization, expropriation or dispossession by a government, public or regulatory body of the Assets of the Issuer or of any Guarantor.~~
- ~~(h) (j) — **Unlawfulness:** it is or will become unlawful for the Issuer or any Guarantor to perform or comply with any of its obligations under, or in respect of, the Notes or the present Terms and Conditions, or an event occurs, as a consequence of which one or more obligations of the Issuer or any Guarantor under the present Terms and Conditions become invalid, illegal, or cease to be effective or enforceable.~~
- ~~(i) (k) — **Delisting:** the adoption of an act or measure whose consequence is the delisting of the Notes or the delisting of shares of the Issuer from the AIM Italy, unless, within 30 days, listed in another multilateral trading system or regulated market.~~
- ~~(l) — **Guarantees:** the total or partial invalidity and/or voidness and/or cancellation and/or ineffectiveness and/or termination and/or unenforceability of any Guarantee, unless is replaced with a guarantee substantially on the same terms and conditions, within 10 (ten) Business Days from the date in which the relevant Guarantee declared invalid and/or void and/or cancelled and/or ineffective and/or terminated and/or unenforceable provided that relevant new guarantor shall provide Borsa Italiana with the same information requested to the Guarantor pursuant to this Admission Document.~~
- ~~(m) — **Guarantors:**~~
- ~~(i) — Kinexia Group approves or carries out extraordinary transactions of any kind, including without limitation special transactions on its share capital, corporate transformations (*trasformazioni*), merger (*fusioni*) or spin off (*scissioni*), other than (A) any transaction with an entity belonging to the Group and (B) any transaction whose nominal value is equal to or lower than 25% (twenty five per cent.) of its then consolidated net equity arising from the most recent consolidated annual or semi-annual, as the case may be, financial statement and (C) any transaction that, at the time of coming into effect, does not negatively affect the then Group Net Financial Debt/Group EBITDA ratio (aa) either arising from the information to be disclosed to the market, according to the then applicable laws or, if such information shall not be disclosed to the market, or (bb) as certified by an Audit Firm, within 90 (ninety) calendar days from the relevant approval by Kinexia; or~~
- ~~(ii) — Kinexia Group carries out a Disposal of Assets, whose value exceeds 25% (twenty five per cent.) of Kinexia Total Assets and pays Extraordinary Dividends to its shareholders in an amount higher than 15% (fifteen per cent.) of the Net Proceeds received by Kinexia for the sale, lease, transfer or disposal of the relevant Asset(s); or~~
- ~~(iii) — based on the information rendered to the market by Kinexia according to the then applicable laws, Kinexia fails to meet any of the following financial covenants on each Guarantors Valuation Date following the 31 December~~

~~2015 and until the Final Maturity Date (the “Kinexia Financial Covenants”):~~

- ~~(a) Kinexia Interest Coverage Ratio: equal to or greater than 1.50X (one point fifty times);~~
- ~~(b) Kinexia Group Net Financial Debt/Kinexia Group EBITDA: less than 5X (five times); or~~
- ~~(iv) based on the information rendered to the market by Kinexia according to the then applicable laws, Volteo fails to meet any of the following financial covenants on each Guarantors Valuation Date following the 31 December 2015 and until the Final Maturity Date (the “Volteo Financial Covenants”):~~
 - ~~(a) Volteo Interest Coverage Ratio: equal to or greater than 1.50X (one point fifty times);~~
 - ~~(b) Volteo Net Financial Debt/Volteo EBITDA: less than 5X (five times);~~
- ~~(v) Kinexia fails to enclose in its semi-annual or annual consolidated financial statements any legal proceeding filed against it whose claim exceeds Euro 5,000,000.00 (five million/00); or~~
- ~~(vi) Kinexia has its shares suspended, revoked or excluded from trading under the MTA (Mercato Telematico Azionario) of the Italian Stock Exchange.~~

On the first Business Day following a 90 (ninety) days prior request of early redemption (the “Default Early Redemption Date”) to be sent by according to the applicable provisions of law and as provided for by Italian Stock Exchange, the amounts payable by the Issuer to the Noteholders shall become immediately due and payable with respect to the Principal Amount Outstanding and interest accrued thereon.

9. **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 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;
- (ii) 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*), other than (A) any transaction with an entity belonging to the ~~Kinexia Group and Issuer~~ Sostenya Group and (B) any transaction whose nominal value is equal to or lower than the 10% (ten per cent.) of the then most recent, annual or semi-annual, as the case may be, consolidated financial statement of the Issuer;
- ~~(iii) not sell, lease, transfer or otherwise dispose of any of its Assets whose value exceeds 25% (twenty five per cent.) of the Issuer Group Total Assets and pays Extraordinary Dividends to its shareholders in an amount higher than 15% (fifteen per cent.) of the Net Proceeds received by the Issuer for the sale, lease, transfer or disposal of the relevant Asset(s);~~
- (iii) ~~(iv)~~ without prejudice to Condition 8 (ii) above, not change its by-laws (*atto costitutivo* and *statuto*) in any material respect and shall not change the date of its financial year’s end;

- (iv) ~~(v)~~ ensure that all of its corporate books are correct, complete, accurate and not misleading in all material respects, and are regularly kept in accordance with the laws and accounting standards;
- (v) ~~(vi)~~ not reduce its share capital, 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;
- ~~(vii) ensure that the following financial covenants are respected (the “Issuer Financial Covenants”):-~~
- ~~(a) Issuer Interest Coverage Ratio: equal to or greater than 1.50X (one point fifty times) on each Issuer Valuation Date;~~
- ~~(b) Issuer Net Financial Debt/Issuer EBITDA: less than-~~
- ~~A. 5X (five times), on the Issuer Valuation Date falling immediately after the 31 December 2015;~~
- ~~B. 4X (four times), on the two Issuer Valuation Dates falling immediately after the 30 June 2016;~~
- ~~C. 3X (three times), on each Issuer Valuation Date falling after the 30 June 2017 and until the Final Maturity Date;~~
- ~~unless (I) the failure to meet the relevant Issuer Financial Covenant(s) is remedied within 240 (two hundred and forty) calendar days or (II) if the failure to meet the relevant Issuer Financial Covenants(s) is not remedied within 240 (two hundred and forty) calendar days and until such failure is remedied:~~
- ~~(aa) Kinexia pays dividends to its shareholders in an amount not higher than 25% (twenty five per cent.) of the then available dividends; and~~
- ~~(bb) Volteo does not pay any dividend to its shareholders;~~
- (vi) ~~(viii)~~ not pay any dividend to its shareholders;
- (vii) ~~(ix)~~ 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:
- (i) the Issuer shall procure that the deduction or withholding shall not exceed the minimum amount required by law; and
- (ii) 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;
- (viii) ~~(x)~~ publish on its own website its annual consolidated financial statements of the last financial year preceding the Issue Date; provided that its financial statements shall be audited by an external auditor pursuant to Italian Legislative Decree no. 39 dated 27 January 2010; in addition to that, publish on its own website its annual and semi-annual financial statements for each financial year following the Issue Date, until the full redemption of the Notes and ensure that any such annual financial

statements are audited by an external auditor in accordance with the abovementioned Legislative Decree no. 39 dated 27 January 2010;

- ~~(xi) publish on its own website the Admission Document, the present Terms and Conditions and, on each Issuer Valuation Date and Guarantors Valuation Date, the result of the calculation performed by the Issuer of the Issuer Financial Covenant, the Kinexia Financial Covenants and the Volteo Financial Covenants;~~
- ~~(ix)~~ (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) promptly enclose in its semi-annual or annual financial statements any legal proceeding filed against the Issuer exceeding the amount of Euro 1.500.000,00 (one million five hundred thousand/00);~~
- ~~(xiv) comply with all applicable provisions of the Rules of ExtraMOT in order to avoid any kind of sanction, as well as the revocation or exclusion of the Notes by decision of the Italian Stock Exchange;~~
- ~~(x)~~ (xv) diligently fulfill all the obligations undertaken by the Issuer towards Monte Titoli, in relation to the centralized management of the Notes;
- ~~(xvi) promptly notify to the Noteholders any suspension and/or revocation and/or exclusion of the Notes or the shares of the Issuer from trading under the ExtraMOT-PRO or the AIM Italia, as the case may be;~~
- ~~(xi)~~ (xvii) 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; ~~(xviii) promptly notify the Noteholders the rating assigned to the Issuer, the Guarantors and/or the Notes (if such rating is available) and any variation thereto.~~

10. **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.

11. **10.-NO ADMISSION TO TRADING**

The Issuer has not filed ~~with the Italian Stock Exchange and will not file~~ for admission to trading of the Notes on ~~the ExtraMOT-PRO~~ any multilateral trading system or regulated market.

~~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**

~~The issuance of the Notes was approved by the board of directors of the Issuer on 16 October 2014. In particular, the Issuer has approved to proceed with the issuance of the Notes for a maximum aggregate nominal value equal to Euro 15,000,000.00 (fifteen million/00).~~

~~The granting of the Guarantees on the Notes was approved by the Board of Directors of the Guarantors on 16 October 2014, as regards to Kinexia, and on 16 October 2014 and regards to Volteo.~~

12. MEETINGS OF THE NOTEHOLDERS

The Noteholders may convene a meeting in order to protect common interests related to the Notes. All meetings of the Noteholders will be convened and 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, (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.~~ from time to time.

~~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 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~~ A 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' interests under these Terms and Conditions and to give effect to resolutions passed at a meeting of~~ may be appointed by the Noteholders in accordance with the applicable provisions of Italian law in force at 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.~~ time.

13. ~~PRESCRIPTION~~ STATUTE OF LIMITATION

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

Any tax and fee, present and future, applicable to the Notes shall be borne by the Noteholders; no other costs will be borne by the Issuer.

15. NOTICES

~~So long as the Notes are held on behalf of the beneficial owners thereof by Monte Titoli,~~
~~notices~~Notices to the Noteholders ~~may~~will be given ~~through the systems of Monte Titoli~~in
applicable with the provisions of law applicable from time to time.

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~~
~~FORM OF GUARANTEE~~

~~FIRST DEMAND GUARANTEE~~

~~BETWEEN~~

~~Kinexia S.p.A.~~, a joint stock company incorporated under Italian law, with registered office in Via Giovanni Bensi 12/3, Milan, registered in the companies' register of Milan no. 00471800011, share capital equal to Euro 93,902,051.17 ("~~Kinexia~~");

~~Volteo Energie S.p.A.~~, a joint stock company incorporated under Italian law, with registered office in Via Giovanni Bensi 12/3, Milan, registered in the companies' register of Milan no. 06375370969, share capital equal to Euro 10.000.000, acting under management and coordination of Kinexia S.p.A. (together with Kinexia, the "~~Guarantors~~");

~~AND~~

~~JCI CAPITAL LIMITED Investment & Asset Management~~, a company incorporated under English law, with registered office at 78 Brook Street, W1K 5EF London, VAT no. GB114182 registered with the companies' register (Companies House) no. 7372983, the share capital amounts to £ 1,260,000 (the "~~Noteholder~~" and together with the Guarantors, the "~~Parties~~", provided that for the purposes of the present first demand guarantee, with the expression "Noteholder" is intended any holder of the Notes, from time to time);

~~WHEREAS~~

(A) — On [~~•~~] 2014 ~~Innovatec S.p.A.~~, a joint stock company (società per azioni) incorporated under the laws of the Republic of Italy, with registered office in Via G. Bensi, 12/3 20152, Milano, fiscal code, VAT number and registration number with the Company Register of Milan 08344100964, R.E.A. No. MI 2019278, resolved share capital equal to Euro 9,333,333.00 of which Euro 2,333,000.00 in connection with "Warrant Azioni Ordinarie Innovatec 2013-2017" listed on AIM Italia, and fully paid share capital equal to Euro 5,027,858.00 ("~~Innovatec~~"), issued an amount of notes up to Euro 15,000,000.00 (fifteen million/00) (the "~~Notes~~"). Terms and conditions of the Notes are attached hereto under Annex A (the "~~T&C~~").

(B) — The Guarantors by the release of the present autonomous and on first demand guarantee (the "~~First Demand Guarantee~~") intend to fully, unconditionally and irrevocably guarantee to any Noteholder, the repayment of the Principal Amount Outstanding (as defined under the T&C) plus any interest accrued thereon (the "~~Guaranteed Obligations~~").

~~NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:~~

- ~~1. — Unless otherwise specified, the terms defined in the T&C and used in this First Demand Guarantee shall have the meaning ascribed to it in the T&C.~~
- ~~2. — The Guarantors intend to release this First Demand Guarantee in the interest of any Noteholder and in favor of Innovatec, in order to guarantee all the Guaranteed Obligations, provided that this First Demand Guarantee guarantees an amount equal to the lower of (i) the total amounts of issued Notes at the end of the Offering Period and (ii) Euro 15,000,000.00~~

~~(fifteen million/00), plus any interest and other amount that may accrue thereon (the “Maximum Guaranteed Amount”)~~

- ~~3. The Guarantors expressly acknowledge that this First Demand Guarantee constitutes an autonomous first demand guarantee, separated and different from the Guaranteed Obligations and therefore, article 1936 *et seq.* of the Italian civil code do not apply and, in particular, the benefits, the rights and the exceptions arising from articles 1247, 1941, 1944, 1945, 1953, 1955 and 1957 of the Italian civil code, shall be deemed as expressly and conventionally waived and not applicable.~~
- ~~4. The Guarantors irrevocably undertake to pay to the relevant Noteholder, within 10 (ten) Business Days from the receipt of a simple written request, without any evidence or prior communication, intimation, default notice or request to the relevant Noteholder, all the sums that the relevant Noteholder will demand without the possibility to object any kind of exceptions, included the exceptions related to the Guaranteed Obligations.~~
- ~~5. The relevant Noteholder, in the abovementioned written request shall declare:
 - ~~(i) that the Borrower has not fulfilled one or more Guaranteed Obligations; and~~
 - ~~(ii) the amount due in consequence of such default of the Borrower, provided that such amount shall not be higher than the Maximum Guaranteed Amount;~~~~
- ~~6. This First Demand Guarantee:
 - ~~(i) shall be enforceable many times as well up to the reaching of the Maximum Guaranteed Amount;~~
 - ~~(ii) shall be fully valid and effective against the Borrower’s successors or assignees for any title whatsoever, subject to the previous Parties consent;~~
 - ~~(iii) shall be fully valid and effective after the expiration of the Guaranteed Obligations and will cease its effectiveness the thirtieth day following the day in which the Guaranteed Obligations have been entirely fulfilled; and~~
 - ~~(iv) is attached to, and will circulate together with, the Notes.~~~~
- ~~7. Any sums due and unpaid from the Guarantors in accordance to the provisions of this First Demand Guarantee will produce interests (both before and after a possible judgment) at an annual rate equal to the legal rate applicable in accordance to article 1284 of the Italian civil code for the period calculated starting from the expiration date until the payment date.~~
- ~~8. Any communications required or provided by this First Demand Guarantee must be carried out in writing, by means of a registered letter, mailed, or by letter delivered by hand, or by letter sent by fax, and to be directed:~~

~~if to the Guarantors~~

~~{●}~~

~~{●}~~

~~{●}~~

~~Fax: {●}~~

~~To the Attention of: {●}~~

~~if to the Noteholder~~

~~{●}~~

~~{●}~~

~~{●}~~

~~Fax: {●}~~

~~To the Attention of: {●}~~

~~or to the different address and/or fax number that each Party may communicate to the others following the subscription date of the First Demand Guarantee.~~

- ~~9. Any partial invalidity of one or more clauses of this First Demand Guarantee does not lead, to the maximum extent permitted by law, to the full invalidity of this First Demand Guarantee, given the undertaking of the Parties of the First Demand Guarantee to replace the possible invalid clauses with a clause equivalent to the original one.~~
- ~~10. Any tax, fee or charge due in relation to this First Demand Guarantee, will be at the exclusive expense of the Guarantors.~~
- ~~11. The Guarantors shall not assign or transfer, entirely or partially, this First Demand Guarantee or any of the rights and obligations related to the Guarantors.~~
- ~~12. The Parties acknowledge that this First Demand Guarantee and each of its clauses have been subject of specific negotiation among the Guarantors and the Noteholder, that this First Demand Guarantee does not refer to general conditions, that this First Demand Guarantee has not been executed by signing any form and that a final draft of it was delivered to the Noteholder before the signing date. Therefore, the Parties mutually acknowledge that this Agreement is not subject to the provisions of article 1341 and 1342 of the Italian civil code.~~
- ~~13. This Agreement shall be governed and construed in accordance with Italian law.~~
- ~~14. Each Party agrees that the courts of Milan shall have exclusive jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of, or in connection with, this Agreement, except as otherwise provided by mandatory provisions of law.~~

~~ANNEX A~~

~~TERMS AND CONDITIONS OF THE NOTES~~

~~{•}~~

~~***~~

~~5. ADMISSION TO TRADING AND RELEVANT METHODS~~

~~1. Application for admission to trading~~

~~The Issuer has filed with the Italian Stock Exchange an application for admission to trading of the Notes 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 information required in relation to trading shall be communicated by the Italian Stock Exchange by the issuance of a notice, pursuant to Section 11.6 of the guidelines contained in the Rules of ExtraMOT.~~

~~2. Other regulated markets and multilateral trading facilities~~

~~At the date of this Admission Document, the Notes are not listed on any other regulated market or multilateral trading facility or Italian or foreign equivalent, nor does the Issuer intend to submit an application for admission to listing of the Note on any other regulated market or multilateral trading facilities other than the ExtraMOT PRO.~~

~~3. Intermediaries in secondary market transactions~~

~~It should be noted that no entities have made a commitment to act as intermediaries on a secondary market.~~

~~4. Trading method~~

~~The trading of notes on the ExtraMOT PRO is reserved for Qualified Investors only.~~

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