



**Registration of a Charge**

Company name: **GRENADIER HOLDINGS PLC**

Company number: **03591693**



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Received for Electronic Filing: **05/01/2017**

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**Details of Charge**

Date of creation: **16/12/2016**

Charge code: **0359 1693 0008**

Persons entitled: **DIIS GROUP AS SECURITY AGENT**

Brief description:

**Contains fixed charge(s).**

**Contains negative pledge.**

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**Authentication of Form**

This form was authorised by: **a person with an interest in the registration of the charge.**

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**Authentication of Instrument**

Certification statement: **WE CERTIFY THAT SAVE FOR MATERIAL REDACTED PURSUANT TO S.859G OF THE COMPANIES ACT 2006 THE ELECTRONIC COPY INSTRUMENT DELIVERED AS PART OF THIS APPLICATION FOR REGISTRATION IS A CORRECT COPY OF THE ORIGINAL INSTRUMENT.**

Certified by: **ALVINO VAN SCHALKWYK, CMS CAMERON MCKENNA LLP**



## **CERTIFICATE OF THE REGISTRATION OF A CHARGE**

Company number: 3591693

Charge code: 0359 1693 0008

The Registrar of Companies for England and Wales hereby certifies that a charge dated 16th December 2016 and created by GRENADIER HOLDINGS PLC was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 5th January 2017 .

Given at Companies House, Cardiff on 6th January 2017

The above information was communicated by electronic means and authenticated by the Registrar of Companies under section 1115 of the Companies Act 2006



**Companies House**



THE OFFICIAL SEAL OF THE  
REGISTRAR OF COMPANIES



R e c o r d e d

in Frankfurt am Main on 16 December 2016

Before me, the undersigned notary

in the district of the Higher Regional Court  
(*Oberlandesgericht*) of Frankfurt am Main

**Dr. Thorsten Reinhard**

with office in Frankfurt am Main,

appeared today in my office at Börsenstraße 1, 60313 Frankfurt am Main:

1. **Mr. Florian Blanke**, born on 10 March 1985, with business address at Neue Mainzer Straße 2-4, 60311 Frankfurt am Main, identified by his valid photo identification,

acting not in his own name, but based on powers of attorney, copies of which were presented and are attached to this deed, on behalf of

**GRENADIER HOLDINGS PLC**, a company under the laws of England and Wales, registered at the Companies House under the registration number 03591693, with business address at Factory 42 Pallion Way, Pallion Trading Estate, Sunderland, Tyne and Wear, SR4 6ST, United Kingdom,

and on behalf of

**Paragon MeillerGHP Holdings GmbH**, a limited liability company (*Gesellschaft mit beschränkter Haftung*) under the laws of the Federal Republic of Germany, regis-

tered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Amberg under HRB 5615, with business address at Gutenbergstraße 1-5, 92421 Schwandorf;

2. **Ms. Dafni Ragousa**, born on 01 May 1989, with business address at Neue Mainzer Straße 2-4, 60311 Frankfurt am Main, identified by her valid photo identification,

acting not in her own name, but based on a power of attorney, a copy of which was presented and is attached to this deed, on behalf of

**DIIS Group SAS**, a (simplified) stock corporation (*société par actions simplifiée*) under the laws of France, registered with the Registre du commerce et des sociétés of Paris under the registration number 812 824 266, with business address at 12, rue Vivienne, 75002 Paris, France,

DIIS Group SAS acting in its own name as well as representative of

the holders of EUR 52,000,000 notes due on 15 December 2023 issued by GRENADIER HOLDINGS PLC, grouped in the **Masse of noteholders** in accordance with Article L. 228-46 of the *French Code de Commerce*.

The persons appearing promised to provide the originals of their powers of attorney, disclaiming any personal liability. Certified copies of such originals shall be attached to this deed.

The notary advised the persons appearing that he is obliged to verify the existence of the parties and the power of representation of the persons appearing. After a discussion of the documentation presented, the persons appearing declared that they did not wish any further proof regarding existence and power of representation and requested the notary to continue with the notarization.

The notary asked the persons appearing regarding a prior involvement pursuant to section 3 (1) sentence 1 no. 7 German Notarization Act (*Beurkundungsgesetz*). After having been instructed by the notary, the persons appearing answered this question in the negative.

The persons appearing declared that each of the parties represented by them acted for its own account under this deed, except as set forth above.

The persons appearing agreed that any personal data contained in this deed – including copies of their identification documents – is (electronically) stored and processed in connection with the processing of this deed and submitted to public authorities or other third parties in accordance with statutory notification requirements.

The persons appearing requested this deed to be recorded in the English language. They confirmed that they are in adequate command of the English language. The notary declared that he as well is in adequate command of the English language.

The persons appearing thereupon requested the notarization of the

**Share Pledge Agreement regarding Pledges over the Shares in  
Paragon MeillerGHP Holdings GmbH**

which is attached as **Appendix**.

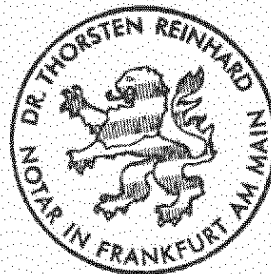
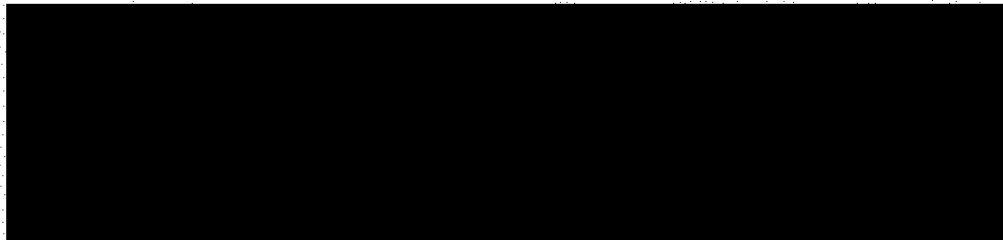
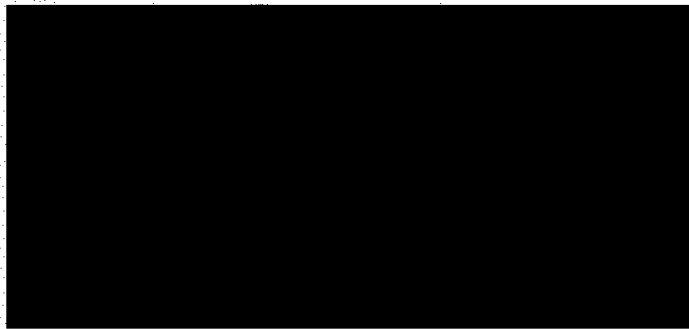
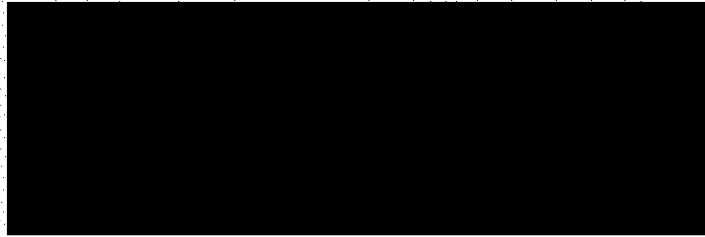
The notary advised the persons appearing that

- a pledge is a security instrument of strictly accessory nature which means that it comes into legal existence only if, to the extent that, and as long as, the underlying secured claims (including any secured future or contingent claims) do in fact exist and that the pledge will survive only if, to the extent that and as long as, the owner of the secured claims is identical with the pledgee and the nexus (*Verknüpfung*) between the secured claims and the pledge is not dissolved;
- there is no *bona fide* creation, acquisition nor ranking of a pledge of shares (which means that the pledgee is not protected if the shares purported to be pledged do not exist, have been previously transferred to a third party, or have been previously encumbered for the benefit of a third party), and that the notary has not examined whether the pledgor is the owner of the pledged shares and whether the pledged shares have been transferred or encumbered previously;
- first priority pledge interests will not be created unless each person appearing is duly authorized to represent the respective parties hereto for purposes of executing the agreement or the respective parties have subsequently ratified the declarations of the respective person appearing;
- there is no court ruling of the German Federal High Court of Justice (*Bundesgerichtshof*) in relation to the validity of a pledge for the benefit of future pledgees created by way of the agent bank acting as agent without power of attorney for all future pledgees who will become members of the group of lenders after the notarization in accordance with the terms of the underlying credit agreements;
- the English original version of this Agreement will not be acceptable for enforcement in Germany but will have to be translated, by a certified translator, into German for such purposes;
- the parties hereto are, by operation of law, jointly and severally liable with respect to the payment of all notarial fees, irrespective of any internal agreement entered into in that respect;

- he did not advise the parties on laws other than German law;
- he did not advise the parties on tax issues and therefore will not assume any liability in this respect.

This deed and its Appendix as well as the Schedules (and in turn their schedules) thereto have been read aloud by the notary to the persons appearing apart from the table of contents and the list of schedules, which have been added for informational purposes only and do not form part of this deed.

Thereupon, this deed and its Appendix as well as the Schedules thereto were approved by the persons appearing and signed by the persons appearing and the notary in their own hands as follows:



**16 DECEMBER 2016**

**PLEDGES OVER THE SHARES IN PARAGON MEILLERGHP HOLDINGS GMBH**

*(Verpfändung der Geschäftsanteile an Paragon MeillerGHP Holdings GmbH)*

between

**GRENADIER HOLDINGS PLC**

as Pledgor

and

**DIIS GROUP**

as Security Agent

**THE MASSE OF NOTEHOLDERS**

as Pledgee

and

**PARAGON MEILLERGHP HOLDINGS GMBH**

as Pledged Company



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THIS SHARE PLEDGE AGREEMENT (the "Agreement") is entered into on 16 December 2016

BETWEEN:

- (1) **GRENADIER HOLDINGS PLC (formerly known as Grenadier Holdings Ltd)**, organised under the laws of England and Wales, having its business address at Factory 42 Pallion Way, Pallion Trading Estate, Sunderland, Tyne and Wear, SR4 6ST, United Kingdom, and registered at the Companies House under registration number 03591693;

– the "Pledgor" –

- (2) **DIIS Group**, organised under the laws of France, having its registered office address at 12, rue Vivienne, 75002 Paris, France, and registered at the *Registre du commerce et des sociétés* of Paris under number 812 824 266, in its capacity as security agent (the "Security Agent") under the Notes (as defined below);

- (3) **THE NOTEHOLDERS GROUPED IN THE MASSE OF NOTEHOLDERS**, in accordance with Article L. 228-46 of the *French Code de Commerce*, acting through the Representative (as defined below);

– the Security Agent and the aforesaid, each an "Original Pledgee", together the "Original Pledgees"

- (4) **PARAGON MEILLERGHP HOLDINGS GMBH**, a limited liability company (*Gesellschaft mit beschränkter Haftung*) organised under the laws of the Federal Republic of Germany, having its business address at Gutenbergstraße 1-5, 92421 Schwandorf, Germany and being registered with commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Amberg under HRB 5615.

– the "Pledged Company" –

The parties (1) through (4) will hereafter be referred to jointly as the "Parties" and individually as a "Party".

## PREAMBLE

- (A) Pursuant to a Subscription Agreement dated on or about 14 December 2016 between, Grenadier Holdings Plc as issuer (the "Issuer"), Paragon Group Limited as guarantor and Crédit Agricole Corporate and Investment Bank as lead manager, the Issuer will issue € 52,000,000 Notes due 15 December 2023 bearing interest at a rate subject to margin grid (the "Notes") guaranteed by the Guarantor (as defined below).
- (B) The conclusion of this Agreement is required in accordance with Clause 6.1 of the terms and conditions of the Notes (a copy of which is attached as Schedule 3 to this Agreement).
- (C) The security constituted under this Agreement is to be administered and realised by the Security Agent for the benefit of and in the name of the *Masse* of Noteholders (as defined below) pursuant to this Agreement.
- (D) For the purposes of this Agreement, the Security Agent is appointed, and will act, as collateral trustee under German law (*Sicherheitentreuhänder nach deutschem Recht*), as further set out herein and the terms and conditions of the Notes.

- (E) The Parallel Debt Claim (*Parallelverpflichtung*), as defined below, established by this Agreement for the benefit of the Security Agent, and the claims of the *Masse* of Noteholders under the Notes, are to be secured by the Pledges over the Collateral (all as defined, and as further set out, below).

NOW IT IS AGREED as follows:

## 1. DEFINITIONS AND INTERPRETATION

### 1.1 Definitions

Subject to Clause 1.2 (*Interpretation*) below, in this Agreement the following terms shall have the meanings set out below:

**Ancillary Rights** means all present and future claims:

- (a) to the profits (*Gewinnansprüche*) attributable to the Pledged Shares;
- (b) to all purchase or subscription rights in respect of old or new shares in the Pledged Company;
- (c) to liquidation proceeds (*Liquidationserlöse*) including the right to the liquidation quota), for consideration for redemption (*Einziehungsentgelt*), repaid capital in case of a capital decrease, for compensation in case of termination (*Kündigung*) and/or withdrawal (*Austritt*) of a shareholder of the Pledged Company and to all surplus in case of the realisation of surrender (*Preisgabe*); and
- (d) to all other pecuniary claims (*geldwerte Forderungen*) and all other rights and benefits pertaining to the Pledged Shares,

save, for the avoidance of doubt, the voting rights pertaining to the Pledged Shares.

**Beneficiaries** (*bénéficiaires*) means together the Security Agent and the Noteholders grouped in the *Masse* including any transferees, beneficiaries, successors, or assigns under the Notes, and **Beneficiary** means any of the Beneficiaries.

**Business Day** means any day (other than a Saturday or Sunday) on which banks are open for general business in London, Paris and Frankfurt am Main.

**Collateral** means the Pledged Shares and the Ancillary Rights.

**Conditions** means terms and conditions of the Notes.

**Default** means any event or circumstance which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Notes or any combination of any of the foregoing) be an Event of Default.

**DIIS Group** means a *société par actions simplifiée* incorporated in France, registered with the *Registre du commerce et des sociétés* of Paris under number 812 824 266 and having its registered office at 12, rue Vivienne, 75002 Paris, France, acting as representative of the *Masse* of Noteholders (in such capacity, the **Representative**).

**Event of Default** has the meaning given to it in the Conditions.

**Existing Shares** means the shares in the Pledged Company as described in Schedule 1 (*Existing Shares*).

**Future Pledgee** means, for the avoidance of doubt, any person that becomes a holder of the Notes and part of the *Masse* of Noteholders in accordance with Article L. 228-46 of the French *Code de Commerce*, after the conclusion of this Agreement.

**Future Shares** means all shares in the Pledged Company which the Pledgor will acquire subsequently to the date of this Agreement, e.g. by way of a share transfer, capital increase, exercise of pre-emptive rights, universal succession or otherwise.

**Group** means the Guarantor and its subsidiaries.

**Guarantor** means Paragon Group Limited, a private limited company incorporated in England and Wales with company number 05258175 and having its registered office at Pallion Trading Estate, Sunderland, Tyne and Wear, SR4 6ST, United Kingdom.

**Insolvency Event** means any of the following events:

- (a) the Pledgor, any member of the Group, or the Pledged Company:
  - (i) is unable or is expected to be unable to pay its debts as they fall due (*Zahlungsunfähigkeit* or *drohende Zahlungsunfähigkeit*) within the meaning of Section 17 para. 2 or 18 para. 2 of the German Insolvency Code (*Insolvenzordnung*), or admits its inability to pay its debts as they fall due or insofar as it does not have its seat in the Federal Republic of Germany, is insolvent, admits its inability to pay its debts as they fall due or it generally discontinues payment to its debtors;
  - (ii) is over-indebted (*überschuldet*) within the meaning of Section 19 of the German Insolvency Code (*Insolvenzordnung*) or insofar as it does not have its seat in the Federal Republic of Germany, its liabilities (taking into account conditional and future liabilities) exceed its assets;
  - (iii) for any of the reasons set out in Sections 17 to 19 of the German Insolvency Code (*Insolvenzordnung*), files for insolvency (*Antrag auf Eröffnung eines Insolvenzverfahrens*) (also in cases of self-management of administration (*Eigenverwaltung*) against its assets) or its board members (*Vorstände*) or directors (*Geschäftsführer*) are required by law to file for insolvency, or a creditor files for the opening of insolvency proceedings (other than a petition or application which is vexatious or frivolous and which is discharged, stayed or dismissed within fourteen (14) Business Days of application); or
  - (iv) agrees or declares in the anticipation of financial difficulties a moratorium or any composition, compromise, arrangement, settlement or standstill agreement with any of its creditors,
- (b) the competent court takes any of the safety measures set out in Section 21 of the German Insolvency Code (*Insolvenzordnung*) to avoid a detrimental effect on the assets of the Pledgor, any member of the Group or the Pledged Company and those actions have not yet been stayed (*ausgesetzt*);
- (c) there are any actions or other steps taken for the solvent or compulsory liquidation of the Pledgor, any member of the Group or the Pledged Company or the appointment of a liquidator, official receiver, preliminary insolvency administrator (*vorläufiger Insolvenzverwalter*) or insolvency administrator or similar officer concerning the Pledgor, any member of the Group or the Pledged Company or any of its assets or self-administration (Section 270 et. seq. German Insolvency Code) is arranged;

- (d) the initiation of an insolvency proceeding against the assets of the Pledgor, any member of the Group or the Pledged Company is rejected for reasons of insufficiency of its funds (*Ablehnung der Eröffnung des Insolvenzverfahrens mangels Masse*); or
- (e) the occurrence of analogous events or the initiation of similar procedures, measures or steps under the law of any other jurisdiction against the Pledgor, any member of the Group or the Pledged Company e.g. the restructuring of the Pledgor, any member of the Group or the Pledged Company by way of voluntary arrangement or a scheme of arrangement or the appointment of liquidators or receivers in respect to the Pledgor, any member of the Group or the Pledged Company or any of its assets.

**Noteholders** means the holders of the Notes as defined in the Terms and Conditions of the Notes.

**Parallel Debt Claim** has the meaning as set out under Clause 1.3 below.

**Pledged Shares** means the Existing Shares and the Future Shares.

**Pledgee** means an Original Pledgee and any Future Pledgees.

**Pledges** means the pledges created pursuant to Clause 2 (*Creation of Pledge over Shares*) below.

**Representative** means:

- (a) on the date of the signing of this Agreement, DIIS GROUP, designated as initial Representative in the Conditions; or
- (b) any other representative of the *Masse* that may be designated by the general meeting of the Noteholders according to the Conditions, as the case may be.

**Restriction Event** means any of the following circumstances:

- (a) the occurrence of an Event of Default and as long as such Event of Default has not been waived in writing, remedied or ceased to exist for any other reason, and/or
- (b) the occurrence of an Enforcement Event pursuant to Clause 12 (*Enforcement Event*).

**Secured Obligations** means any and all claims (present and future, actual and contingent) in their respective scope, possibly extended, prolonged or increased after the conclusion of this Agreement:

- (a) which the Security Agent may have against the Pledgor or one or more members of the Group under or in connection with the Parallel Debt Claim; and/or
- (b) which the Pledgees (or any of them) may, either individually or collectively, have against the Pledgor or one or more members of the Group in connection with the Notes,

in each case irrespective of being of contractual (*vertraglich*), quasi-contractual (*quasi-vertraglich*) or tortious (*deliktisch*) legal nature or resulting from unjustified enrichment (*ungerechtfertigter Bereicherung*) or arising from the insolvency administrator's choice to fulfil mutual agreements according to Section 103 of the German Insolvency Code (*Insolvenzordnung*).

**Terms and Conditions of the Notes** means terms and conditions of the Notes.

**Transaction Security** means the aggregate of any and all security granted to secure the Secured Obligations.

## 1.2 Interpretation

- (a) References to any Party to this Agreement shall be construed so as to include such Party's successors in title, permitted assignees and permitted transferees (*Rechtsnachfolger*) and any other person following in the capacities conferred to any of the Parties hereto by the Notes.
- (b) Save where the contrary is indicated, the singular of any defined term includes the plural, and vice versa.
- (c) References to provisions of any law or regulation shall be construed as references to those provisions as applicable as amended, modified, re-enacted or replaced from time to time (*dynamischer Verweis*).
- (d) References to this Agreement (including its Schedules) shall be construed as references to this Agreement (including its Schedules) as amended, varied, novated, supplemented, superseded, restated or extended from time to time (*dynamischer Verweis*).
- (e) Wherever in this Agreement in a certain context the terms "including", "in particular", "particularly" or "e.g." or similar terms are used, they shall only indicate an exemplary list or enumeration in that context, but this exemplary list or enumeration shall neither be conclusive nor express any limitation to that context.
- (f) The terms "promptly" or "without undue delay" shall be construed as "ohne schuldhaftes Zögern" within the meaning of Section 121 BGB.
- (g) The term "BGB" shall mean the German "Bürgerliches Gesetzbuch" (German Civil Code).
- (h) The term "GmbHG" shall mean "Gesetz betreffend die Gesellschaften mit beschränkter Haftung" (German Limited Liability Companies' Act).
- (i) This Agreement is made in the English language and the English language version of this Agreement shall prevail over any translation of this Agreement. However, this Agreement and its terms shall be construed according to German law and where a German translation of a word, term or phrase appears in the body of this Agreement, the German translation of such word, term or phrase shall prevail.

## 1.3 Role of Security Agent

In relation to the Pledges over the Collateral, the Security Agent is hereby appointed, and will act, as security trustee under German law (*Sicherheitentreuhänder nach deutschem Recht*), as further set out herein and the Terms and Conditions of the Notes.

This Agreement shall have the effect of a genuine agreement for the benefit of third parties (*Wirkung eines echten Vertrages zu Gunsten Dritter gemäß § 328 des Bürgerlichen Gesetzbuches, BGB*) for the Noteholders grouped in the *Masse*.

### (a) Appointment of the Security Agent

In accordance with the Conditions, the Noteholders grouped in the *Masse* and the Representative appoint the Security Agent to act as agent on behalf of the *Masse* under and in connection with this Agreement to:

- (i) manage and enforce the Pledge in its own name and for the benefit of the Noteholders grouped in the *Masse* and for this purpose execute any documents or

acts and initiate any actions in accordance with this Agreement and the Terms and Conditions of the Notes;

- (ii) release the Pledge as and when provided for under this Agreement and the Terms and Conditions of the Notes and for this purpose execute any documents or acts, deliver any notices or carry out any formalities on behalf of the Noteholders grouped in the *Masse*; and
- (iii) take all measures and exercise all rights and powers expressly given to the Security Agent by the Noteholders grouped in the *Masse* in accordance with this Agreement and the Terms and Conditions of the Notes.

(b) Rights and discretions of the Security Agent

- (i) The Security Agent may rely on:
  - (A) any representation, notice or document believed by it to be genuine, correct and appropriately authorised; and
  - (B) any statement made by a director, authorised signatory or employee of any person regarding any matters which may reasonably be assumed to be within his knowledge or within his power to verify.
- (ii) Unless otherwise specified, the Security Agent may assume that any right, power, authority or discretion vested in the Noteholders grouped in the *Masse* has not been exercised.
- (iii) The Security Agent may engage, pay for and rely on the advice or services of any lawyers, accountants, surveyors or other experts.
- (iv) The Security Agent may act through its personnel and agents.
- (v) The Security Agent may disclose to any other party under this Agreement any information it reasonably believes it has received as agent of the Beneficiaries under this Agreement, in connection with the Pledge or the Terms and Conditions of the Notes.

(c) Exclusion of liability

- (i) The Security Agent will not be liable for any action taken by it under or in connection with this Agreement, the Pledge or the Terms and Conditions of the Notes, unless directly caused by its gross negligence or wilful misconduct.
- (ii) The Security Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under this Agreement to be paid by the Security Agent if the Security Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Security Agent for that purpose.
- (iii) No party under this Agreement may take any proceedings against any officer, employee or agent of the Security Agent in respect of any claim it might have against the Security Agent or in respect of any act or omission of any kind by that officer, employee or agent in relation to this Agreement, the Pledge or the Terms and Conditions of the Notes and any officer, employee or agent of the Security Agent may rely on this provision.

- (iv) The Security Agent is not responsible for:
    - (A) the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by the Pledgor or any other person given in or in connection with this Agreement, the Pledge or the Terms and Conditions of the Notes and delivered by the Security Agent; or
    - (B) the legality, validity, effectiveness, adequacy or enforceability of this Agreement, the Terms and Conditions of the Notes or any other agreement, arrangement or document entered into, made or executed in anticipation of or in connection with this Agreement, the Pledge or Terms and Conditions of the Notes.
  - (v) The Security Agent shall not be liable for any act or omission if it acts or refrains from taking any action in accordance with an instruction of the Beneficiaries.
  - (vi) Notwithstanding any other provision of this Agreement to the contrary, the Security Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation or a breach of a duty of confidentiality.
- (d) Beneficiaries' instructions
- (i) Unless a contrary indication appears in this Agreement, the Security Agent shall exercise any right, power, authority or discretion vested in it as Security Agent pursuant to this Agreement, in accordance with any instructions given to it by the Noteholders.
  - (ii) If so instructed by the Noteholders, the Security Agent shall refrain from exercising any right, power, authority or discretion vested in it as Security Agent.
  - (iii) The Security Agent may refrain from acting in accordance with the instructions of the Noteholders until it has received such security as it may require for any cost, loss or liability which it may incur in complying with the instructions.
- (e) Resignation of the Security Agent
- (i) The Security Agent may resign and appoint a successor by giving notice to the Noteholders and the Representative.
  - (ii) Alternatively the Security Agent may resign by giving notice to the Noteholders and the Representative, in which case the Representative on behalf of the *Masse* may appoint a successor Security Agent.
  - (iii) If, within thirty (30) calendar days after notice of resignation given by the Security Agent to the Noteholders and the Representative, the Representative acting on behalf of the *Masse* has not appointed a successor Security Agent in accordance with the foregoing provisions, the retiring Security Agent may appoint a successor Security Agent (acting through an office in France).
  - (iv) The retiring Security Agent shall, at its own cost, make available to the successor Security Agent such documents and records and provide such assistance as the successor Security Agent may reasonably request for the purposes of performing its functions as Security Agent under this Agreement, the Pledge and the Terms and Conditions of the Notes.



- (v) The Security Agent's resignation shall only take effect upon the appointment of a successor Security Agent.
- (vi) The Representative acting on behalf of the *Masse* may require the Security Agent to resign in accordance with the foregoing provisions. In this event, the Security Agent shall resign in accordance with the foregoing provisions.
- (vii) Notice of any change of Security Agent shall be given by notice to the Noteholders in accordance with the Terms and Conditions of the Notes.

#### 1.4 Parallel Debt Claim

- (a) For the purposes of securing the Issuer Obligations (as defined below) the Pledgor hereby irrevocably and unconditionally undertakes to pay to the Security Agent amounts equal to any amounts owing by the Issuer to any of the Noteholders under and in connection with the Notes as and when those amounts are due (the "Parallel Debt Claim").
- (b) The Pledgor and the Security Agent acknowledge that the obligations of the Pledgor arising from the Parallel Debt Claim are several and are separate and independent from, and will not in any ways affect, the corresponding obligations of the Pledgor under and in connection with the Notes, including, but not limited to, the obligation to repay principal and pay interest and other amounts due under the Notes (the "Issuer Obligations"), provided that:
  - (i) the Security Agent is not the economic beneficiary (*wirtschaftlich Berechtigter*) of the Issuer Obligations, the Parallel Debt Claim and the Collateral.
  - (ii) For the avoidance of doubt:
    - (A) the amounts for which the Pledgor is liable under the Parallel Debt Claim will be decreased to the extent that the relevant claims of the Noteholders under the Issuer Obligations have been satisfied, and the relevant obligations of the Pledgor under the Notes have been irrevocably discharged, accordingly; and
    - (B) the obligations of the Pledgor under the Notes will be decreased to the extent that the relevant claims of the Noteholders have been irrevocably satisfied by way of the fact that the Pledgor's fulfilment of its corresponding obligations under the Parallel Debt Claim has resulted in the Noteholders having received the relevant amounts in full; and
  - (iii) the amounts under the Parallel Debt Claim will be identical to the amounts owing by the Issuer under the Issuer Obligations; and
  - (iv) the amounts under the Parallel Debt Claim will be due as and when the corresponding amounts owing by the Issuer under the Issuer Obligations fall due, without any further requirement on the side of the Security Agent to give notice to the Issuer for cause of delay or default (*in Verzug setzen*).
- (c) The Security Agent will hold the Parallel Debt Claim (and the Pledge, accordingly) in its own name and for the benefit of the other Pledgees as set out herein and in the Terms and Conditions of the Notes, and perform the function of a security trustee pursuant to German law (*Sicherheitentreuhänder nach deutschem Recht*).

- (d) If the Pledgor makes a payment to the Security Agent under the Parallel Debt Claim, the Pledgor shall specify the corresponding amount under the Issuer Obligations with respect to which such payment is made. Should the Pledgor fail to make such specification, the Security Agent shall request the Issuer to make such specification. Upon such request, the Pledgor shall promptly (*unverzüglich*) specify in writing the corresponding amount under the Issuer Obligations with respect to which such payment is made.

## 2. CREATION OF PLEDGE OVER SHARES

- 2.1 The Pledgor hereby grants a first ranking pledge to the Pledgee over the Collateral.
- 2.2 The Pledgees hereby accept the pledge of the Collateral.
- 2.3 The Pledges created hereunder shall rank *pari passu* to each other and shall rank ahead of any other security interest or third party right in existence now or created in the future in or over the Collateral.
- 2.4 If any of the shares in the Pledged Company held by the Pledgor for whatever reason have not been, or only incompletely or incorrectly included or described in Schedule 1 (*Existing Shares*), such share shall nonetheless be fully pledged by this Agreement and the validity and scope of the security created within this Agreement shall not be affected thereby.
- 2.5 The Pledgor undertakes to enter into this Agreement pursuant to the terms hereof for the benefit of the Pledgee. The Pledgee accepts this undertaking. This Agreement supersedes any stated oral or written undertaking of the Pledgor to provide the Pledges under any foreign law.

## 3. SECURITY PURPOSE

The Collateral serves as a security for the Secured Obligations.

## 4. NOTIFICATION OF PLEDGE

The Pledgor hereby gives notice to the Pledged Company of the Pledges over the Collateral and the Pledged Company hereby takes notice of the Pledges in favour of the Pledgee and of this Agreement and acknowledges receipt of a notice pursuant to Section 1280 BGB.

## 5. FURTHER AGREEMENTS

The Pledgor hereby declares that in the case it is not or ceases to be the personal debtor of the Secured Obligations it:

- 5.1 waives (i) the defence of voidability of the Secured Obligations by any member of the Group (*Verzicht auf die Einrede der Anfechtbarkeit*) unless the voidability results from deceit or unlawful duress within the meaning of Section 123 BGB and (ii) the defence that any member of the Group may determine the Secured Obligations by any other unilateral declaration (*Verzicht auf die Einrede sonstiger Gestaltungsrechte*) (waiver of Sections 1211 BGB, 770 para. 1 BGB (analogue));
- 5.2 waives the defence of set-off of the Secured Obligations (*Verzicht auf die Einrede der Aufrechenbarkeit*) (i) by the Pledgee, unless the counterclaims of the debtor of the Secured Obl-

gations are uncontested or have been finally adjudicated by a court (waiver of Sections 1211 BGB, 770 para. 2 BGB) or (ii) by any member of the Group, unless the claims of such member of the Group are uncontested or have been finally adjudicated by a court (waiver of Section 770 para. 1/2 BGB analogue);

- 5.3 waives the right to satisfy the Secured Obligations (i) by way of set-off (*Aufrechnung*) with its own claims against the Pledgee, unless such claims are uncontested or have been finally adjudicated by a court or (ii) by way of deposit (*Hinterlegung*) (waiver of Section 1224 BGB);
- 5.4 agrees that the Pledges shall always secure the Secured Obligations to their full extent, also when extended after the date of this Agreement (waiver of Section 1210 para. 1 sentence 2 BGB); and
- 5.5 agrees by way of a *pactum de non petendo* not to assert any rights (including any recourse claim against any member of the Group and any claim for transfer of non-accessory security rights (*nicht-akzessorische Sicherungsrechte*) securing the Secured Obligation) which may pass to it by subrogation pursuant to Section 1225 BGB or otherwise upon discharge of any Secured Obligations, unless all Secured Obligations have been finally and completely discharged.

## 6. PLEDGOR'S RIGHTS

- 6.1 Unless expressly prohibited by the terms of this Agreement or the terms of the Notes and notwithstanding that the Ancillary Rights are pledged hereunder, the Pledgor shall be entitled to receive, retain and exercise all Ancillary Rights associated with its shares, including profit payments whether in cash, in kind or any other form which it accepts in place of payment (*an Erfüllung statt*) (the "Entitlement to Ancillary Rights").
- 6.2 Upon the occurrence of a Restriction Event, the Security Agent may revoke the Entitlement to Ancillary Rights. In this event, the Pledgor shall forthwith ensure that all pecuniary claims (*vermögensrechtliche Ansprüche*) due under the Ancillary Rights will be paid to the Security Agent and the Security Agent may collect any such pecuniary claims, in particular the profit payments and treat them as additional collateral for the Secured Obligations. Any funds received by the Pledgor after the revocation of the Entitlement to Ancillary Rights shall be held by the Pledgor as trustee for the Pledgee and segregated from his own assets and shall forthwith be delivered to the Security Agent as additional collateral.
- 6.3 Notwithstanding the foregoing, distributions set forth in paragraphs (c) and (d) of the definition "Ancillary Rights" (the latter only to the extent that such distributions are generated as a result of any transfer of the Pledged Shares) shall forthwith be paid or delivered to the Security Agent to be held as additional collateral for the Secured Obligations. Any further reaching obligations of the Pledged Company or the Pledgor in respect of the use of profits shall not be affected by this Clause 6.3.
- 6.4 The Security Agent shall hold any additional received cash collateral in an interest bearing account. The Security Agent may in its sole discretion apply the additional cash collateral against the Secured Obligations when they next fall due or repay the additional cash collateral to the Pledgor, if the additional cash collateral is no longer required in order to secure the Pledgee's legitimate interests.

- 6.5 The voting rights pertaining to the Pledged Shares (or any part thereof) remain at all times with the Pledgor. The Pledgor, however, shall at all times until full payment or discharge of all Secured Obligations or the release of the Pledges exercise the voting rights in good faith in order to ensure that the value, validity and enforceability of the Pledges and the existence of all (or part of) the Collateral are not in any way jeopardised.
- 6.6 Even if the requirements for realisation set out in Clauses 12 (*Enforcement Event*) and 13 (*Realisation of the Pledges*) below are met, the Pledgee shall not, whether in its own name, as proxy or otherwise, be entitled to exercise the voting rights attached to the Pledged Shares (or any part thereof). In this event, however, the Pledgor shall allow the Pledgee or, as the case may be, its proxy or any other person designated by the Pledgee, to participate in all shareholders' meetings of the Pledged Company as attendants without power to vote. The Pledgee's right to attend the shareholders' meeting shall expire if the Secured Obligations have been finally and fully satisfied and discharged.

## 7. REPRESENTATIONS AND WARRANTIES

- 7.1 The Pledgor represents and warrants by way of an independent guarantee (*selbständiges Garantieverprechen*):

(a) in respect of itself that:

- (i) it is duly incorporated or established and validly existing under the laws of England and Wales and has the power to own its property and other assets and to conduct and carry on its business as it is being conducted at the date hereof and no Insolvency Event concerning it has occurred;
- (ii) it may (subject to the restrictions provided for in this Agreement) freely dispose of the Collateral and that it has the corporate power and authority to enter into this Agreement and all necessary corporate actions have been taken and all necessary consents for the execution and performance of this Agreement have been obtained and are in full force and effect;
- (iii) it is not a party to a litigation, arbitration or administrative proceeding, which is presently in progress and which threatens to restrain it in respect of the entry into, the performance of, or compliance with any of its obligations under this Agreement; and
- (iv) the exercise of its rights and the performance of its obligations hereunder will not violate any provision of any existing law, its articles of association or any decree of any court or arbitrator, any administrative order or any contractual undertaking to which it is a party or which is binding upon it or any of its assets.

(b) in respect of the Collateral that:

- (i) the statements made in Schedule 1 (*Existing Shares*) are true and accurate;
- (ii) the Pledged Company is duly incorporated and validly existing under the laws of the Federal Republic of Germany and has the power to own its property and other assets and to conduct and carry on its business as it is being conducted at the date hereof and no Insolvency Event concerning it has occurred;

- (iii) the Existing Shares are fully and validly paid in and have not been repaid to the Pledgor in any way and there is no obligation for it to make additional contributions (*Nachschüsse*);
- (iv) the Collateral is free from any pledges, liens or other third parties' rights or claims;
- (v) the articles of association do not provide for any regulations expressly allowing the amortisation (*Einziehung*) of shares in the Pledged Company within the meaning of Section 34 GmbHG and do not allow a forfeiture (*Kaduzierung*) of shares in the Pledged Company under less restrictive terms than stipulated in Section 21 GmbHG;
- (vi) the Existing Shares and Future Shares are and will not be subject to any pre-emption rights (*Vorkaufsrechte*) or other restrictions upon disposal which would operate to restrict in any way their disposal upon enforcement;
- (vii) all facts required by law to be entered into the commercial register (*Handelsregister*) for the Pledged Company have been entered into the commercial register (*Handelsregister*) and no shareholders' resolutions regarding changes in the articles of association of the Pledged Company have been passed which are not entered into the commercial register (*Handelsregister*) of the Pledged Company;
- (viii) there are (i) no controlling agreements (*Beherrschungsverträge*) where the Pledged Company is the dominating company (*herrschendes Unternehmen*), profit and loss pooling agreements (*Ergebnis- und Gewinnabführungsverträge*) or other enterprise agreements (*Unternehmensverträge*) within the meaning of Section 292 German Stock Corporation Act (*Aktiengesetz*), (ii) no enjoyment rights (*Gemussrechte*) issued by the Pledged Company and (iii) no other arrangements (such as, for example, silent partnerships (*stille Gesellschaften*)) by which any person is entitled to participate in the profits or revenue of the Pledged Company or to the issuance of shares in the Pledged Company; and
- (ix) this Agreement constitutes legally valid and binding obligations and the Pledges constituted herein are valid and enforceable without enforceable judgements or other enforceable instruments (*vollstreckbarer Titel*).

7.2 If any of the representations and warranties set forth in Clause 7.1 are fully or partially incorrect, the Pledgor shall place the Pledgee in the same position as if the content of the respective representation or warranty had been correct from the outset. This obligation shall apply irrespective of any fault (*Verschulden*) of the Pledgor for the incorrectness of the respective representation or warranty.

## 8. GENERAL UNDERTAKINGS

The Pledgor undertakes:

- (a) to ensure that it is not subject to any obligations to make additional contributions (*Nachschüsse*);
- (b) not to make or request (or to vote for) any repayment of the share capital of the Pledged Company in any way and to promptly effect any payments to be made in re-

spect of the Pledged Shares (such as, *inter alia*, payments on future shares (*Einlagen*), payments for additional contributions (*Nachschüsse*) or payments required in order to comply with the applicable capital contribution and capital maintenance provisions (*Kapitalaufbringungs- und Kapitalerhaltungsvorschriften*));

- (c) not to allow any person (other than itself) to subscribe for any shares resulting from a capital increase in the Pledged Company without the prior written consent of the Security Agent;
- (d) to ensure that the Pledges created hereunder rank at all times ahead of any third party's rights;
- (e) to refrain from any act or omission which might adversely affect or jeopardise directly or indirectly the value, the validity or the enforceability of the Pledges created hereunder, in particular:
  - (i) to refrain from any acts or omissions, which would result the Collateral ceasing to exist or being encumbered in any way;
  - (ii) not to dispose of any of the Collateral or any part thereof or interest therein, including not to sell, transfer or encumber in any way the Collateral;
  - (iii) not to amend, or vote for any amendment of the articles of association of the Pledged Company to restrict or prohibit the transfer or the encumbrance of the Collateral or the creation or enforcement of security;
  - (iv) not to participate in, vote for or support (i) the conclusion of any controlling agreements (*Beherrschungsverträge*), profit and loss pooling agreements (*Ergebnis- und Gewinnabführungsverträge*) or other enterprise agreements (*Unternehmensverträge*) within the meaning of Section 292 German Stock Corporation Act (*Aktiengesetz*), (ii) the issue of enjoyment rights (*Genussrechte*) by the Pledged Company or (iii) other arrangements (such as for example, silent partnerships (*stille Gesellschaften*) agreements) by which any person becomes entitled to a participation in the profits or revenue of the Pledged Company or to the issuance of shares in the Pledged Company; and
  - (v) not to participate in, vote for or support any merger, transformation or other re-organisation (whether or not provided for in the German Transformation of Companies Act (*Umwandlungsgesetz*)) with the Pledged Company;
- (f) to obtain, comply with the terms of and to do all that is necessary to maintain in full force and effect all authorisations, approvals, licenses and consents required in or by the laws and regulations applicable to enable itself to lawfully enter into and lawfully perform its obligations under this Agreement and to ensure at all times the legality, validity and enforceability in evidence of this Agreement.

## 9. INFORMATION UNDERTAKINGS

### 9.1 The Pledgor undertakes to promptly notify the Security Agent:

- (a) of any envisaged change in the shareholdings in, or the capital of, the Pledged Company or of any changes to the articles of association or to the registrations in the commercial register (*Handelsregister*) of the Pledged Company other than with respect to holders of a statutory power of attorney (*Prokura*). In the case of an amendment of the

articles of association, the Pledgor shall promptly provide to the Security Agent a copy of the application for the registration of the amended articles of association together with a copy of the shareholders' resolution amending the articles of association (*satzungsändernder Gesellschafterbeschluss*) followed by a copy of the updated commercial register extract as soon as it is available. In the case of a change in the shareholding or the capital of the Pledged Company, the Pledgor shall promptly deliver to the Security Agent a copy of the updated shareholder list (*Gesellschafterliste*) as filed with the commercial register (*Handelsregister*). Upon request of the Security Agent certified copies of such documents shall be delivered to the Security Agent;

- (b) of any encumbrance of Pledged Shares (or part of them) or the attribution of an objection (*Widerspruch*) in relation to any Pledged Share in the shareholders' list (*Gesellschafterliste*) as filed with the commercial register (*Handelsregister*);
- (c) if a third party claims or purports to own any of the Collateral;
- (d) of any ordinary or extraordinary shareholders' meeting in which a shareholders' resolution is intended to be adopted which (or by its implementation) could reasonably be expected to have an adverse effect on the value, validity or realisation of any of the Pledges or of the Collateral by providing to the Security Agent a copy of the convocation notice for such shareholders' meeting setting forth the agenda and all applications and decisions to be taken and shall promptly thereafter send to the Security Agent copies of the minutes of such shareholders' meeting;
- (e) of any attachments and/or transfer (*Beschlagnahme, Pfändung und/oder Überweisung*) in respect of the Collateral or any part thereof or any other measures which may impair or jeopardise the Pledgee's rights relating thereto. In the event of an attachment or transfer, the Pledgor shall forward to the Security Agent without undue delay a copy of the attachment order (*Beschlagnahme- oder Pfändungsbeschluss*), the garnishee order (*Überweisungsbeschluss*) and all other documents necessary or reasonably requested by the Security Agent to lodge protest against the attachment. The Pledgor shall immediately inform the attaching creditor in writing of the Pledgee security interests and furnish the Security Agent with a copy of such notification letter; and
- (f) of any event or circumstance (other than the amendment of laws or their interpretation) which affects or is reasonably likely to affect the value, validity or enforceability of the Pledges or the Collateral created hereunder.

9.2 The Pledgor is obliged upon request of the Security Agent to deliver promptly all information relating to the Collateral necessary or expedient to exercise the Pledgee's rights under this Agreement or to examine the Collateral.

## 10. FURTHER ASSURANCE

10.1 The Pledgor shall, upon the request of the Security Agent and at its own expense, make such declarations and take whatever action or measure the Security Agent may reasonably require or reasonably consider expedient for:

- (a) creating, perfecting or protecting the Collateral and the Pledges;
- (b) upon revocation of the Entitlement to Ancillary Rights, the exercise of its rights pursuant to Clause 6.2 (Pledgor's Rights);

- (c) the exercise of its rights pursuant to Clause 6.3 (Pledgor's Rights); and
- (d) the support of the prompt realisation of the Pledges or any part thereof and/or the exercise by the Pledgee of any other right the Pledgee may have under German law or under this Agreement, in each case after the occurrence of an Enforcement Event.

10.2 If protection of the Pledges or Ancillary Rights, in the reasonable opinion of the Security Agent, requires any declaration or other act by the Pledgor, the Security Agent is hereby irrevocably authorised by the Pledgor (releasing the Security Agent from the restrictions of self-dealings pursuant to Section 181 BGB) to make such declarations or execute such acts also in the name of the Pledgor. If these steps require acts or declarations by the Pledgor and the Security Agent deems such acts or declarations necessary or expedient, the Pledgor shall be obliged upon the Security Agent's request to promptly execute all acts and provide any declarations requested by the Security Agent.

## 11. RIGHT OF INSPECTION; SURRENDER OF DOCUMENTS

- 11.1 Upon adequate prior notice, the Security Agent and any persons authorised by him shall be entitled to inspect during normal business hours all information, records and documentation in relation to the Collateral or to have them inspected by any person appointed by the Security Agent. However, upon the occurrence of a Restriction Event, the inspection may take place at any time without any prior notice thereof.
- 11.2 Upon the occurrence of a Restriction Event, the Pledgor is obliged, at the request of the Security Agent to promptly hand over any information, records and documents which are necessary for the examination and the enforcement of the Collateral.

## 12. ENFORCEMENT EVENT

If the requirements set forth in Sections 1273 para. 2, 1228 para. 2 BGB with regard to the enforcement of Pledges are met (*Pfandreife*), in particular if the Secured Obligations have fully or partially not been paid when due and payable and such payment default (*Zahlungsverzug*) is continuing ("Enforcement Event"), the Security Agent (acting in the name of the Pledgee) may (in addition to any rights and remedies the Pledgee may be entitled to under the Notes or by law) enforce its rights hereunder and realise the Collateral in accordance with Clause 13 (*Realisation of the Pledges*) without obtaining a final judgment or other instrument (*vollstreckbarer Titel*) against the Pledgor (derogation of Section 1277 BGB).

## 13. REALISATION OF THE PLEDGES

- 13.1 By derogation from Section 1234 BGB and Section 368 German Commercial Code (*Handelsgesetzbuch*) the Security Agent shall be entitled upon the occurrence of an Enforcement Event to realise the whole or part of the Pledges and thereby to use all rights conferred to the Pledgee by German law. The realisation is only admissible after a period of at least five (5) Business Days after the Security Agent has notified in writing the Pledgor about the occurrence of the Enforcement Event, requesting from the Pledgor the remedy of the Enforcement Event within that period and notifying the Pledgor that otherwise the Pledges will be realised (the "Enforcement Notification"). The Security Agent is then particularly entitled to:



- (a) realise the Collateral by way of a public auction (*öffentliche Versteigerung*) in accordance with Section 1235 para. 1 BGB that may be held at any place in the Federal Republic of Germany determined by the Security Agent;
- (b) collect any pecuniary Ancillary Right (in particular profits) in accordance with Section 1282 para. 1 BGB; and/or
- (c) a private sale of the Collateral (*freihändiger Verkauf*) at the current price (*laufender Preis*), as far as it has a stock exchange or market price (*Börsen- oder Marktpreis*) or acquire the title itself (*Verfallsvereinbarung*), provided that the Pledges constitute a commercial pledge (*gewerbliches Pfand*) pursuant to Section 1259 BGB.

13.2 No Enforcement Notification or observance of a waiting or notice period shall be required if:

- (a) an Insolvency Event has occurred in respect of the Pledgor or any other member of the Group; or
- (b) a remedy of the Enforcement Event by Pledgor within the relevant period cannot reasonably be expected, or the Security Agent determines in its reasonable discretion that such an Enforcement Notification or waiting period would endanger the security interest of the Pledgee.

13.3 The Security Agent shall take any enforcement measures only to the extent necessary to satisfy outstanding Secured Obligations and shall apply the proceeds of such realisation towards the Secured Obligations. Notwithstanding the aforementioned, the Security Agent may enforce any and all of its Pledges over the Pledged Shares in the Pledged Company to satisfy the Secured Obligations. Insofar, Section 1230 sentence 2 BGB does not apply.

13.4 To the extent that after application of the enforcement proceeds towards the Secured Obligations any surplus remains, this surplus shall be surrendered to the Pledgor or such other person as may be entitled thereto.

13.5 The Security Agent may in its sole discretion determine which part of the Transaction Security shall be used to satisfy the Secured Obligations. However, in doing so it must take into account the legitimate interests of the Pledgor.

13.6 For the avoidance of doubt, the Security Agent will act only upon instruction by the Noteholders in connection with this Clause 13.

## 14. RELEASE OF SECURITY

14.1 The Collateral shall be released (or the release shall be confirmed as a matter of record) by the Security Agent (acting in the name of the Pledgee) if the Secured Obligations are not only temporarily paid or discharged in full and shall, as the case may be, be re-assigned or re-transferred to the Pledgor, unless an assignment or transfer of the Collateral to a third party is required by law. The Parties are aware that upon full and complete satisfaction of the Secured Obligations the Pledges, due to their accessory nature (*Akzessorietät*), cease to exist by operation of German law and that in this event a release is just a matter of record.

14.2 Prior to full payment or discharge of the Secured Obligations, the Security Agent (acting in the name of the Pledgee) shall at any time, at the request of the Pledgor, release title in corresponding parts of the Collateral or, at the Security Agent's option, other Transaction Security provided in respect of the Secured Obligations if and to the extent that the realisable value (*realisierbarer Wert*) of the Collateral, alone or together with any other Transaction Security

not only temporarily exceeds the aggregate amount of the Secured Obligations by 10 %. If in connection with the realisation of the Pledges the Pledgee is charged with value added tax (*Umsatzsteuer*), such value added tax shall be taken into account when calculating this percentage. The Security Agent may at its sole discretion, but taking into account the legitimate interests of the Pledgor, determine which part of the Transaction Security shall be released.

- 14.3 For the avoidance of doubt, the Security Agent will act only upon instruction by the Noteholders in connection with this Clause 14.

## 15. SUBSISTENCE AND INDEPENDENCE OF SECURITY

- 15.1 Until payment or discharge in full of the Secured Obligations or until the Security Agent releases the Collateral granted under this Agreement in accordance with the terms of this Agreement, this Agreement shall remain in full force and effect and a change, amendment, or supplement whatsoever in the Notes shall not negatively affect the validity or the scope of this Agreement nor the obligations which are imposed on the Pledgor pursuant to it.
- 15.2 The validity of this Agreement shall not be affected by any change in ownership or legal form of the Pledgor or the Pledged Company.
- 15.3 The Parties to this Agreement hereby derogate from Section 418 BGB and agree that if the Secured Obligations pass over to any third party by way of assumption of debts (*Schuldübernahme*) or transfer of all rights and obligations (*Vertragsübernahme*), the Pledges created pursuant to this Agreement shall continue to exist.
- 15.4 Any Pledges created or expressed to be created under this Agreement are additionally independent from one another and from any other Transaction Security. They will not be affected by nor subject to these other Transaction Security.

## 16. LIABILITY AND INDEMNITY

- 16.1 The Pledgee and the Security Agent shall not be liable for any damage or loss of the Pledgor save where such damage or loss has been caused by the Pledgee and/or the Security Agent (i) by negligent breach of their material obligations (*Kardinalpflichten*) herein, (ii) by negligent injury to life, body or health of the Pledgor or (iii) by their wilful misconduct (*Vorsatz*) or gross negligence (*grobe Fahrlässigkeit*).
- 16.2 The Pledgor shall indemnify and hold harmless the Pledgee and the Security Agent for and from any liabilities, losses, demands, damages, expenses and costs (plus VAT apportionable thereto (if any) and including legal or other advisers' fees calculated on the basis of working hours) incurred, asserted, threatened or suffered by the Pledgee and/or the Security Agent in connection with this Agreement save where such damage or loss has been caused by the Pledgee and/or the Security Agent (i) by negligent breach of its material obligations (*Kardinalpflichten*) in this Agreement, (ii) by negligent injury to life, body or health of the Pledgor or (iii) by its wilful misconduct or gross negligence.
- 16.3 For the purpose of this Clause 16, material obligations (*Kardinalpflichten*) means any and all obligations the fulfilment of which is indispensable for the proper execution of this Agreement and on the compliance of which the Pledgor may generally rely.

## 17. COSTS AND EXPENSES

The Pledgor shall be liable and shall promptly pay on demand to the Security Agent the amount of all costs (including any court costs) and expenses (including legal or other advisers' fees calculated on the basis of working hours), in each case plus VAT apportionable thereto (if any),

- (a) incurred by the Pledgee and/or the Security Agent in connection with the realisation, enforcement, release and the preservation of the Collateral or the exercise of any other rights arising from this Agreement; and/or
- (b) reasonably incurred by the Pledgee and/or the Security Agent in connection with the negotiation, preparation, execution and performance of this Agreement.

## 18. TRANSFER AND ASSIGNMENT

18.1 The Pledgee may freely assign and transfer (by way of assumption of contract (*Vertragsübernahme*), the transfer or assignment of the Secured Obligations or otherwise) all or parts of its rights and obligations under this Agreement to any person. The Pledgor undertakes upon request of the transferring Pledgee, to enter into any agreement or otherwise to do whatever is reasonably required in order to make available to such person the benefit of this Agreement as if it had been a party hereto from the outset. The Pledgor may not assign and/or transfer any rights and obligations under this Agreement.

18.2 The Parties are aware that upon transfer or assignment of the Secured Obligations, the Pledges will, due to their accessory nature (*Akzessorietät*) follow by operation of law the so transferred or assigned Secured Obligations.

## 19. NOTICES AND LANGUAGE

### 19.1 Communications in Writing

Any notice or other communication in connection with this Agreement shall be in writing. The respective notice or communication shall be delivered personally, or by post, messenger, fax or attached to an e-mail as an electronic photocopy (pdf., tif., etc.) to

the Security Agent:

Name:	DIIS Group
Address:	12, rue Vivienne, 75002 Paris, France
E-mail:	rmo@diisgroup.com
Tel.:	+33.01.53.29.95.05

the Pledgor:

Name: Grenadier Holdings Plc

Address: Factory 42 Pallion Way, Pallion Trading Estate, Sunderland,  
Tyne and Wear, SR4 6ST, United Kingdom

E-mail: Laurent.SALMON@paragon-europe.com;  
Patrick.CREAN@paragon-europe.com  
with a copy to: office@cabinet-lipworth.com

Tel.: + 353 1 293 8100

Fax: + 353 1 293 0230

Attention: Laurent Salmon

the Pledged Company:

Name: Paragon MeillerGHP Holdings GmbH

Address: Gutenbergstraße 1-5, 92421 Schwandorf, Germany

E-mail: Laurent.SALMON@paragon-europe.com;  
Patrick.CREAN@paragon-europe.com  
with a copy to: office@cabinet-lipworth.com

Tel.: + 353 1 293 8100

Fax: + 353 1 293 0230

Attention: Laurent Salmon

or to such other address as the recipient may notify or may have notified to the other party in writing at least five (5) Business Days prior to such notice or communication.

## 19.2 Language

Unless otherwise provided herein, any notice or other communication under or in connection with this Agreement shall be effective when received and shall be in the English language or, if in any other language, accompanied by a translation into English. Such translation shall be certified if so reasonably requested by the Security Agent. In the event of any conflict between the English text and the text in any other language, the English text shall prevail.

## 20. SERVICE OF PROCESS

20.1 Without prejudice to any other mode of service allowed, the Pledgor:

- (a) irrevocably appoints Paragon MeillerGHP Holdings GmbH (the "**Process Agent**"), Gutenbergstraße 1-5, 92421 Schwandorf, Germany, Attn. Mr. Laurent Salmon as its agent for services of process (*Zustellungsbevollmächtigter*) in relation to any proceedings before the German courts in connection with this Agreement;
- (b) agrees that failure by the Process Agent to notify the Pledgor of the process will not invalidate the proceedings concerned;
- (c) hereby releases the Process Agent from any restriction for double representation and self-dealing under any applicable law and in particular § 181 BGB; and
- (d) undertakes to deliver to the Process Agent without undue delay upon execution of this Agreement a process agent appointment letter (the "**Process Agent Appointment Letter**") substantially in the form of Schedule 2 (*Process Agent Appointment Letter*) and to send a copy of the executed Process Agent Appointment Letter to the Security Agent.

20.2 The Process Agent shall ensure that documents to be served to the Pledgor may validly be served by delivery to him. In particular, the Process Agent shall (i) notify the Security Agent of any change of address or contact person, (ii) accept any documents delivered to it on behalf of the Pledgor, (iii) fulfil any requirements of Section 171 of the Code of Civil Procedure (*Zivilprozessordnung*), in particular present the original Process Agent Appointment Letter to any person effecting the service of process as required pursuant to Section 171 Sentence 2 of the Code of Civil Procedure (*Zivilprozessordnung*) and (iv) only resign as Process Agent if a replacement Process Agent is already appointed, who is found to be satisfactory by the Security Agent.

## 21. MISCELLANEOUS

21.1 Partial Invalidity and Contractual Loophole

- (a) If, at any time, any provision of this Agreement is or becomes fully or partially invalid, illegal, unenforceable or impractical in any respect, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired. The invalid, illegal, unenforceable and/or impracticable provision shall be deemed replaced by such valid, legal and enforceable provision or arrangement which comes as close as possible to the spirit and economic purpose of this Agreement and the original intent of the Parties. The Parties expressly agree that the foregoing provision does not merely shift the burden of proof but that Section 139 BGB shall entirely not apply so that none of the Parties have to argue (*darlegen*) and prove (*beweisen*) the Parties' intent to uphold this Agreement even without the invalid, illegal, unenforceable and/or impracticable provision.
- (b) In the event of any omission or contractual loophole (*Vertragslücke*) or if any provision of this Agreement is ambiguous or incomplete, the Agreement shall be construed or amended in a manner that best reflects the spirit, contents and purpose of this Agreement and those provisions shall apply that are consistent with what the Parties would have agreed if they had recognised the need for construction or amendment when concluding the Agreement.

## 21.2 Remedies and Waivers

No failure or delay to exercise any right, power or remedy provided by this Agreement or by law (each a "Right", together the "Rights") on the part of the Pledgee and/or the Security Agent shall operate as a waiver thereof, nor shall any single or partial exercise of any Right prevent any further or other such exercise or the exercise of this or any other Right. The Rights provided in this Agreement are cumulative and not exclusive of any Rights provided by the Notes or by law.

## 21.3 Schedules

All Schedules attached hereto form an integral part of this Agreement.

## 21.4 Amendments

- (a) Changes and amendments to this Agreement including this Clause 21.4 shall be made in writing, unless a stricter form is required by law.
- (b) No oral supplements to this Agreement have been made.

# 22. GOVERNING LAW AND JURISDICTION

## 22.1 Governing Law

This Agreement shall be governed by and construed in accordance with the substantive laws of the Federal Republic of Germany.

Where any provision in this Agreement refers to the Terms and Conditions of the Notes, the latter (being governed by French law) shall be taken into account in the form of the copy attached to this Agreement in Schedule 3 and shall, for the purposes of this Agreement, be read and construed with a view to the applicable meanings and concepts under French law.

## 22.2 Jurisdiction

- (a) As far as legally permissible, the courts of Frankfurt am Main, Germany shall have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement) (a "Dispute").
- (b) The Parties agree that the courts of Frankfurt am Main, Germany are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.
- (c) This Clause 22.2 is for the benefit of the Pledgee and/or the Security Agent only. As a result, the Pledgee and/or the Security Agent shall not be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Pledgee and/or the Security Agent may take concurrent proceedings in any number of jurisdictions.

**Schedule 1**  
**Existing Shares**

<b>Paragon MeillerGHP Holdings GmbH</b> (registered with commercial register ( <i>Handelsregister</i> ) of the local court ( <i>Amtsgericht</i> ) of Amberg under HRB 5615 and having a registered share capital ( <i>Stammkapital</i> ) of EUR 25,000)	
Owner of the Existing Shares/Pledgor	Existing Shares in Paragon MeillerGHP Holdings GmbH
Grenadier Holdings plc	1 – 25,000
Aggregate percentage of registered share capital ( <i>Stammkapital</i> ) pledged to the  Pledgee	<b>100%</b>

**Schedule 2**  
**Process Agent Appointment Letter**

An/To: Paragon MeillerGHP Holdings GmbH  
Gutenbergstraße 1-5  
92421 Schwandorf, Germany  
  
as Process Agent (*Zustellungsbevollmächtigter*)

From/Von: Grenadier Holdings plc

Date/Datu [•]  
m:

**GmbH Share Pledge Agreement dated/vom 16 December 2016 (the "Agreement"/der "Vertrag")**

Dear Mr. Salmon

Sehr geehrter Herr Salmon,

We refer to the Agreement and hereby irrevocably appoint Paragon MeillerGHP Holdings GmbH as our agent for service of process in relation to any proceeding before any German court in connection with the above mentioned Agreement.

wir nehmen Bezug auf den Vertrag und benennen Paragon MeillerGHP Holdings GmbH hiermit unwiderruflich als Zustellungsbevollmächtigten für sämtliche Verfahren vor deutschen Gerichten in Zusammenhang mit dem oben genannten Vertrag.

This letter and its interpretation shall be governed by German law. The German version of this letter shall take authority.

Dieses Schreiben und seine Auslegung unterliegen deutschem Recht. Maßgeblich ist die deutsche Fassung dieses Schreibens.

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Grenadier Holdings plc



I acknowledge the appointment of Paragon MeillerGHP Holdings GmbH as Process Agent as well as the provisions of Clause 20 (*Service of Process*) of the Agreement.

Ich erkenne die Bestellung von Paragon MeillerGHP Holdings GmbH zum Zustellungsbevollmächtigten sowie die Regelungen der Ziff. 20 (*Service of Process*) des Vertrages an.

---

Place (Ort)/Date (Datum)

---

Paragon MeillerGHP Holdings GmbH  
represented by / vertreten durch  
[•] [•]

**Schedule 3**  
**Terms and Conditions of the Notes**  
**(separately paginated)**

## TERMS AND CONDITIONS OF THE NOTES

The issue by Grenadier Holdings Plc, a public limited company incorporated in England and Wales with company number 03591693 and having its registered office at Factory 42 Pallion Way, Pallion Trading Estate, Sunderland, Tyne and Wear, SR4 6ST, United Kingdom (the "**Issuer**") of its €52,000,000 Notes due 15 December 2023 bearing interest at a rate subject to margin grid (the "**Notes**") was authorised pursuant to a resolution of the Board of Directors of the Issuer passed on 14 December 2016.

Pursuant to a guarantee, Paragon Group Limited, a private limited company incorporated in England and Wales with company number 05258175 and having its registered office at Pallion Trading Estate, Sunderland, Tyne and Wear, SR4 6ST, United Kingdom (the "**Guarantor**"), unconditionally and irrevocably guarantees the due payment of all sums expressed to be payable by the Issuer to the beneficiaries under the Notes named in it (the "**Guarantee**") according to the form of guarantee set out in the "Form of Guarantee" section of this Prospectus. The giving of the Guarantee was authorised pursuant to a resolution of the Board of Directors of the Guarantor passed on 14 December 2016.

The Notes are the subject of a fiscal agency agreement dated 16 December 2016 (as amended or supplemented from time to time, the "**Fiscal Agency Agreement**") between the Issuer, the Guarantor and BNP Paribas Securities Services, as fiscal agent, paying agent, calculation agent and put agent (the "**Fiscal Agent**", "**Paying Agent**", "**Calculation Agent**" and "**Put Agent**" respectively, which expressions shall, where the context so admits, include any successor appointed from time to time as fiscal agent, paying agent, calculation agent or put agent, as the case may be, in connection with the Notes).

Copies of the Fiscal Agency Agreement, the Guarantee and the Share Pledge Agreements (as defined below) are available, without charge, for inspection, during normal business hours at the specified offices of the Fiscal Agent and the Issuer. Certain statements in these Conditions are summaries of, and are subject to, the detailed provisions of the Fiscal Agency Agreement, the Guarantee or the Share Pledge Agreements, as the case may be.

References below to "**Conditions**" are to the numbered paragraphs below.

### 1. Definitions

For the purposes of these Conditions, all capitalised terms will have the meanings given to them thereafter:

"**Account Holder**" means any intermediary institution entitled to hold, directly or indirectly, accounts on behalf of its customers with Euroclear France and includes Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme, Luxembourg ("**Clearstream, Luxembourg**");

"**Applicable Accounting Principles**" means the International Financial Reporting Standards (IFRS) within the meaning of the regulation (EC) No 1606/2002, as in effect on the Issue Date;

"**BemroseBooth Paragon Limited**" means the private limited company incorporated in England and Wales with company number 04891375 and whose registered office is located at Stockholm Road, Sutton Fields, Hull, East Yorkshire, HU7 0XY, United Kingdom;

"**Benchmark Rate**" means, with respect to any Make-whole Redemption Date, the rate *per annum* equal to the average of the annual yield to maturity of the Reference Benchmark Security, as determined by the Reference Dealers at 11:00 a.m (Paris time) on the Calculation Date;

"**Business Day**" means any day (not being a Saturday or Sunday) on which commercial banks and foreign exchange markets are opened for general business in Paris and London and on which the TARGET System is operating;

"**Calculation Date**" means the fourth (4<sup>th</sup>) Business Day preceding the Make-whole Redemption Date;

"**Capital Expenditures**" means the payments of a capital nature for land, building, plant and equipment and the payments of a capital nature for intangible assets, as set out under item "**Additions**" (or equivalent item) in Note 9 "**Property, Plant and Equipment**" (or equivalent Note) and excluding acquisitions of shares, businesses or undertakings, all as set out in the Guarantor's latest annual consolidated financial statements;

"**Change of Control**" means a person or persons (other than Mr. Patrick Crean and any lineal heirs, acting directly or indirectly) acting in concert (within the meaning of the term "*agissant de concert*" in Article L. 233-10 of the French *Code de commerce*) acquires direct or indirect control of the Guarantor.

For the purposes of this definition, "**control**" means (a) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to cast, or control the casting of, more than fifty per cent. (50%) of the

maximum number of votes that might be cast at a general meeting of shareholders of the Guarantor or (b) holding beneficially more than fifty per cent. (50%) of the share capital of the Guarantor;

**"Disposal Amount"** means, on a Test Date and with respect to the relevant financial year, the amount (if any) by which the aggregate amount (in all cases net of any third party debt, taxes, commissions, legal and other costs arising and to be paid in connection with the transaction) of any sale, transfer, assignment or other disposal (except sale and lease back) of assets of the Group to third parties outside of the Group, excluding the aggregate amount of disposals which are reinvested, or are intended to be reinvested within the twelve (12) months immediately following the corresponding disposal (subject to the Guarantor providing the Representative with a letter where it undertakes to make such reinvestment) in a business operated by the Group whose activities are within the Line of Business, exceeds five million euros (€5,000,000) (or its equivalent in any currency) in the relevant financial year;

**"EBITDA"** means, on a Test Date, the consolidated profit of the Group including any minority interests:

- (i) before deducting depreciation and amortization;
- (ii) before deducting corporation tax and any deferred tax charge and their equivalents in any relevant jurisdiction or any other tax on incomes or gains;
- (iii) before taking into account any interest, whether payable or receivable;
- (iv) before taking into account the effect of any non-recurring, exceptional or extraordinary item;
- (v) after deducting any gain over book value and after adding back any loss on book value arising on the revaluation, sale or other disposal of any asset by any member of the Group (other than on the sale of assets in the ordinary course of trade);
- (vi) after excluding (to the extent otherwise included in the calculation of consolidated profit of the Group) any unrealised gains or losses due to movements in exchange rates, or equivalent items, all as set out in the Guarantor's latest annual consolidated financial statements or, as the case may be, semi-annual unaudited consolidated management financial statements;

**"Existing German Shares"** means the shares in Paragon MeillerGHP Holdings GmbH as described in Schedule 1 (Existing German Shares) of these Conditions;

**"Financial Indebtedness"** means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with the Applicable Accounting Principles, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above;

**"Future German Shares"** means all shares in Paragon MeillerGHP Holdings GmbH which the beneficiaries will acquire subsequently to the Issue Date;

**"Gresset Services SAS"** means the *société par actions simplifiée* incorporated under French law registered with the *Registre du commerce et des sociétés* of Lons-le-Saunier under number 808 517 536 and whose registered office is located at Route de Champagnole, 39300 Ney, France;

**"Gross Debt"** means, without double counting, any indebtedness for or in respect of:

- (a) moneys borrowed which, for the avoidance of doubt, excludes any supplier indebtedness;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with the Applicable Accounting Principles, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any amount raised (which, for the avoidance of doubt, excludes any supplier indebtedness) under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing; and
- (g) the amount of any liability (which, for the avoidance of doubt, excludes any supplier indebtedness) in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (f) above;

**"Group"** means the Guarantor and its Subsidiaries (including the Issuer) taken as a whole and **"member of the Group"** means any of such entities;

**"Identification Division"** means Paragon Identification SAS, Paragon Identification Srl, Paragon Identification Pty Limited, BemroseBooth Paragon Limited and Paragon Magnadata Inc.;

**"Interest Cover Ratio"** means the ratio of the EBITDA divided by the Net Finance Costs calculated on the basis of a sliding twelve-month period;

**"Leverage Ratio"** means the ratio of the Net Debt divided by the EBITDA calculated on the basis of a sliding twelve-month period;

**"Line of Business"** means the businesses relating to (i) "ID and access control" (identification, control access and traceability) and/or (ii) "Marketing and Documents Solutions" (documents or operations relating to transactional communications and marketing (paper and/or electronic)) and logistics services and including, in all the cases under (i) and (ii) above, any related IT and consulting activity;

**"Make-whole Margin"** means + 0,5 per cent. *per annum*;

**"Make-whole Redemption Amount"** means, with respect to each Note, the amount in euros equal to the greater of (i) the principal amount of the Notes and (ii) as determined by the Calculation Agent (rounded to the second nearest cent (half a cent being rounded upwards)), the sum of the then present values of the Remaining Scheduled Payments discounted to the Make-whole Redemption Date on an annual basis (based on the actual number of calendar days elapsed divided by 365 or (in the case of a leap year) by 366) at the Make-whole Redemption Rate, increased in both cases (i) and (ii) by interest accrued since the last Interest Payment Date (included) (or, as the case may be, the Issue Date (included)) to, but excluding, the Make-whole Redemption Date;

**"Make-whole Redemption Rate"** means the sum of the Benchmark Rate and the Make-whole Margin;

**"Net Debt"** means, on a Test Date, the aggregate of the principal amount of all Gross Debt of the Group less the amount of all cash and cash equivalents (or equivalent items) held by the Group, as set out in the Guarantor's latest annual consolidated financial statements or, as the case may be, semi-annual unaudited consolidated management financial statements;

**"Net Finance Costs"** means, on a Test Date, the *"net finance costs"* (or equivalent item), as set out in Note 6 *"Net Finance Costs"* (or equivalent Note) in the Guarantor's latest annual consolidated financial statements or, as the case may be, semi-annual unaudited consolidated management financial statements;

**"Noteholders"** means the person whose name appears in the account of the relevant Account Holder as being holders of such Notes;

**"outstanding"** means in relation to the Notes, all the Notes issued other than (i) those which have been redeemed on their due date or otherwise in accordance with the Conditions, (ii) those in respect of which claims have been prescribed under Condition 13, and (iii) those which have been purchased and cancelled in accordance with the Conditions;

**"Optional Redemption Date"** means the seventh (7<sup>th</sup>) Business Day following the expiration of the Put Period;

**"Paragon Identification SAS"** means the *société par actions simplifiée* incorporated under French law registered with the *Registre du commerce et des sociétés* of Bourges under number 431 815 588 and whose registered office is located at Les Aubépins, 18410 Argent-sur-Sauldre, France;

**"Paragon Identification Srl"** means the limited liability company incorporated under Romanian law, registered with the Trade Register Office of Bucharest under number 317171 and whose registered office is located at Otopeni, 27-37 Horia, Closca, Crisan Street, Ilfov county, Bucharest, Romania;

**"Paragon Identification Pty Limited"** means the limited company incorporated under Australian law, registered with the New South Wales under number 610 350 377 and whose registered office is located at c/o George Kemp & Associates, Suite 504, Level 5, 84 Pitt Street, Sydney 2000, NSW, Australia;

**"Paragon Magnadata Inc."** means the limited liability company incorporated in the United States of America, registered with the Delaware under number 58-2065848 and whose registered office is located at 15 Pine Fork Drive, Toms River, NJ 08755, USA;

**"Paragon MeillerGHP Holdings GmbH"** means the limited liability company incorporated under German law, registered with the Munich register under number 216368 and whose registered office is located at Gutenbergstrasse 1-5, 92421 Schwandorf, Bavaria, Germany;

**"Paragon Transaction SA"** means the *société anonyme* incorporated under French law, registered with the *Registre du commerce et des sociétés* of Nevers under number 775 722 218 and whose registered office is located at 39, rue des Rivières, Saint-Agnan, 58200 Cosne Cours sur Loire, France;

**"Permitted Security Interest"** means:

- (i) any Security Interest existing as at the Issue Date;
- (ii) any Security Interest entered into by any member of the Group in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances;
- (iii) any Security Interest entered into by a member of the Group for the purpose of hedging any risk to which any member of the Group is exposed in its ordinary course of trading;
- (iv) any lien arising by operation of law and in the ordinary course of trading;
- (v) without excluding the applicability of paragraph (ix) below, any Security Interest over or affecting any asset acquired by a member of the Group after the Issue Date if:
  - (a) the Security Interest was not created in contemplation of the acquisition of that asset by a member of the Group; and
  - (b) the principal amount secured has not been increased in contemplation of, or since the acquisition of that asset by a member of the Group;
- (vi) any Security Interest over or affecting any asset of any company which becomes a member of the Group after the Issue Date, where the Security Interest is created prior to the date on which that company becomes a member of the Group, if:
  - (a) the Security Interest was not created in contemplation of the acquisition of that company; and
  - (b) the principal amount secured has not increased in contemplation of or since the acquisition of that company;
- (vii) any finance lease entered by a member of the Group in the ordinary course of trading;
- (viii) any Security Interest placed on or charged by any member of the Group in the ordinary course of trading, on the cash balances corresponding to a fraction of the purchase price of factored receivables, for the benefit of the factor;
- (ix) without excluding the applicability of paragraph (v) above, any Security Interest created on any asset acquired by a member of the Group after the Issue Date for the sole purpose of financing or refinancing

the acquisition of that asset, if the principal amount secured does not exceed 100% of the value of the asset; and

- (x) any other Security Interest securing any Financial Indebtedness the principal amount of which (when aggregated with the principal amount of any other indebtedness which has the benefit of Security Interest given by any member of the Group other than any permitted under paragraphs (i) to (ix) above) does not exceed one million five hundred thousand euros (€1,500,000) (or its equivalent in another currency) per financial year;

**"Pledged Shares"** means the Existing German Shares and the Future German Shares;

**"Put Event Notice"** means either (i) a Change of Control Notice or (ii) an Asset Disposal Notice;

**"Put Option"** means the occurrence of either (i) a Change of Control or (ii) a Disposal Amount;

**"Reference Benchmark Security"** means the French government bond (*Obligations Assimilables du Trésor – "OAT"*) bearing interest at a rate of 4.25 per cent. *per annum* and maturing on 25 October 2023 (ISIN code: FR0010466938). If such Reference Benchmark Security is no longer outstanding, a Similar Security will be chosen by the Calculation Agent, after prior consultation with the Issuer if practicable under the circumstances, at 11:00 a.m. (Paris time) on the fourth (4<sup>th</sup>) Business Day in Paris preceding the Make-whole Redemption Date;

**"Reference Dealers"** means each of the four banks selected by the Calculation Agent which are primary European government security dealers, and their respective successors, or market makers in pricing corporate bond issues;

**"Relevant Number of Notes"** means, in respect of a Noteholder, the product (rounded downwards to the previous integer) of:

- (i) the number of Notes validly tendered by such Noteholder exercising the Put Option, and
- (ii) the ratio of:
  - (a) the Disposal Amount divided by the nominal amount of each Note, divided by
  - (b) the aggregate number of Notes validly tendered by all Noteholders exercising the Put Option;

**"Remaining Scheduled Payments"** means, with respect to each Note, the remaining scheduled payments of principal thereof and interest thereon (except interest accrued since the last Interest Payment Date (included) (or, as the case may be, the Issue Date (included)) to, but excluding, the Make-whole Redemption Date) that would be due from the Make-whole Redemption Date to the Maturity Date, if the Issuer's option referred to in Condition 10.3 is not exercised;

**"Security Interest"** means any mortgage, charge, lien, pledge or other form of security interest (*sûreté réelle*) including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

**"Service Point Solutions SA"** means the commercial company incorporated in Spain, registered with the Barcelona Mercantile Registry under number N.I.F. A-28.354.132 and whose registered office is located at Calle Consejo de Ciento 314, Barcelona 08007, Spain and whose shares are listed on the Madrid Stock Exchange;

**"Share Pledges"** means collectively (i) the pledge over the Pledged Shares of Paragon MeillerGHP Holdings GmbH held by the Issuer under the German Share Pledge Agreement and (ii) the pledge over the financial securities account opened in the name of the Issuer in the books of Paragon Transaction SA under the French Share Pledge Agreement;

**"Significant External Growth Operation"** means an operation resulting from a change of more than five per cent. (5%) of (i) the consolidated turnover of the Guarantor over the last financial year, or (ii) the consolidated assets of the Guarantor at the end of such financial year, or (iii) the net profit of the Guarantor before tax at the end of this financial year;

**"Similar Security"** means one or more OAT having an actual or interpolated maturity comparable with the remaining term of the Notes that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes;

**"Subsidiary"** means a subsidiary as defined in section 1159 of the Companies Act 2006 of the United Kingdom, as amended;

**"TARGET System"** means the Trans-European Automated Real Time Gross Settlement Express Transfer System (known as TARGET2) or any succeeding system; and

**"Test Date"** means the date as at which the Financial Covenants are being tested, being 30 June and 31 December in each year, the first Test Date being 30 June 2017.

## **2. Form, denomination and title**

The Notes will be issued on 16 December 2016 (the "**Issue Date**") in dematerialised bearer form (*au porteur*) in the denomination of €100,000 each. Title to the Notes will be evidenced by book-entries (*inscription en compte*) in accordance with Articles L.211-3 *et seq.* and R.211-1 *et seq.* of the French *Code monétaire et financier*. No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes.

The Notes will, upon issue, be inscribed in the books of Euroclear France which shall credit the accounts of the Account Holders.

Title to the Notes shall be evidenced by entries in the books of Account Holders and will pass upon, and transfer of Notes may only be effected through registration of the transfer in such books and only in the denomination of €100,000.

## **3. Guarantee**

The full and punctual payment of any amount due in principal, interest and ancillary rights in respect of the Notes is guaranteed by an unconditional and irrevocable guarantee of the Guarantor, in accordance with the provisions of the Guarantee to be granted by the Guarantor, on or before the Issue Date, to the beneficiaries named in it in the form of guarantee set out in the "Form of Guarantee" section of this Prospectus.

By acquiring and holding the Notes, the Noteholders are deemed to have notice of the provisions of the Guarantee.

## **4. Status**

### **4.1 Status of the Notes**

The Notes constitute direct, unconditional, unsubordinated and secured (subject to and in accordance with Conditions 5.1 and 6) obligations of the Issuer and rank, and will at all times rank, *pari passu* without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French and English laws) at least equally and rateably with all other present or future unsubordinated and unsecured obligations of the Issuer.

### **4.2 Status of the Guarantee**

The obligations of the Guarantor under the Guarantee constitute direct, unconditional, unsubordinated and unsecured (subject to and in accordance with Condition 5.2) obligations of the Guarantor and rank, and will at all times rank, *pari passu* without any preference among themselves and (subject to such exceptions as are from time to time mandatory under English law) equally and rateably with all other present or future unsubordinated and unsecured obligations of the Guarantor.

## **5. Negative pledge**

### **5.1 Negative pledge related to the Notes**

So long as any of the Notes remain outstanding, the Issuer undertakes that it will not, and will procure that none of its Subsidiaries will, create or permit to subsist any Security Interest, other than a Permitted Security Interest, upon the whole or any part of their respective assets, rights or revenues, present or future, to secure any Financial Indebtedness incurred or guaranteed by the Issuer or any of its Subsidiaries (whether before or after the issue of the Notes), unless, at the same time or prior thereto, the Issuer's obligations under the Notes are equally and rateably secured therewith.

### **5.2 Negative pledge related to the Guarantee**

So long as any the Guarantor has any liability under the Guarantee, the Guarantor undertakes in the Guarantee that it will not, and will procure that none of its Subsidiaries will, create or permit to subsist any Security Interest, other than a Permitted Security Interest, upon, or with respect to, the whole or any part of their respective assets, undertakings, rights or revenues, present or future, to secure any Financial Indebtedness incurred or guaranteed by the Guarantor or any of its Subsidiaries (whether before or after the granting of the Guarantee), unless, at the same time or prior thereto, the Guarantor's obligations under the Guarantee are equally and rateably secured therewith.



## **6. Share Pledges**

### **6.1 Pledge over shares in Paragon MeillerGHP Holdings GmbH**

Pursuant to a share pledge agreement entered into between the Issuer, the Security Agent (as defined below) and the Representative (acting on behalf of the Masse as beneficiary) on or before the Issue Date, the Issuer pledges as security in respect of any amount of principal, interest and ancillary rights which (i) the Noteholders grouped in the *Masse* may have against the Issuer in connection with the Notes and/or (ii) the Security Agent may have against the Issuer under or in connection with the Parallel Debt Claim (as defined in the German Share Pledge Agreement) equal to any amounts owing by the Issuer to any of the Noteholders in connection with the Notes, a pledge governed by German law over the Pledged Shares representing, at all times, one hundred per cent. (100%) of the voting rights and share capital of Paragon MeillerGHP Holdings GmbH (the "**German Share Pledge Agreement**"), as more fully described in the German Share Pledge Agreement.

### **6.2 Pledge over shares in Paragon Transaction SA**

Pursuant to a share pledge agreement entered into between the Issuer, the Security Agent and the Representative (acting on behalf of the Masse as beneficiary) on or before the Issue Date and the *déclaration de nantissements de compte de titres financiers* in relation thereto, the Issuer grants, in respect of any amount of principal, interest and ancillary rights due under the Notes, a pledge over financial securities account (*nantissement de compte de titres financiers*) governed by French law over the special financial securities account opened in the name of the Issuer in the share transfer register (*registre des mouvements de titres*) of Paragon Transaction SA which shall comprise shares representing, at all times, one hundred per cent. (100%) (less six (6) shares) of the voting rights and share capital of Paragon Transaction SA, for the benefit of the Masse (the "**French Share Pledge Agreement**" and together with the German Share Pledge Agreement, the "**Share Pledge Agreements**"), as more fully described in the French Share Pledge Agreement.

### **6.3 Security Agent**

Pursuant to the Share Pledge Agreements, DIIS GROUP, having its registered office at 12, rue Vivienne, 75002 Paris, France, is appointed as security agent to exercise all rights and actions, in the name and on behalf of the Noteholders grouped in the *Masse*.

By acquiring and holding the Notes, Noteholders will be deemed to (i) have appointed the Security Agent in accordance with the Share Pledge Agreements, (ii) have notice of the provisions of the Share Pledge Agreements and (iii) have authorized DIIS Group to execute the Share Pledge Agreements as Security Agent and Representative.

In these Conditions, "**Security Agent**" means DIIS GROUP and any successor appointed from time to time as security agent in connection with the Notes.

## **7. Issuer's undertakings**

### **7.1 Issuer's financial information**

So long as any of the Notes remain outstanding, the Issuer shall deliver to the Fiscal Agent (with a copy to the Representative) and make available to the Noteholders, without charge, for inspection during normal business hours, at the specified offices of the Fiscal Agent as soon as they are available, but in any event within one hundred and eighty (180) calendar days after the end of each financial year of the Issuer, certified copies in English language of the annual audited financial statements of the Issuer for such financial year and the statutory auditors' report with respect thereto.

### **7.2 Annual meeting**

So long as any of the Notes remain outstanding, the Issuer undertakes to propose, at least once a year, a meeting with the Noteholders in order to respond to questions regarding the business of the Issuer and the Group, general market conditions, the strategy and the financial performance of the Issuer and the Group.

## 8. Guarantor's undertakings

### 8.1 Financial Covenants

So long as the Guarantor has any liability under the Guarantee, the Guarantor shall ensure pursuant to the Guarantee that at each Test Date:

- (i) the Leverage Ratio<sup>1</sup> is less than 2.75, it being specified that if a Significant External Growth Operation occurred in the 24 months preceding the Test Date, the limit of the Leverage Ratio can be raised, at the Guarantor's option, to 3.50 for a maximum of four consecutive Test Dates (the "**Elevated Leverage Ratio**"); and
  - (ii) the Interest Cover Ratio is more than 3,
- (each, a "**Financial Covenant**").

So long as the Guarantor has any liability under the Guarantee, the Guarantor shall (a) issue a certificate in English language signed by a duly authorised representative of the Guarantor and, when delivered on the basis of the latest annual audited consolidated financial statements, being additionally certified by its statutory auditors (x) certifying the level of the Financial Covenants on the relevant Test Date, (y) describing the details of the calculation of the Financial Covenants and (z) certifying that the Financial Covenants are complied with on the relevant Test Date and, as the case may be, evidencing the Significant External Growth Operation (the "**Certificate**") and (b) deliver the Certificate in accordance with Condition 8.2(b)(i) below.

Notwithstanding Condition 8.1, if the Guarantor effects a Significant External Growth Operation, the EBITDA, the Net Debt, the Gross Debt and the Net Finance Costs used in the calculation of Financial Covenants will be calculated on a *pro forma* basis in order to take into account the impact of the acquisition on the basis of a report from the statutory auditors of the Guarantor to be delivered to the Noteholder in accordance with Condition 15. These derogatory provisions will be only applicable for the Test Date immediately following such Significant External Growth Operation.

So long as any of the Notes remain outstanding if:

- (i) for any reason whatsoever, the Fiscal Agent does not receive such Certificate from the Guarantor within the period referred to in Condition 8.2(b)(i); or
- (ii) any of the Financial Covenants are not complied with,

the Fiscal Agent shall promptly deliver a notice to that effect to the Noteholders (with a copy to the Representative) in accordance with Condition 15, it being specified that the Fiscal Agent will not be responsible for the information contained in such Certificate (if relevant).

### 8.2 Guarantor's financial information

- (a) So long as the Guarantor has any liability under the Guarantee, the Guarantor shall pursuant to the Guarantee deliver to the Fiscal Agent (with a copy to the Representative) and make available to the Noteholders, without charge, for inspection during normal business hours, at the specified office of the Fiscal Agent:
  - (i) as soon as they are available, but in any event within one hundred and eighty (180) calendar days after the end of each financial year of the Guarantor, certified copies in English language of the annual audited consolidated financial statements of the Guarantor for such financial year and the statutory auditors' report with respect thereto;
  - (ii) as soon as they are available, but in any event within ninety (90) calendar days after the end of the first six-month period of each financial year of the Guarantor, certified copies in English language of the semi-annual unaudited consolidated management financial statements of the Guarantor for such six-month period;
  - (iii) as soon as it is available, but in any event within sixty (60) calendar days after the end of the first and third quarters of each financial year of the Guarantor, certified copies in English language of the quarterly consolidated unaudited management reports including information regarding (a) the turnover, EBITDA and cash-flows of the Guarantor and (b) any significant acquisition by a member of the Group which has occurred during the relevant quarter.

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<sup>1</sup> As at 30 June 2016, the Leverage Ratio is equal to 1.6

- (b) So long as the Guarantor has any liability under the Guarantee, the Guarantor shall pursuant to the Guarantee also deliver to the Fiscal Agent (with a copy to the Representative):
- (i) on the same date of delivery referred to in paragraph (a)(i) or, as the case may be, (a)(ii) above, the Certificate to be delivered to the Noteholders in accordance with Condition 15; and
  - (ii) prior to any acquisition by a member of the Group of shares of a company or a business or an undertaking representing twenty per cent. (20%) or more of the turnover, assets or net profit of the Group, a certificate in English language duly signed by its chief financial officer certifying that the Leverage Ratio, calculated on a *pro forma* basis in order to take into account the impacts of the acquisition, is complied with as at the last Test Date.

It is acknowledged that the shares of one or more subsidiaries of the Guarantor are or may be listed on a regulated stock exchange. In the event that any information to be given or communication to be made by the Guarantor to the Noteholders pursuant to paragraphs (a)(iii) and b(ii) above contains information which is confidential to the market and which would be likely to have a price-sensitive effect on such listed shares and/or would be likely to make the recipient of such information an insider (as applied under the market abuse and inside information rules), the Guarantor shall consult with the Representative as to the extent, method and timing of informing the Noteholders hereunder and it being understood that the failure or delay in transmitting the information in such circumstances shall not constitute an Event of Default hereunder or be deemed a breach of these Conditions.

### **8.3 Limitations on dividends**

So long as the Guarantor has any liability under the Guarantee, the Guarantor undertakes pursuant to the Guarantee that it will not make any distribution, in any form whatsoever, of dividends or reserves to its shareholders, except if (i) the Guarantor becomes publicly listed or (ii) the Leverage Ratio is below 1 as at the last Test Date.

### **8.4 Limitation on yearly additional Gross Debt**

So long as the Guarantor has any liability under the Guarantee, the Guarantor undertakes pursuant to the Guarantee that no member of the Group will incur or permit to be outstanding any new Gross Debt other than:

- (i) Gross Debt created by factoring, invoice discounting or financial lease; and
- (ii) other types of additional Gross Debt in an aggregate amount for the Group not exceeding thirty million euros (€30,000,000) (or its equivalent in any currency) per financial year,

it being specified that the aggregate outstanding amount of new Gross Debt referred to in paragraphs (i) and (ii) above shall not at any time exceed one hundred and twenty million euros (€120,000,000) (or its equivalent in any currency).

### **8.5 Limitation on acquisitions**

So long as the Guarantor has any liability under the Guarantee, the Guarantor undertakes pursuant to the Guarantee that it will not, and will ensure that none of its Subsidiaries will, acquire the shares of a company or a business or an undertaking except if:

- (i) the consideration payable, immediately or in the future (including earn-out and excluding contingent consideration), for such acquisitions in a given financial year does not exceed seventy five per cent. (75%) of the EBITDA of the previous financial year; and
- (ii) (a) the turnover of such company, business or undertaking is generated in Canada or in the United States of America and does not exceed ten per cent. (10%) of the turnover of the Group, as set out in the Guarantor's latest annual consolidated financial statements; or (b) at least two-thirds (2/3) of the turnover of such company, business or undertaking is generated in one or more of the countries listed in Schedule 2 of these Conditions; and
- (iii) at least two-thirds (2/3) of the turnover of such company, business or undertaking is generated by activities that are within the Line of Business.

So long as the Guarantor has any liability under the Guarantee, the Guarantor furthermore undertakes that such an acquisition shall not occur more than three (3) times per calendar year with respect to a company, business or undertaking for which the EBITDA is less than zero (0) and the turnover is over three million euros (€3,000,000).

It being further specified that no acquisition contemplated in this paragraph shall occur from (and including) the six-month period immediately preceding any Test Date on which the Guarantor applies the Elevated Leverage Ratio referred to in Condition 8.1(i) above and ending on the earlier of (x) the Test Date on which the Elevated Leverage Ratio is no longer applied by the Guarantor and (y) the date of redemption in full of the Notes.

## 8.6 Limitation on Capital Expenditures

So long as the Guarantor has any liability under the Guarantee, the Guarantor undertakes pursuant to the Guarantee that the Capital Expenditures in a given financial year will not exceed forty per cent. (40%) of the EBITDA of the previous financial year.

## 8.7 Subsidiaries' detention

So long as the Guarantor has any liability under the Guarantee, the Guarantor undertakes pursuant to the Guarantee that it will at all times remain, directly or indirectly, the owner of at least:

- (i) one hundred per cent. (100%) of the share capital and voting rights of the Issuer;
- (ii) seventy per cent. (70%) of the share capital and voting rights of the Identification Division<sup>2</sup> and of the share capital and voting rights of Service Point Solutions SA;
- (iii) forty per cent. (40%) of the shares and two-thirds (2/3) of the voting rights of Gresset Services SAS<sup>3</sup>; and
- (iv) one hundred per cent. (100%) of the share capital and voting rights of any other Subsidiary (or one hundred per cent. (100%) less six (6) shares in the case of Paragon Transaction SA), subject to the right to set up management incentive schemes up to fifteen per cent. (15%) of the share capital.

For the avoidance of doubt, any reduction in holdings may be achieved by all means including without limitation sale, pledge, contribution or exchange of shares or dilution by increase in share capital, subject to compliance with the levels mentioned in (i) to (iv) above.

Some limitations and covenants under this Condition 8 are based on the Applicable Accounting Principles as in effect on the Issue Date. So long as the Guarantor has any liability under the Guarantee, any change in the accounting principles impacting the definitions, calculation or application of Financial Covenants (Condition 8.1), Gross Debt (Condition 8.4) or Capital Expenditures (Condition 8.6) shall be disregarded.

If such a change occurs, the Guarantor shall provide a report from its statutory auditors including a reconciliation between the current accounting principles and the Applicable Accounting Principles as from the next Test Date. The Fiscal Agent shall promptly deliver such report to the Noteholders (with a copy to the Representative, the Issuer and the Guarantor) in accordance with Condition 15.

## 9. Interest

The Notes bear interest from (and including) the Issue Date to (but excluding) 15 December 2023 (the "**Maturity Date**"), payable annually in arrear on 15 December in each year (each, an "**Interest Payment Date**"), except for the first Interest Period (as defined below) in respect of which a first short coupon will be paid on 15 December 2017 for the period from (and including) the Issue Date to (but excluding) 15 December 2017.

The period from (and including) the Issue Date to (but excluding) the first Interest Payment Date and each successive period from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date is called an "**Interest Period**".

The Notes bear interest at a rate determined on the basis of the Leverage Ratio calculated as of the Test Date immediately preceding the relevant Interest Period as follows:

- (i) if the Leverage Ratio is lower than or equal to 2.0, then the rate shall be 4.00 per cent. *per annum*;

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<sup>2</sup> The Group is currently looking at a transaction whereby the shares of the five (5) companies making up the division would be exchanged for new shares issued by a company in a similar sector. The share exchange would give Paragon Group control of that entity at a level above seventy per cent. (70%) (and that entity would own one hundred per cent. (100%) of the Identification Division).

<sup>3</sup> This is the only unlisted subsidiary of the Group which is not held at one hundred per cent. (100%) and it was set up with managers of the former Gresset company for the purchase of the trade and assets of that company. Whilst the Group has forty per cent. (40%) share ownership, the memorandum and articles of association give its shares which are otherwise the same as the manager shares triple voting rights. The manager shares are subject to options in favour of the Group and it is expected one-third (1/3) of the manager shares (twenty per cent. (20%) of the capital) will be acquired in 2017 and the rest by 2021.

- (ii) if the Leverage Ratio exceeds 2.0 and is lower than or equal to 3.0, then the rate shall be 4.50 per cent. *per annum*;
- (iii) if the Leverage Ratio exceeds 3.0, then the rate shall be 5.00 per cent. *per annum*;

The first payment of interest is due on 15 December 2017 for the period from (and including) the Issue Date to (but excluding) 15 December 2017 at a rate of 4 per cent. *per annum* determined on the basis of the Leverage Ratio as of 30 June 2016 which equals to 1.6.

Each Note will cease to bear interest from their due date for redemption, unless payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest at the applicable rate as at the last Interest Payment Date plus 1 per cent. *per annum* (both before and after judgment) until the calendar day (included) on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder.

The interest, in respect of a period shorter than one year, will be calculated by the Calculation Agent on the Actual/Actual (ICMA) basis for each period, being the number of calendar days elapsed in the relevant period divided by 365 or (in the case of a leap year) by 366, the result being rounded to the second nearest cent (half a cent being rounded upwards).

The amount of interest due in respect of each Note will be calculated by the Calculation Agent by reference to the aggregate value of each Noteholder's holding, the amount of such payment being rounded to the second nearest cent (half a cent being rounded upwards).

## **10. Redemption and purchase**

The Notes may not be redeemed otherwise than in accordance with this Condition 10, Condition 12 or Condition 14.

### **10.1 Redemption at maturity**

Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at their principal amount on the Maturity Date.

### **10.2 Redemption for taxation reasons**

The Notes may and, under certain circumstances, shall be redeemed before their Maturity Date in the event that certain United Kingdom taxes are imposed in accordance with Condition 12.

### **10.3 Early redemption at the Make-whole Redemption Amount**

The Issuer may, subject to compliance with all relevant laws and regulations, redeem or, at the Issuer's option, procure the purchase of all, but not some only, of the Notes then outstanding at any time prior to the Maturity Date at their relevant Make-whole Redemption Amount, subject to having given (i) not more than forty-five (45) nor less than thirty (30) calendar days' prior notice to the Noteholders (with a copy to the Representative) in accordance with Condition 15 and (ii) not less than fifteen (15) calendar days before the giving of the notice referred to in (i) above, notice to the Fiscal Agent and the Calculation Agent, which notices shall be irrevocable and shall specify the date fixed for redemption (the "**Make-whole Redemption Date**").

On the Calculation Date, the Calculation Agent will determine the Make-whole Redemption Rate applicable on the Make-whole Redemption Date, calculate the Make-whole Redemption Amount and, as soon as possible and no later than the Business Day immediately following the Calculation Date, deliver a notice to that effect to the Issuer and the Paying Agent.

### **10.4 Residual maturity call option**

On any date no earlier than six (6) months before the Maturity Date, the Issuer may, subject to compliance with all relevant laws and regulations and having given not more than forty-five (45) nor less than thirty (30) calendar days' prior notice to the Noteholders (with a copy to the Representative and the Fiscal Agent) in accordance with Condition 15, which notice shall be irrevocable, redeem all, but not some only, of the Notes then outstanding, at their principal amount, together with accrued interest since the last Interest Payment Date (included) to the date fixed for redemption (excluded).

## **10.5 Redemption at the option of the Noteholders**

### **10.5.1 Change of Control**

If a Change of Control occurs, each Noteholder will have the option to require the Issuer to redeem or, at the Issuer's option, to procure the purchase of, all or part of its Notes on the Optional Redemption Date, as stated in the Change of Control Notice (as defined below) at their principal amount, together with accrued interest since the last Interest Payment Date (included) (or, as the case may be, the Issue Date (included)) to the Optional Redemption Date (excluded).

Promptly upon the Issuer becoming aware of a Change of Control while any of the Notes remain outstanding, the Issuer shall give notice thereof to the Noteholders in accordance with Condition 15, within thirty (30) calendar days following the occurrence of the Change of Control (the "**Change of Control Notice**").

### **10.5.2 Disposal Amount**

If there is a Disposal Amount, each Noteholder will have the option to require the Issuer to redeem or, at the Issuer's option, to procure the purchase of, a number of its Notes equal to the Relevant Number of Notes on the Optional Redemption Date at their principal amount, together with interest accrued since the last Interest Payment Date (included) (or, as the case may be, the Issue Date (included)) to the Optional Redemption Date (excluded).

Promptly upon the Issuer becoming aware of the existence of a Disposal Amount while any of the Notes remain outstanding, the Issuer shall give notice to the Noteholders in accordance with Condition 15 (the "**Asset Disposal Notice**").

### **10.5.3 Put Option Process**

The Put Event Notice shall specify (i) the Optional Redemption Date, which date shall be no earlier than twenty-five (25) Business Days and no later than thirty (30) Business Days from the date of publication of the Put Event Notice, (ii) the redemption amount, (iii) the put period, of at least fifteen (15) Business Days from the date of publication of the Put Event Notice, during which the Put Option Notice (as defined below) and the relevant Notes must be received by the Issuer (the "**Put Period**"), (iv) in the case of a Change of Control Notice, the nature of the Change of Control and the circumstances giving rise to it, (v) in the case of an Asset Disposal Notice, the Disposal Amount and the details of its calculation and (vi) the procedure for exercising the relevant Put Option.

To exercise the Put Option, the Noteholder must transfer, (or cause to be transferred by its Account Holder) its Notes to be so redeemed or purchased to the account of the Put Agent (details of which are specified in the Put Event Notice) for the account of the Issuer within the Put Period together with a duly signed and completed notice of exercise in the then current form obtainable from the Put Agent (a "**Put Option Notice**") and in which the Noteholder may specify an account denominated in euro to which payment is to be made under this Condition. No option so exercised may be revoked or withdrawn without the prior consent of the Issuer.

Following the Put Option Notice, the Issuer shall redeem or, at the Issuer's option, procure the purchase of, the Notes tendered as provided above on the Optional Redemption Date.

## **10.6 Purchases**

The Issuer may at any time purchase Notes, at any price, in accordance with applicable laws and regulations and Conditions 10.1 to 10.5 above shall not apply to any such purchase.

## **10.7 Cancellation**

Notes redeemed or purchased pursuant to Condition 10.5 will be cancelled by transfer on an account in accordance with the rules and procedures of Euroclear France.

Notes so cancelled may not be re-issued or re-sold.

## **11. Payments**

### **11.1 Method of payment**

Payment of principal and interest in respect of the Notes will be made in Euro by credit or transfer to a Euro-denominated account (or any other account on which credits or transfers may be made in Euro) as specified by the beneficiary in a city where banks have access to the TARGET System.

Such payments shall be made for the benefit of the Noteholders to the Account Holders (including Euroclear France, Euroclear and Clearstream, Luxembourg).

Payments will be subject in all cases to any tax or other laws and regulations applicable thereto, but without prejudice to Condition 12. No commission or expenses shall be charged to the Noteholders in respect of such payments.

### **11.2 Payments on Business Days**

If any due date for payment of principal or interest in respect of any Note is not a Business Day, then the Noteholder thereof shall not be entitled to payment of the amount due until the next following day which is a Business Day and shall not be entitled to any interest or other additional sums in respect of such postponed payment.

### **11.3 Fiscal Agent, Paying Agent, Calculation Agent and Put Agent**

The initial Fiscal Agent, Paying Agent, Calculation Agent and Put Agent and its specified office is as follows:

**BNP Paribas Securities Services**  
(Affilié Euroclear France n° 29106)  
Grands Moulins de Pantin  
9, rue du Débarcadère  
93500 Pantin  
France

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, Paying Agent, Calculation Agent or Put Agent and/or appoint another Fiscal Agent, Paying Agent, Calculation Agent or Put Agent or additional Paying Agents or Put Agents, subject to having given not more than forty-five (45) nor less than thirty (30) calendar days' prior notice to the Noteholders, in accordance with Condition 15, and as long as there will at all times be (i) a Fiscal Agent, Calculation Agent and Put Agent having a specified office in a European city, (ii) a leading investment bank active on the market acting as Calculation Agent and (iii) so long as the Notes are admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange, a Paying Agent having a specified office in a European city and ensuring the financial service in Luxembourg.

Any change of Fiscal Agent, Paying Agent, Calculation Agent or Put Agent will be notified to the Noteholders in accordance with Condition 15.

The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties. The Calculation Agent shall act as an independent expert and not as agent for the Issuer or the Noteholders.

## **12. Taxation**

- (a) All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the United Kingdom or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.
- (b) If United Kingdom law or regulation should require that any payment of principal or interest in respect of the Notes be subject to deduction or withholding with respect to any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of the United Kingdom or any political subdivision or authority therein or thereof having power to tax, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts (as determined by the Calculation Agent) as may be necessary in order that the Noteholders, after such deduction or withholding, receive the full amount provided in such Notes to be then due and payable, provided, however, that the Issuer shall not be liable to pay any such additional amounts in respect of any Note to a holder or beneficial owner (*ayant droit*):
  - (i) who is subject to such taxes, duties, assessments or other governmental charges, in respect of such Note by reason of his having some connection with the United Kingdom other than the mere holding of such Note; or

- (ii) who would have been able to avoid such withholding or deduction by complying with any statutory requirement or by making a declaration of non-residence or any other claim for exemption or any filing but fails to do so.
- (c) If, by reason of a change in any law or regulation of the United Kingdom, or any change in the official application or interpretation of such law or regulation, becoming effective after the Issue Date, the Issuer would, on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay additional amounts (whether in respect of some of, or all, the Notes), the Issuer may at its sole discretion, at any time, subject to having given not more than sixty (60) nor less than thirty (30) calendar days' prior notice to the Noteholders in accordance with Condition 15 (which notice shall be irrevocable), redeem all, but not some only, of the Notes then outstanding at their principal amount, together with accrued interest since the last Interest Payment Date (included) (or, if applicable, the Issue Date (included)) to, but excluding, the date fixed for redemption, provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal or interest without withholding for United Kingdom taxes.
- (d) If the Issuer would on the next payment of principal or interest in respect of the Notes be prevented by United Kingdom law from making payment to the Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall, subject to having given not less than seven (7) calendar days' prior notice to the Noteholders in accordance with Condition 15 (which notice shall be irrevocable), redeem all, but not some only, of the Notes then outstanding at their principal amount together with all accrued interest since the last Interest Payment Date (included) (or, if applicable, the Issue Date (included)) to, but excluding, the date fixed for redemption of which notice hereunder may be given, provided that the due date for redemption shall be no earlier than the latest practicable date on which the Issuer could make payment of the full amount of principal or interest payable in respect of the Notes or, if such date has passed, as soon as practicable thereafter.

Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition 12.

### 13. Prescription

All claims against the Issuer for the payment of principal or interest in respect of the Notes shall lapse after ten (10) years (in the case of principal) and five (5) years (in the case of interest) from the due date for payment thereof.

### 14. Events of Default

Any Noteholder may, upon written notice given to the Issuer (copy to the Guarantor and the Representative and the Fiscal Agent) before all defaults shall have been cured, cause all, but not some only, of its Notes to become immediately due and payable, at their principal amount, together with accrued interest from the last Interest Payment Date (or, as the case may be, the Issue Date) to (but excluding) their actual redemption date, if any of the following events (each, an "**Event of Default**") occurs and is continuing:

- (a) **Non-payment:** the Issuer defaults in any payment of principal or interest under any Note or the Guarantor defaults in any payment of any amount under the Guarantee when the same shall become due and payable and such default is not remedied within five (5) Business Days from such due date; or
- (b) **Breach of obligations in respect of Financial Covenants:** the Guarantor defaults in the performance of, or compliance with, any of its obligations referred to in Condition 8.1 in respect of the Financial Covenants; or
- (c) **Breach of other obligations:** the Issuer or the Guarantor defaults in the performance of, or compliance with, any of their respective obligations under the Notes (other than the obligation referred to in paragraph (a) above) or the Guarantee (other than the obligations referred to in paragraph (a) and (b) above), as the case may be, or the Guarantor defaults in the performance of, or compliance with, an undertaking to reinvest made pursuant to the definition of Disposal Amount and such default has not been remedied within ten (10) Business Days after the receipt by the Issuer or the Guarantor, as the case may be, of a written notice of such default; or
- (d) **Cross default:** (i) any member of the Group defaults in any payment for an amount in excess of five hundred thousand euros (€500,000) (or its equivalent in any other currency) with respect to any present or



future indebtedness for borrowed money (excluding vendor loans on acquisitions and supplier debt) of any member of the Group, other than the Notes, on its due date, or as the case may be after any applicable grace period, (ii) any member of the Group defaults in any payment for an amount in excess five hundred thousand euros (€500,000) (or its equivalent in any other currency) with respect to a guarantee granted by a member of the Group in respect of an indebtedness for borrowed money (excluding vendor loans on acquisitions and supplier debt) of any other person and, in each case (i) and (ii), such default has not been remedied within five (5) Business Days after the receipt by the Issuer or the Guarantor, as the case may be, of a written notice of such default or (iii) any present or future indebtedness for borrowed money (excluding vendor loans on acquisitions and supplier debt) of any member of the Group in an amount in excess of five hundred thousand euros (€500,000) (or its equivalent in any other currency) is or becomes due and payable prior to maturity by reason of occurrence of a default (howsoever described) therein; or

(e) **Insolvency:** the Issuer or the Guarantor:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (b) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;
- (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (d) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official;
- (e) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition is instituted or presented by a person or entity not described in paragraph (d) above and:
  - (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or
  - (ii) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof;
- (f) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (g) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets (other than, for so long as it is required by law or regulation not to be publicly disclosed, any such appointment which is to be made, or is made, by a person or entity described in paragraph (d) above);
- (h) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter;
- (i) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (a) to (h) above; or
- (j) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts;

(f) **Consolidation, amalgamation or merger:** the Issuer or the Guarantor is consolidated, amalgamated or merged;

(g) **Refusal to certify – reserves:** any refusal to certify the annual financial statements and/or annual consolidated financial statements of any member of the Group by their statutory auditors or any reserve expressed by the statutory auditors of any member of the Group on the annual consolidated financial statements and/or annual financial statements of such member of the Group (other than a purely technical

reserve or a reserve with no material impact on the sincerity of the accounts of such member of the Group);

- (h) **Guarantee:** illegality or unenforceability of the Guarantee or the Guarantee is not executed on the Issue Date; or
- (i) **Share Pledges:** illegality or unenforceability of any of the Share Pledges or any of the Share Pledge Agreements are not executed on the Issue Date.

So long as any of the Notes remain outstanding, the Issuer shall, promptly upon becoming aware of the occurrence of any Event of Default specified in this Condition 15, give notice of such occurrence to the Noteholders in accordance with Condition 15.

## 15. Notices

Without prejudice of the provisions of the French *Code de commerce*, any notice to the Noteholders will be duly given if delivered to Euroclear France or any other clearing systems and, so long as the Notes are listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market, such notices shall also be published (i) on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or (ii) in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort* or any other newspaper that the Issuer considers appropriate to ensure that Noteholders are properly informed).

Any notice to the Noteholders shall be deemed to have been given on the date of such delivery or publication or if published on different dates, on the date of the first publication.

## 16. Representation of the Noteholders

In accordance with article L. 228-46 of the French *Code de commerce*, the Noteholders will be grouped automatically for the defence of their common interests in a *masse* (hereinafter referred to as the "*Masse*").

The *Masse* will be governed by the provisions of the French *Code de commerce* with the exception of articles L. 228-48, L. 228-59, R. 228-63, R. 228-67, R. 228-69 and R. 228-72 and subject to the below provisions.

### 16.1 Legal personality

The *Masse* will be a separate legal entity, acting in part through a representative (the "**Representative**") and in part through a general meeting of the Noteholders (the "**General Meeting**").

The *Masse* alone, to the exclusion of all individual Noteholders, shall exercise the common rights, actions and benefits which now or in the future may accrue respectively with respect to the Notes.

### 16.2 Representative

The office of Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representatives:

- (a) the Issuer, the members of its board of directors (*Conseil d'administration*), its chief executive officers (*directeurs généraux*), its statutory auditors, its employees and their ascendants, descendants and spouses; or
- (b) the Guarantor or any company guaranteeing all or part of the obligations of the Issuer, their respective managers (*gérants*), chief executive officers (*directeurs généraux*), members of their board of directors, executive board or supervisory board, their statutory auditors, employees and their ascendants, descendants and spouses; or
- (c) companies holding directly ten per cent. (10%) or more of the share capital of the Issuer or companies having ten per cent. (10%) or more of their share capital held by the Issuer; or
- (d) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing an enterprise in whatever capacity.

The representative of the *Masse* shall be:

DIIS GROUP  
rmo@diisgroup.com  
12, rue Vivienne  
75002 Paris  
France

In the event of resignation, dissolution or revocation of the Representative, a replacement will be elected by a General Meeting of the Noteholders.

The Representative will receive a remuneration of four hundred and fifty euros (€450) per year for its services.

The appointment of the Representative shall automatically cease on the date of final or total redemption, prior to maturity or otherwise, of the Notes. This appointment may be automatically extended until the final resolution of any proceedings in which the Representative is involved and the enforcement of any judgments rendered or settlements made.

All interested Noteholders may at all times obtain the name and address of the Representative at the principal office of the Issuer and the specified office of any of the Paying Agents.

### **16.3 Powers of Representative**

The Representative shall (in the absence of any decision to the contrary of the General Meeting and except as provided under the French *Code monétaire et financier*) have the power to take all acts of management necessary in order to defend the common interests of the Noteholders. All legal proceedings against the Noteholders or initiated by them, must be brought by or against the Representative.

The Representative shall not be involved in the management of the affairs of the Issuer.

### **16.4 General Meeting**

A General Meeting may be held at any time, on convocation either by the Issuer or by the Representative. One or more Noteholders, holding together at least one-thirtieth (1/30) of the principal amount of the Notes outstanding, may demand the Issuer or the Representative to convene a General Meeting. If such General Meeting has not been convened within two (2) months after such demand, the Noteholders may commission one of their members to petition a competent court in Paris to appoint an agent (*mandataire*) who will call the General Meeting.

Notice of the date, hour, place and agenda of any General Meeting will be published as provided under Condition 15 not less than fifteen (15) calendar days prior to the date of the General Meeting on the first convocation and not less than ten (10) calendar days on second convocation.

Each Noteholder has the right to participate in a General Meeting in person, by correspondence or by proxy. Each Note carries the right to one vote.

General Meetings may deliberate validly on first (1<sup>st</sup>) convocation only if Noteholders present or represented hold at least a fifth (1/5) of the principal amount of the Notes then outstanding. On second convocation, no quorum shall be required. Decisions at meetings shall be taken by a two-third (2/3) majority of votes cast by Noteholders attending such General Meetings or represented thereat.

In accordance with article R.228-71 of the French *Code de commerce*, the rights of each Noteholder to participate in the General Meetings must be evidenced by entries in the books of the relevant Account Holder in the name of such Noteholder at midnight (Paris time) on the second (2<sup>nd</sup>) Paris Business Day preceding the date set for the relevant General Meeting.

### **16.5 Powers of the General Meetings**

The General Meeting is empowered to deliberate on the dismissal and replacement of the Representative and also may act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the Notes, including authorising the Representative to act at law as plaintiff or defendant.

The General Meeting may further deliberate on any proposal relating to the modification of the Conditions including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, it being specified, however, that the General Meeting may not increase amounts payable by Noteholders nor establish any unequal treatment between the Noteholders.

Decisions of General Meetings must be notified to the Noteholders in accordance with Condition 15.

## **17. Further issues**

The Issuer may from time to time, without the consent of the Noteholders, issue further notes to be assimilated (*assimilables*) with the Notes as regards their financial service, provided that such further notes and the Notes shall carry identical rights in all respects (except for the issue price and the first payment of interest thereon) and that the terms of such further notes shall provide for such assimilation.

In the case of such assimilation, the holders of such further notes and the Noteholders will be grouped in a single masse for the defence of their common interests. References in these Conditions to the Notes include any other notes issued pursuant to this Condition and assimilated with the Notes.

**18. No hardship**

The provisions of article 1195 of the French Civil Code shall not apply with respect to any obligation under the Notes and no claim may be brought under article 1195 of the French Civil Code.

**19. Governing law and jurisdiction**

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

Any dispute arising out of or in connection with the Notes will be submitted to the jurisdiction of the competent courts in Paris.

The Guarantee and any matters, including any non-contractual obligations, arising out of or in connection with such Guarantee, shall be governed by the laws of England and Wales and the English courts shall have jurisdiction in relation to any matters, including non-contractual obligations, arising out of or in connection with the Guarantee.

SCHEDULE 1

**List of Existing German Shares**

<b>Paragon MeillerGHP Holdings GmbH</b> (registered with commercial register ( <i>Handelsregister</i> ) of the local court ( <i>Amtsgericht</i> ) of Amberg under HRB 5615 and having a registered share capital ( <i>Stammkapital</i> ) of EUR 25,000)	
<b>Owner of the Existing German Shares</b>	<b>Existing German Shares in Paragon MeillerGHP Holdings GmbH</b>
Grenadier Holdings plc	1 – 25,000

## SCHEDULE 2

### **List of countries**

1. Albania
2. Andorra
3. Austria
4. Belgium
5. Bulgaria
6. Croatia
7. Cyprus
8. Czech Republic
9. Denmark
10. Estonia
11. Finland
12. France
13. FYR Macedonia
14. Germany
15. Greece
16. Hungary
17. Iceland
18. Ireland
19. Italy
20. Kosovo
21. Latvia
22. Liechtenstein
23. Lithuania
24. Luxembourg
25. Malta
26. Monaco
27. Montenegro
28. Netherlands
29. Norway

- 30. Poland
- 31. Portugal
- 32. Romania
- 33. San Marino
- 34. Serbia
- 35. Slovakia
- 36. Slovenia
- 37. Spain
- 38. Sweden
- 39. Switzerland
- 40. Turkey
- 41. United Kingdom

## Vollmacht /Power of Attorney

### Einführung

Nach einem Zeichnungsvertrag (*Subscription Agreement*), am oder um den 14. Dezember 2016 datiert, zwischen Grenadier Holdings Plc als Emittentin, Paragon Group Limited als Garantin (die "**Garantin**") und Crédit Agricole Corporate and Investment Bank als Lead Manager, wird Grenadier Holdings Plc Schuldverschreibungen (*Notes*) (die "**Notes**") begeben, die von der Garantin garantiert sind.

Nach Paragraph 6.1 der Schuldverschreibungsbedingungen (*Terms and Conditions of the Notes*) ist erforderlich, dass die Grenadier Holdings Plc ihre Anteile an der Paragon MeillerGHP Holdings GmbH (eingetragen im Handelsregister des Amtsgerichts Amberg unter HRB 5615) als Sicherheit zu Gunsten der Schuldverschreibungsinhaber (*Noteholder grouped in the Masse*) und die Sicherheitenstelle (*Security Agent*) überträgt (die "**Transaktion**").

### Introduction

Pursuant to a Subscription Agreement dated on or about 14 December 2016 between, Grenadier Holdings Plc as issuer, Paragon Group Limited as guarantor (the "**Guarantor**") and Crédit Agricole Corporate and Investment Bank as lead manager, Grenadier Holdings Plc will issue notes (the "**Notes**") guaranteed by the Guarantor.

Pursuant to Clause 6.1 of the terms and conditions of the Notes it is required for Grenadier Holdings Plc to pledge its shares in Paragon MeillerGHP Holdings GmbH (registered with the commercial register of the Local Court of Amberg under HRB 5615) as security in favour of the Noteholders grouped in the Masse and the Security Agent (the "**Transaction**").

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### Vollmacht

### Power of Attorney

## GRENADIER HOLDINGS PLC

mit Sitz und Geschäftsanschrift 42 Pallion Way, Pallion Trading Estate, Sunderland, Tyne and Wear, SR4 6ST, United Kingdom und registriert im Companies House unter der Registernummer 03591693

having its business address at Factory 42 Pallion Way, Pallion Trading Estate, Sunderland, Tyne and Wear, SR4 6ST, United Kingdom and registered at the Companies House under registration number 03591693

(der "**Vollmachtgeber**")

(the "**Principal**")

bevollmächtigt hiermit jeweils einzeln

hereby authorize

Herrn/Mr. Dr. Markus Pfaff





**Herrn/Mr. Dr. Florian Blanke**  
**Herrn/Mr. Patrick Schultz**  
**Herrn/Mr. Oliver Dreher**  
**Frau/Ms. Orna Freifrau von Fürstenberg**  
**Herrn/Mr. Florian Leclerc**  
**Frau/Ms. Dafni Ragousa**

geschäftsansässig

with business address

**CMS Hasche Sigle Partnerschaft von Rechtsanwälten und Steuerberatern mbB**  
**Neue Mainzer Straße 2 - 4**  
**60311 Frankfurt**  
**Deutschland/Germany**

(einzeln jeweils ein "Bevollmächtigter", (each an "Attorney", together the "Attorneys",  
zusammen die "Bevollmächtigten", wenn reference in this document to "Attorneys" means  
nachstehend von den "Bevollmächtigten" die each Attorney individually)  
Rede ist, dann ist jeder Bevollmächtigte für sich  
gemeint)

mit dem Recht, Untervollmacht zu erteilen, jeden with the right of substitution each individually, to  
für sich allein, den Vollmachtgeber unter represent the Principal in any respect and  
Ausschluss jeglicher persönlicher Haftung excluding any personal liability in connection  
umfassend im Zusammenhang mit der with the Transaction and its execution in  
Transaktion und deren Umsetzung, insbesondere particular but without limitation hereto with the  
aber ohne hierauf beschränkt zu sein, bei execution of the following:  
Folgendem zu vertreten:

[●]Abschluss eines Vertrags betreffend  
die Verpfändung aller gegenwärtigen und  
zukünftigen Geschäftsanteile,  
Gewinnbezugsrechte, Anteile am  
Liquidationserlös und sonstige Rechte  
des Vollmachtgebers an der Paragon  
MeillerGHP Holdings GmbH  
(Geschäftsanschrift Gutenbergstraße 1-5,  
92421 Schwandorf), eingetragen im  
Handelsregister des Amtsgerichts  
Amberg unter HRB 5615).

Execution of an agreement regarding the  
pledge over all current and future shares,  
proceeds, liquidation proceeds and other  
rights of the Principal in Paragon  
MeillerGHP Holdings GmbH (registered  
office at Gutenbergstraße 1-5, 92421  
Schwandorf), registered with the  
commercial register of the Local Court of  
Amberg under HRB 5615).

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Die Bevollmächtigten sind außerdem bevollmächtigt, den Vollmachtgeber umfassend beim Abschluss der in dieser Vollmacht genannten Verträge und Dokumente zu vertreten, alle sonstigen Erklärungen abzugeben und entgegenzunehmen sowie alle sonstigen Verträge abzuschließen bzw. Maßnahmen vorzunehmen, die nach ihrer Auffassung im Zusammenhang mit vorgenannten Verträgen und Dokumenten oder der Transaktion erforderlich, sach- oder zweckdienlich sind, gleich ob in Schriftform, notarieller Form, urkundlich oder mündlich.

Die Bevollmächtigten sind von den Beschränkungen des § 181 BGB befreit und können daher insbesondere gleichzeitig als Vertreter anderer Vollmachtgeber handeln. Sie sind berechtigt, in gleichem Umfang Untervollmacht zu erteilen.

Die Bevollmächtigten sind, soweit gesetzlich zulässig, von jeder persönlichen Haftung befreit. Der Vollmachtgeber wird die Bevollmächtigten von sämtlichen Ansprüchen, Kosten und Schäden aus oder im Zusammenhang mit der Tätigkeit als Vertreter freistellen.

Die Bevollmächtigten dürfen diese Vollmacht einmalig oder mehrmalig verwenden, auch zum Zwecke der Änderung oder Ergänzung von Erklärungen, die bereits unter dieser Vollmacht abgegeben wurden.

Diese Vollmacht soll umfassend weit ausgelegt werden, um den Zweck ihrer Erteilung zu verwirklichen.

Auslegung und Umfang dieser Vollmacht richtet sich nach dem Recht der Bundesrepublik Deutschland.

Maßgeblich ist die deutsche Fassung dieser Vollmacht.

Diese Vollmacht erlischt mit Ablauf des 31.

In addition, the Attorneys shall also be entitled to comprehensively represent the Principal in connection with the conclusion of the agreements and documents mentioned in this power of attorney, and to make and accept all other declarations and enter into all other agreements and implement all acts which the Attorneys deems necessary or appropriate in connection with the aforementioned agreements and documents or the Transaction, whether in private written form (*privater Schriftform*), notarial from, by deed or orally.

The Attorneys are released from the restrictions of § 181 German Civil Code and are always authorised to enter into legal transactions in the name of the Grantor with himself in his own name or as representative of a third party.

The Attorneys are, to the extent permitted by law, exempted from any personal liability. The Principal will indemnify the Attorneys against any claims, costs and losses the Attorneys incur in connection with the exercise of their powers conferred by this power of attorney.

The Attorneys may use this power of attorney once or several times, also for modifying, supplementing or amending declarations or statements already made or given under this power of attorney.

This Power of Attorney shall be construed broadly in order to implement the purpose of its granting.

This Power of Attorney shall be subject to and construed in accordance with the laws of the Federal Republic of Germany.

Only the German version of this Power of Attorney is authoritative.

This Power of Attorney shall expire on 31

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März 2017.

March 2017.

[Place], [Date] 13 Décembre 2016

**GRENADIER HOLDINGS PLC**

vertreten durch/represented by

[Redacted]

Name: LAURENT T. SALMON

Witness signature:

Witness name:

Witness address:

Witness occupation:

[Redacted]

FRANK LIPWORTH

144 RUE DE COURCELLES

AVOCAT

Maître Hubert de Vaultgrenant

Notaire soussigné, certifie

exacte la signature de : Laurent SALMON

apposée ci-dessus.

Fait à Paris, le 13 décembre 2016

[Redacted]

Maître Hubert de Vaultgrenant

Notaire soussigné, certifie

exacte la signature de : Frank LIPWORTH

apposée ci-dessus.

Fait à Paris, le 14 décembre 2016.

[Redacted]

1

## **Vollmacht /Power of Attorney**

### **Einführung**

Nach einem Zeichnungsvertrag (*Subscription Agreement*), am oder um den 14. Dezember 2016 datiert, zwischen Grenadier Holdings Plc, als Emittentin, Paragon Group Limited als Garantin (die "**Garantin**") und Crédit Agricole Corporate and Investment Bank als Lead Manager, wird Grenadier Holdings Plc Schuldverschreibungen (*Notes*) (die "**Notes**") begeben, die von der Garantin garantiert sind.

Nach Paragraph 6.1 der Schuldverschreibungsbedingungen (*Terms and Conditions of the Notes*) ist erforderlich, dass die Grenadier Holdings Plc ihre Anteile an der Paragon MeillerGHP Holdings GmbH (eingetragen im Handelsregister des Amtsgerichts Amberg unter HRB 5615) als Sicherheit zu Gunsten der Schuldverschreibungsinhaber (*Noteholder grouped in the Masse*) und die Sicherheitenstelle (*Security Agent*) überträgt (die "**Transaktion**").

### **Introduction**

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Pursuant to Clause 6.1 of the terms and conditions of the Notes it is required for Grenadier Holdings Plc to pledge its shares in Paragon MeillerGHP Holdings GmbH (registered with the commercial register of the Local Court of Amberg under HRB 5615) as security in favour of the Noteholders grouped in the Masse and the Security Agent (the "**Transaction**").

### **Vollmacht**

### **Power of Attorney**

#### **PARAGON MEILLERGHP HOLDINGS GMBH**

mit Sitz und Geschäftsanschrift Gutenbergstraße 1-5, 92421 Schwandorf, Deutschland und registriert im Handelsregister des Amtsgerichts Amberg unter der HRB-Nummer 5615.

having its business address at Gutenbergstraße 1-5, 92421 Schwandorf, Germany and registered with the commercial register of the local court of Amberg under HRB 5615.

(der "**Vollmachtgeber**")

(the "**Principal**")

bevollmächtigt hiermit jeweils einzeln

hereby authorize

**Herrn/Mr. Dr. Markus Pfaff**

**Herrn/Mr. Dr. Florian Blanke**

**Herrn/Mr. Patrick Schultz**

**Herrn/Mr. Oliver Dreher**

**Frau/Ms. Orna Freifrau von Fürstenberg**

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geschäftsansässig

with business address

CMS Hasche Sigle Partnerschaft von Rechtsanwälten und Steuerberatern mbB

Neue Mainzer Straße 2 - 4

60311 Frankfurt

Deutschland/Germany

(einzeln jeweils ein **"Bevollmächtigter"**, (each an **"Attorney"**, together the **"Attorneys"**,  
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mit dem Recht, Untervollmacht zu erteilen, jeden with the right of substitution each individually, to  
für sich allein, den Vollmachtgeber unter represent the Principal in any respect and  
Ausschluss jeglicher persönlicher Haftung excluding any personal liability in connection  
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Transaktion und deren Umsetzung, insbesondere particular but without limitation hereto with the  
aber ohne hierauf beschränkt zu sein, bei execution of the following:  
Folgendem zu vertreten:

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Verpfändung aller gegenwärtigen und  
zukünftigen Geschäftsanteile,  
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Liquidationserlös und sonstige Rechte  
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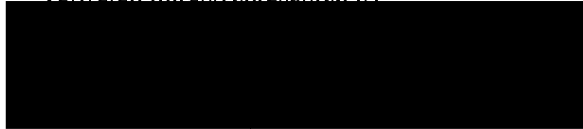
März 2017.

March 2017.

[Place], [Date] London, 15 December 2016

PARAGON MEILLERGHP HOLDINGS  
GMBH

vertreten durch/represented by



Name: PATRICK CREAN

\_\_\_\_\_  
Name:

WITNESSED BY:



WILLIAM SQUIRES  
SOLICITOR, GUNNERBLOOM LIMITED  
AUTHORISED TO PRACTISE IN ENGLAND & WALES  
ADDRESS: FLAT 12 HIGHLAND COURT  
57 CUDWORTH STREET  
LONDON  
E1 5QU.

## Vollmacht /Power of Attorney

### Einführung

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### Vollmacht

### Power of Attorney

## PARAGON MEILLERGHP HOLDINGS GMBH

mit Sitz und Geschäftsanschrift Gutenbergstraße 1-5, 92421 Schwandorf, Deutschland und registriert im Handelsregister des Amtsgerichts Amberg unter der HRB-Nummer 5615.

having its business address at Gutenbergstraße 1-5, 92421 Schwandorf, Germany and registered with the commercial register of the local court of Amberg under HRB 5615.

(der "**Vollmachtgeber**")

(the "**Principal**")

bevollmächtigt hiermit jeweils einzeln

hereby authorize

Herrn/Mr. Dr. Markus Pfaff

Herrn/Mr. Dr. Florian Blanke

Herrn/Mr. Patrick Schultz

Herrn/Mr. Oliver Dreher

W



**Frau/Ms. Orna Freifrau von Fürstenberg**

**Herrn/Mr. Florian Leclerc**

**Frau/Ms. Dafni Ragousa**

geschäftsansässig

with business address

CMS Hasche Sigle Partnerschaft von Rechtsanwälten und Steuerberatern mbB

Neue Mainzer Straße 2 - 4

60311 Frankfurt

Deutschland/Germany

(einzeln jeweils ein **"Bevollmächtigter"**, (each an **"Attorney"**, together the **"Attorneys"**,  
zusammen die **"Bevollmächtigten"**, wenn reference in this document to **"Attorneys"** means  
nachstehend von den **"Bevollmächtigten"** die each Attorney individually)  
Rede ist, dann ist jeder Bevollmächtigte für sich  
gemeint)

mit dem Recht, Untervollmacht zu erteilen, jeden with the right of substitution each individually, to  
für sich allein, den Vollmachtgeber unter represent the Principal in any respect and  
Ausschluss jeglicher persönlicher Haftung excluding any personal liability in connection  
umfassend im Zusammenhang mit der with the Transaction and its execution in  
Transaktion und deren Umsetzung, insbesondere particular but without limitation hereto with the  
aber ohne hierauf beschränkt zu sein, bei execution of the following:  
Folgendem zu vertreten:

Abschluss eines Vertrags betreffend die  
Verpfändung aller gegenwärtigen und  
zukünftigen Geschäftsanteile,  
Gewinnbezugsrechte, Anteile am  
Liquidationserlös und sonstige Rechte  
des Vollmachtgebers an der Paragon  
MeillerGHP Holdings GmbH  
(Geschäftsanschrift Gutenbergstraße 1-5,  
92421 Schwandorf), eingetragen im  
Handelsregister des Amtsgerichts  
Amberg unter HRB 5615).

Execution of an agreement regarding the  
pledge over all current and future shares,  
proceeds, liquidation proceeds and other  
rights of the Principal in Paragon  
MeillerGHP Holdings GmbH (registered  
office at Gutenbergstraße 1-5, 92421  
Schwandorf), registered with the  
commercial register of the Local Court of  
Amberg under HRB 5615).

V

Die Bevollmächtigten sind außerdem bevollmächtigt, den Vollmachtgeber umfassend beim Abschluss der in dieser Vollmacht genannten Verträge und Dokumente zu vertreten, alle sonstigen Erklärungen abzugeben und entgegenzunehmen sowie alle sonstigen Verträge abzuschließen bzw. Maßnahmen vorzunehmen, die nach ihrer Auffassung im Zusammenhang mit vorgenannten Verträgen und Dokumenten oder der Transaktion erforderlich, sach- oder zweckdienlich sind, gleich ob in Schriftform, notarieller Form, urkundlich oder mündlich.

Die Bevollmächtigten sind von den Beschränkungen des § 181 BGB befreit und können daher insbesondere gleichzeitig als Vertreter anderer Vollmachtgeber handeln. Sie sind berechtigt, in gleichem Umfang Untervollmacht zu erteilen.

Die Bevollmächtigten sind, soweit gesetzlich zulässig, von jeder persönlichen Haftung befreit. Der Vollmachtgeber wird die Bevollmächtigten von sämtlichen Ansprüchen, Kosten und Schäden aus oder im Zusammenhang mit der Tätigkeit als Vertreter freistellen.

Die Bevollmächtigten dürfen diese Vollmacht einmalig oder mehrmalig verwenden, auch zum Zwecke der Änderung oder Ergänzung von Erklärungen, die bereits unter dieser Vollmacht abgegeben wurden.

Diese Vollmacht soll umfassend weit ausgelegt werden, um den Zweck ihrer Erteilung zu verwirklichen.

Auslegung und Umfang dieser Vollmacht richtet sich nach dem Recht der Bundesrepublik Deutschland.

Maßgeblich ist die deutsche Fassung dieser Vollmacht.

Diese Vollmacht erlischt mit Ablauf des 31.

In addition, the Attorneys shall also be entitled to comprehensively represent the Principal in connection with the conclusion of the agreements and documents mentioned in this power of attorney, and to make and accept all other declarations and enter into all other agreements and implement all acts which the Attorneys deems necessary or appropriate in connection with the aforementioned agreements and documents or the Transaction, whether in private written form (*privater Schriftform*), notarial from, by deed or orally.

The Attorneys are released from the restrictions of § 181 German Civil Code and are always authorised to enter into legal transactions in the name of the Grantor with himself in his own name or as representative of a third party.

The Attorneys are, to the extent permitted by law, exempted from any personal liability. The Principal will indemnify the Attorneys against any claims, costs and losses the Attorneys incur in connection with the exercise of their powers conferred by this power of attorney.

The Attorneys may use this power of attorney once or several times, also for modifying, supplementing or amending declarations or statements already made or given under this power of attorney.

This Power of Attorney shall be construed broadly in order to implement the purpose of its granting.

This Power of Attorney shall be subject to and construed in accordance with the laws of the Federal Republic of Germany.

Only the German version of this Power of Attorney is authoritative.

This Power of Attorney shall expire on 31

V

März 2017.

March 2017.

[Place], [Date] PARIS 13TH DECEMBER 2016

**PARAGON MEILLERGHP HOLDINGS  
GMBH**

vertreten durch/represented by



Name: LAURENT T. SALMON

\_\_\_\_\_  
Name:

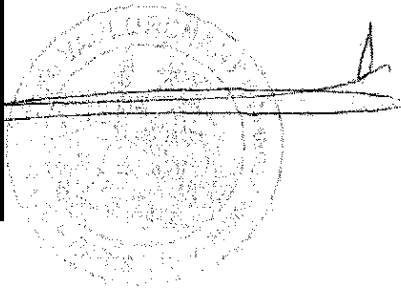
Maître Hubert de Vaulgrenant

Notaire soussigné, certifie

exacte la signature de : Laurent SALMON

apposée ci-dessus.

Fait à Paris, le 14 décembre 2016.



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## Vollmacht /Power of Attorney

### Einführung

Nach einem Zeichnungsvertrag (*Subscription Agreement*), am oder um den 14. Dezember 2016 datiert, zwischen Grenadier Holdings Plc als Emittentin, Paragon Group Limited als Garantin (die "**Garantin**") und Crédit Agricole Corporate and Investment Bank als Lead Manager, wird Grenadier Holdings Plc Schuldverschreibungen (*Notes*) (die "**Notes**") begeben, die von der Garantin garantiert sind.

Nach Paragraph 6.1 der Schuldverschreibungsbedingungen (*Terms and Conditions of the Notes*) ist erforderlich, dass die Grenadier Holdings Plc ihre Anteile an der Paragon MeillerGHP Holdings GmbH (eingetragen im Handelsregister des Amtsgerichts Amberg unter HRB 5615) als Sicherheit zu Gunsten der Schuldverschreibungsinhaber (*Noteholder grouped in the Masse*) und die Sicherheitenstelle (*Security Agent*) überträgt (die "**Transaktion**").

DIIS Group ist gemäß den Schuldverschreibungsbedingungen (*Terms and Conditions of the Notes*) als (i) Representant (*representative*) der Schuldverschreibungsinhaber (*Noteholder grouped in the Masse*) (der "**Representative of the Masse**") und als (ii) Security Agent (der "**Security Agent**") bestellt.

### Vollmacht

#### DIIS GROUP as Representative of the *Masse* and Security Agent

mit Sitz und Geschäftsanschrift 12, rue Vivienne, 75002 Paris, France und registriert im Handels- und Gesellschaftsregister (*Registre du commerce et des sociétés*) in Paris unter der

### Introduction

Pursuant to a Subscription Agreement dated on or about 14 December 2016 between, Grenadier Holdings Plc as issuer, Paragon Group Limited as guarantor (the "**Guarantor**") and Crédit Agricole Corporate and Investment Bank as lead manager, Grenadier Holdings Plc will issue notes (the "**Notes**") guaranteed by the Guarantor.

Pursuant to Clause 6.1 of the terms and conditions of the Notes it is required for Grenadier Holdings Plc to pledge its shares in Paragon MeillerGHP Holdings GmbH (registered with the commercial register of the Local Court of Amberg under HRB 5615) as security in favour of the Noteholders grouped in the Masse and the Security Agent (the "**Transaction**").

DIIS Group is appointed under the Terms and Conditions of the Notes (i) as representative of the Noteholders grouped in the *Masse* (the "**Representative of the Masse**") and (ii) as security agent (the "**Security Agent**").

### Power of Attorney

having its business address at 12, rue Vivienne, 75002 Paris, France and registered at the *Registre du commerce et des sociétés* of Paris



Registernummer 812 824 266,

under registration number 812 824 266,

(der "Vollmachtgeber")

(the "Principal")

bevollmächtigt hiermit jeweils einzeln

hereby authorize

**Herrn/Mr. Dr. Markus Pfaff**

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des Vollmachtgebers an der Paragon  
MeillerGHP Holdings GmbH  
(Geschäftsanschrift Gutenbergstraße 1-5,  
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Handelsregister des Amtsgerichts  
Amberg unter HRB 5615).

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Auslegung und Umfang dieser Vollmacht richtet sich nach dem Recht der Bundesrepublik Deutschland.

Maßgeblich ist die deutsche Fassung dieser

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Only the German version of this Power of



Vollmacht.

Attorney is authoritative.

Diese Vollmacht erlischt mit Ablauf des 31. März 2017.

This Power of Attorney shall expire on 31 March 2017.

Paris, 16 December 2016

**DIIS GROUP**

vertreten durch/represented by



Name: **S. THOMAZO**

Maitre Hubert de Vaultgrenant  
Notaire soussigné, certifie  
exacte la signature de : *Sylvain THOMAZO*  
apposée ci-dessus.  
Fait à Paris, le *16 décembre 2016*.

