AMENDENDED AND RESTATED

ON FEBRUARY 9, 2021

PRIVATE PLACEMENT MEMORANDUM

OF

COMPARTMENT "THE LINCOLN"

A fully segregated compartment of the Luxembourg securitisation company **REIO S.A.** *incorporated under the form of a public limited liability company (société anonyme)*, registered with the Luxembourg Trade and Company Register under number B208311 with its registered office at 3-5, Rue du Fossé, L-1536 Luxembourg,

EUR 300,000,000,000 CALLABLE FIXED INTEREST NOTES DUE DECEMBER 31, 2026

COMMON CODE: THE LINCOLN / ISIN: LU1693981604

CBL LONG NAME: EUR 1.000,00SECUR (COMP. THE LINCOLN) December 31, 2026

- On August 25, 2017 has been issued the Bond THE LINCOLN/ISIN: LU169381604 with its relative first Private Placement Memorandum;
- On June 10, 2019 has been issued the second version of the Private Placement Memorandum approved because of new corporate events capable of affecting the assessment of any Notes issued relating to information included in the Private Placement Memorandum issued on August 25, 2017 have been verified in 2018;
- On February 8, 2021 hase been issued the third amended version of the PPM approved because of, upon shareholders input and Board of Directors assessment, it has been considered necessary to proceed with the dematerialization of the Bond for facilitating the Bond circularization.

The current version of Private Placement Memorandum has been amended solely for introducing the Bond's dematerialization possibility.

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INVESTMENT IN THE NOTES ISSUED CARRIES SUBSTANTIAL RISKS. THERE CAN BE NO INSURANCE THAT THE ISSUER'S OBJECTIVES WILL BE ACHIEVED. PROSPECTIVE INVESTORS MAY LOSE THEIR ENTIRE INVESTMENTS. INVESTMENT IN THE NOTES ISSUED BY THE ISSUER UNDER THIS PROGRAMME IS THEREFORE NOT

INTENDED TO BE A COMPLETE INVESTMENT PROGRAMME FOR ANY INVESTOR. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER 1) WHETHER AN INVESTMENT IN THE NOTES ISSUED BY THE ISSUER UNDER THIS PROGRAMME IS SUITABLE FOR THEM IN LIGHT OF THEIR NEEDS AND FINANCIAL RESOURCES AND 2) THE SECTION "RISK FACTORS".

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MAIN CHARACTERISTICS OF THE NOTES

IMPORTANT:

The EUR 1,000.00 Fixed Interest Notes with maturity date on December 31, 2026 (the "Notes") are issued by "THE LINCOLN", a fully segregated compartment of REIO S.A., a Luxembourg securitisation company incorporated under the form of a public limited liability company (*société anonyme*), registered with the Luxembourg Trade and Company Register under number B208311 with its registered office at 3-5, Rue du Fossé, L-1536, Luxembourg (the "Company" or "REIO S.A.").

The Securitisation Law provides for that the proceeds from the assets attributed to a specific compartment are available only for the distribution to the parties whose claims have arisen in connection with the creation, the operation or the liquidation of the compartment or have been properly allocated thereto.

Article 5 of the Securitisation Law provides for that a securitisation company constitutes a single legal entity but the assets of each compartment shall be solely accountable for the liabilities, commitments and obligations of that compartment.

Any dividends paid by one compartment or any liquidation surplus resulting from the liquidation of either one compartment of the Company shall be distributed on a prorated basis among between the holders of the securities issued in that compartment.

All the rights of investors and creditors in relation to each compartment are therefore limited to the assets of the compartment. Each compartment will be deemed to be a separate entity for the investors and creditors of that compartment.

ACCORDINGLY, NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS PRIVATE PLACEMENT MEMORANDUM:

- **ANY AND ALL CLAIMS OF A NOTEHOLDER IN RELATION TO THE NOTES WILL BESTRICTLY LIMITED TO THE ASSETS HELD BY COMPARTMENT "THE LINCOLN"**

AND TO NO OTHER ASSETS OF THE COMPANY OR ANY OTHER COMPARTMENTS;

- **NO NOTEHOLDERS OR ANY OTHER CREDITOR OF THE ISSUER (INCLUDING THOSE WHOSE CLAIMS RELATE TO A PARTICULAR COMPARTMENT) MAY ATTACH ANY OF THE ASSETS OF THE COMPANY, INSTITUTE AGAINST OR CONSENT TO ANY BANKRUPTCY, INSOLVENCY, CONTROLLED MANAGEMENT, REPRIEVE OF PAYMENT, COMPOSITION, MORATORIUM OR ANY SIMILAR PROCEEDINGS, UNLESS SO REQUIRED BY LAW.**

The aggregate nominal amount of the issuance is three hundred billion Euros (EUR 300,000,000,000).

The proceeds from the issue of the Notes, after deduction of any applicable costs, fees and expenses in connection with the issue of the Notes and for the general business purposes and administration of the Issuer, including expenses relating to its corporate existence and good standing (these fees and expenses relate to the administration of the Issuer, including, but not limited to, fees payable to any service provider and advisor, such fees and expenses incurred in respect of the compartment), will be used by the Issuer to enter into an assignment agreement with Gmfinance S.p.A, a company incorporated in Italia, having its registered office at 10, via Filippo Argelati, 20143, Milano, Italia, registered with the Italia Trade and Company Register under number 01484100966 – REA MI-1962051, with the objective to purchase a portfolio of non-performing loans (the "**NPL Portfolio**").

The Notes are issued in Euro. The initial denomination (the "Face Value") of the Notes shall be one thousand Euros (EUR 1,000.00). The issue price is 100% of Face Value (the "Issue Price").

Notes issued under Compartment "THE LINCOLN" may and shall only be distributed by way of a private placement and on a non-syndicated basis.

The Notes issued and governed by this private placement memorandum (the "Private Placement Memorandum") are solely offered by way of a private placement to qualified and sophisticated investors.

The original Terms and Conditions issued on August 25, 2017 of the Notes have been amended and restated with a resolution of the sole director dated June 10, 2019.

The initial issue date of the Notes was August 25, 2017 (the "Issue Date"). The original maturity date of the Notes was December 31, 2022. On June 10,2019, the maturity date of the Notes has been extended to December 31, 2026 (the "Maturity Date") with a resolution of the Sole Director of the Issuer dated June 10, 2019. As provided for in the relevant sections of the Private Placement Memorandum, the Notes will be redeemable at the option of the Issuer prior to the Maturity Date.

With the resolution of the Board of Directors dated February5,2021, the Board of Directors resolved to dematerialised the Notes as described in the detail in the relevant sections of this Private Placement Memorandum.

The Notes and the interests relating to them constitute unsubordinated obligations of the Issuer, unsecured, as described in section V of this Private Placement Memorandum. The Notes shall at all times rank *pari passu* and without any preference among themselves.

The payment obligations of the Issuer under the Notes and the Private Placement Memorandum shall, save for such exceptions as may be provided for by mandatory applicable legislation, rank at least equally with the other unsubordinated senior indebtedness of the Issuer.

The Notes bear a yearly fixed interest on the outstanding at a rate of 3,00% per annum accruing from the end of the Subscription Period, payable annually in arrears on December 31 of each year or the following business day, as applicable (each a "Payment Date"), for the first time on December 31, 2021 (payable *pro-rata temporis*), and, unless the Issuer exercises the Issuer Call, ending on December 31, 2026 (the "Maturity Date").

Each Note will cease to bear interest from the Maturity Date unless payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of the day on

which all sums due in respect of such Note up to that day are received by or on behalf of the relevant holder.

No application has been made for the Notes to be listed on any stock exchange or to be rated by any rating agency. At the date of this Private Placement Memorandum, there is no public market for the Notes.

The Notes issued under this Private Placement Memorandum will be new securities for which there is currently no active market and there is no assurance as to the development or liquidity of any trading market of the Notes.

This Private Placement Memorandum does not constitute a prospectus within the meaning of the Prospectus Directive (Directive 2003/71/EC) as amended in particular by the amendments provided for by Directive 2010/73/EU (the "Prospectus Directive"). Neither the *Commission de Surveillance du Secteur Financier* (i.e. the Luxembourg regulatory authority), nor any other regulatory authority of any other country has approved or disapproved the Notes or determined whether this Private Placement Memorandum is truthful or complete. No such commission or authority has passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Private Placement Memorandum.

All payments of the Notes will be made by a paying agent (the "Paying Agent"), acting on behalf the Issuer as a paying agent or failing so by the Issuer. The Paying Agent will act on behalf of the Issuer and, as such and acting in such capacity, accordingly neither will it undertake any obligations towards the Noteholders nor may it, in principle, be held liable towards the Noteholders.

All payments of principal and interest of the Notes by or on behalf of the Issuer will be made free and clear of withholding taxes of the Grand Duchy of Luxembourg, unless the withholding is mandatorily required by law or unless specific conditions provided for in the section headed "Terms and Conditions" of the Private Placement Memorandum apply. In such event save for the exceptions contemplated herein in the Private Placement Memorandum, the Issuer, subject to customary exceptions and standard market practice, shall pay such additional amounts as shall result in receipt by the Noteholders of such amounts as would have been received if no such withholding had been required.

In accordance to articles 62 and 64 of the Securitisation Law, no holder of any debt securities issued by the Company or any other creditor of the Company (including those whose claims relate to Compartment "THE LINCOLN") may attach any of the assets of the Company, institute against or consent to any bankruptcy, insolvency, controlled

management, reprieve of payment, composition, moratorium or any similar proceedings, unless so required by law.

The Private Placement Memorandum, the Notes and any non-contractual obligations arising out of or in connection with them will be governed by, and shall be construed in accordance with Luxembourg law (the collective organization and operation of the Noteholders is governed as set forth in this Private Placement Memorandum, in accordance with the Luxembourg Law).

IMPORTANT INFORMATION

Neither are the Notes offered to the public in Grand Duchy of Luxembourg nor in any other jurisdictions. The Notes are not registered in the Grand Duchy of Luxembourg or in any other jurisdictions.

In particular, the Notes have not been and will not be registered under the United States Securities Act of 1933 as amended (the "**Securities Act**") and they may not be offered, sold or delivered within the United States of America or to or for the accounts or benefit of U.S. persons nor does the offering of the Notes constitute a public offering in Grand Duchy of Luxembourg nor in any other jurisdictions and therefore there is no obligation to approve, register and publish a prospectus with any supervising authorities.

Neither this Private Placement Memorandum nor any other information supplied in connection with the Notes can and should be considered as a recommendation by REIO S.A., the Paying Agent, or any of their respective service providers, affiliates, directors, officers or employees or any other affiliated person that any recipient of this Private Placement Memorandum or any other information in connection with the issuance should purchase / subscribe for any Notes.

Accordingly, no representation, warranty or undertaking, express or implied, is made or given and no responsibility is accepted by any one or more of them as to the accuracy, completeness or fairness of the information or opinions contained in this Private Placement Memorandum or incorporated by reference herein, or any other information provided by the Issuer and no such information and none of such opinions is, or may be relied upon as, a promise or representation by any one or more of them as to the past or future.

Neither the delivery of this Private Placement Memorandum nor the offering, sale or delivery of any Notes shall at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or, as the case may be, the date upon which the Private Placement Memorandum has been most recently amended or supplemented or that any other information supplied in connection with the issuance is correct as of any time subsequent to the date indicated in the document containing the same.

Any notes issued as further described in this Private Placement Memorandum are issued subject to the provisions set out herein. This Private Placement Memorandum supersedes any other documents issued prior to the date of the Private Placement Memorandum.

Neither this Private Placement Memorandum nor any other information supplied in connection with the Notes can and should constitute an offer or an invitation to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.

The distribution of this Private Placement Memorandum and the offer or sale of the Notes may be restricted by law in certain jurisdictions. The Issuer does not represent that this Private Placement Memorandum may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available there-under, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer which would permit a public offering of the notes or distribution of this Private Placement Memorandum in any jurisdictions where actions for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Private Placement Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdictions, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Private Placement Memorandum (or any part thereof) of any Notes come must inform themselves about, and observe, any such restrictions.

This Private Placement Memorandum does not constitute a prospectus within the meaning of the Prospectus Directive (Directive 2003/71/EC) as amended in particular by the amendments provided for by Directive 2010/73/EU (the "Prospectus Directive"). Neither the *Commission de Surveillance du Secteur Financier* (i.e. the Luxembourg regulatory authority), nor any other regulatory authority of any other country has approved or disapproved the Notes or determined whether this Private Placement Memorandum is truthful or complete. No such commission or authority has passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Private Placement Memorandum.

No person is or has been authorized by the Issuer to give any information or to make any representation not contained in or not consistent with this Private Placement Memorandum or any other information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer.

As long as the Notes are in issue, the Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Private Placement Memorandum which is capable of affecting the assessment of any Notes issued, prepare a supplement to this Private Placement Memorandum or publish a new Private Placement Memorandum for use in connection with any subsequent issue of Notes.

The Paying Agent activities relate to performing certain payment services on behalf of the Issuer towards the Noteholders and determination of the interest payments. The Paying Agent will act for the Issuer and for no one else and will not regard any other person as its client in connection with the issuance, the Notes or the distribution of the Notes. The Paying Agent will not be responsible for anyone other than the Issuer for providing the protections afforded to its clients nor for providing any advice in relation to the issuance, the Notes or the distribution of the Notes.

The Private Placement Memorandum is available for viewing at the registered office of the Issuer. Copies may be obtained from the Issuer upon request.

This Private Placement Memorandum is written in the English language only, which language shall be definitive in all respects. In case of translation, the English version will prevail.

FORWARD LOOKING STATEMENTS

INFORMATION IN THIS PRIVATE PLACEMENT MEMORANDUM AS WELL AS THE OTHER INFORMATION CONTAINED OR INCORPORATED BY REFERENCE IN THIS PRIVATE PLACEMENT MEMORANDUM, INCLUDE FORWARD LOOKING STATEMENTS INVOLVING RISKS AND UNCERTAINTIES. NO ASSURANCE CAN BE GIVEN THAT THE ISSUER WILL SUCCESSFULLY IMPLEMENT ITS PLANS OR THE ISSUER WILL PAY ITS OBLIGATIONS WITH RESPECT TO THE NOTES. THE FORWARD LOOKING STATEMENTS ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE RISKS AND RISK FACTORS DESCRIBED HEREIN IN THE PRIVATE PLACEMENT MEMORANDUM.

This Private Placement Memorandum and the documents referenced or incorporated by reference herein and any additional written materials furnished to the investor by or on behalf of the Issuer may contain forward-looking statements with respect to the Issuer, its financial condition, results of operations, business and prospects. Statements that are not historical facts may include forward-looking statements.

The words “believe”, “expect,” “anticipate,” “hope,” “intend”, “may,” “will,” “should,” “could,” “potential,” “continue,” “estimate,” “predict”, “project”, “forecast”, “assume” and “plan” and similar expressions, or the negative of such expressions, may identify forward-looking statements. Additionally, any statements concerning future financial performance (including, but not limited to, future revenues, earnings or growth rates), ongoing or anticipated business objectives, strategies or prospects and possible future actions or plans by the Issuer also are forward-looking statements.

Forward-looking statements are based on the Issuer’s current expectations or beliefs regarding future events or circumstances, and investors are cautioned not to place undue reliance on such forward-looking statements. Forward-looking statements are subject to numerous estimates and assumptions, known and unknown risks and uncertainties. A number of factors, many of which are out of the Issuer’s control and are difficult to forecast, could cause actual future results to differ materially from those projected or implied in such forward-looking statements. While it is impossible to identify all such factors, those factors described under the “Risk Considerations” section of this Private Placement Memorandum include some of the factors which could cause actual results to differ materially from those expressed or implied in any forward-looking statements. All of the forward-looking statements contained in this Private Placement Memorandum and the documents referenced or incorporated by reference herein, and in any additional written materials furnished to the investor by or on behalf of the Issuer, should be considered in light of these and other risk factors.

The forward-looking statements contained in this Private Placement Memorandum are as of the date appearing on the front page of this Private Placement Memorandum and the forward-looking statements contained in the documents referenced or incorporated by reference herein and in any additional written materials furnished to prospective investors by or on behalf of the Issuer are as of the respective dates stated in those documents. The Issuer disclaims any obligation to update, review or revise any forward-looking statements to reflect any change in expectations or assumptions with regard thereto or to reflect anticipated or unanticipated events or circumstances occurring (i) with respect to this Private Placement Memorandum, after the date appearing on the front page of this Private Placement Memorandum, and (ii) with respect to the documents referenced or incorporated by reference herein and any additional written materials furnished to prospective investors by or on behalf of the Issuer, after the respective dates of such documents.

All forward-looking statements attributable to the Issuer or any person acting on its behalf are expressly qualified in their entirety by these cautionary statements.

INVESTORS PROFILE

THE NOTES ARE NOT SUITABLE INVESTMENTS FOR ALL INVESTORS. THE NOTES CAN ONLY BE SUBSCRIBED FOR AND OWNED BY SOPHISTICATED INVESTORS WHO:

- **HAVE IN-DEPTH AND SOUND KNOWLEDGE AND EXPERIENCE TO MAKE A MEANINGFUL EVALUATION OF THE RELEVANT NOTES, THE MERITS AND RISKS OF INVESTING IN THE RELEVANT NOTES AND THE INFORMATION CONTAINED OR INCORPORATED BY REFERENCE IN THIS PRIVATE PLACEMENT MEMORANDUM OR ANY OTHER APPLICABLE DOCUMENTS;**

- **HAVE ACCESS TO, AND KNOWLEDGE OF, APPROPRIATE ANALYTICAL TOOLS TO EVALUATE IN THE CONTEXT OF ITS PARTICULAR SITUATION, AN INVESTMENT IN THE RELEVANT NOTES AND THE IMPACT SUCH INVESTMENT WILL HAVE ON ITS OVERALL INVESTMENT PORTFOLIO;**

- **HAVE SUFFICIENT FINANCIAL RESOURCES AND LIQUIDITY TO BEAR ALL OF THE RISKS OF AN INVESTMENT IN THE RELEVANT NOTES (INTER ALIA THE RISK TO LOSE ITS ENTIRE INVESTMENTS IN CASE OF THE BANKRUPTCY OF THE ISSUER) INCLUDING BUT NOT LIMITED TO WHERE THE CURRENCY FOR PRINCIPAL OR INTEREST PAYMENT IS DIFFERENT FROM THE POTENTIAL INVESTORS' CURRENCY;**

- **ARE ABLE TO EVALUATE POSSIBLE SCENARIOS FOR ECONOMIC, INTEREST RATE AND OTHER FACTORS THAT MAY AFFECT ITS INVESTMENT AND ITS ABILITY TO BEAR THE APPLICABLE RISKS;**

- UNDERSTAND THOROUGHLY THE TERMS AND CONDITIONS OF THE NOTES AND IS FAMILIAR WITH THE BEHAVIORS OF ANY RELEVANT INDICES AND FINANCIAL MARKET; AND

- ARE AWARE THAT IT / HE / SHE MAY RECEIVE NO INTERESTS AND THAT THE PRINCIPAL OF THE NOTES MAY ONLY BE PARTLY OR NOT REPAID.

NO INVESTOR SHOULD PURCHASE A NOTE UNLESS SUCH INVESTOR UNDERSTANDS, AND IS ABLE TO BEAR, THE YIELD, MARKET, LIQUIDITY, STRUCTURE, REDEMPTION AND OTHER RISKS ASSOCIATED WITH THE NOTES.

INVESTMENT IN THE NOTES IS SPECULATIVE AND INVOLVES RISKS. PRIOR TO INVESTING IN THE NOTES, PROSPECTIVE INVESTORS SHALL HAVE REGARD TO THE FACTORS DESCRIBED UNDER THE SECTION HEADED "RISKS FACTORS" OF THE PRIVATE PLACEMENT MEMORANDUM.

LEGAL INVESTMENT CONSIDERATIONS MAY RESTRICT CERTAIN INVESTMENTS. THE INVESTMENT ACTIVITIES OF CERTAIN INVESTORS ARE SUBJECT TO LEGAL INVESTMENT LAWS AND REGULATIONS, OR REVIEW OR REGULATION BY CERTAIN AUTHORITIES. EACH POTENTIAL INVESTOR SHOULD CONSULT ITS FINANCIAL AND LEGAL ADVISERS TO DETERMINE WHETHER AND TO WHAT EXTENT (I) THE NOTES ARE LEGAL INVESTMENTS FOR IT, (II) THE NOTES CAN BE USED AS COLLATERAL FOR VARIOUS TYPES OF BORROWING AND (III) OTHER RESTRICTIONS APPLY TO ITS PURCHASE OR PLEDGE OF ANY NOTES. FINANCIAL INSTITUTIONS SHOULD ADDITIONALLY CONSULT THEIR LEGAL ADVISORS, THEIR AUDITORS OR THE APPROPRIATE REGULATORS TO DETERMINE THE APPROPRIATE TREATMENT OF THE NOTES UNDER ANY APPLICABLE RISK-BASED CAPITAL OR SIMILAR RULES.

PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS PRIVATE PLACEMENT MEMORANDUM OR ANY OTHER COMMUNICATION FROM THE ISSUER, THE ISSUER'S DIRECTOR OR ANY OF ITS RESPECTIVE EMPLOYEES, AFFILIATES OR REPRESENTATIVES AS PROVIDING ASSURANCES, WHETHER EXPRESSED OR IMPLIED, THAT THE INVESTMENT OBJECTIVES OF THE ISSUER WILL BE REALIZED OR THAT ANY BENEFITS OR ADVANTAGES TO PROSPECTIVE

INVESTORS OF AN INVESTMENT IN THE NOTES SUGGESTED, IMPLIED OR ADVOCATED IN THIS PRIVATE PLACEMENT MEMORANDUM WILL BE AVAILABLE OR ACCOMPLISHED.

NEITHER THE *COMMISSION DE SURVEILLANCE DU SECTEUR FINANCIER* (I.E. THE LUXEMBOURG REGULATORY AUTHORITY), NOR ANY OTHER REGULATORY AUTHORITY OF ANY OTHER COUNTRY HAS APPROVED OR DISAPPROVED THE NOTES OR DETERMINED IF THIS PRIVATE PLACEMENT MEMORANDUM IS TRUTHFUL OR COMPLETE. NO SUCH COMMISSION OR AUTHORITY HAS PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS PRIVATE PLACEMENT MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

PERSONS RESPONSIBLE FOR THE INFORMATION GIVEN IN THE PRIVATE PLACEMENT MEMORANDUM

To the best knowledge of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Private Placement Memorandum is in accordance with the facts and contains no omission likely to affect its import.

Neither the Paying Agent nor any of their respective affiliates, directors, officers or employees or any other affiliated person, accepts any responsibility whatsoever for the contents of this Private Placement Memorandum nor for any other statements made or purported to be made by either themselves or on their behalf in connection with the Issuer, the Notes or the issue or private distribution of the Notes. Accordingly, each of them disclaim any and all liability, whether arising in tort or contract or otherwise in respect of this Private Placement Memorandum or any such statement.

REIO S.A.

Duly represented by its one director
Sole Director Mr. Franco Ecca

Signature specimen

Franco Ecca

DIRECTORY:

ISSUER	**THE LINCOLN COMPARTMENT OF REIO S.A.** 76, Grande Rue L-1660 Luxembourg
ACCOUNT BANK	
PAYING AGENT	
AUDITOR	**AUMEA PARTNER SARL** 2, Rue John Lennon L-4371 Belvaux Luxembourg
CORPORATE SERVICE PROVIDER	**CIFEX SARL** 76-78, Grande Rue L-1660 Luxembourg
LEGAL ADVISOR	**ANNAMARIA RANIERI** 76, Grande Rue L-1660 Luxembourg

I. DEFINITIONS

In addition to the terms and expressions defined above, the following capitalised terms and expressions shall have herein the corresponding meanings as set out below:

"**30/365**" means the number of days in the Calculation Period divided by 365 (the number of days to be calculated on the basis of a year of 365 days with twelve 30 day months (unless (i) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31stday of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month); provided, however, that in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period.

"**Board**" or "**Board of Directors**" "**Sole Director**" means the board of directors or the governing body of the Issuer.

"Sole Director" means the Sole Director of the Issuer

"**Business Day**" means a day on which commercial banks and foreign exchange markets are opened in Luxembourg, Grand Duchy of Luxembourg, and on which the TARGET System is operating. Good Friday and December 24 are not considered Business Days.

"**Compartment**" means compartment "**THE LINCOLN**".

"**Calculation Amount"** means the Principal Amount Outstanding at any Notes Payment Date.

"**Clearstream**" means Clearstream Banking S.A.

"**Euroclear**" means Euroclear Bank S.A./N.V.

"Monte Titoli" means Italian depositary belonging to London Stock Exchange Group.

"**Conditions**" means the terms and conditions of the Notes as stated in the Private Placement Memorandum as amended or supplemented from time to time.

"**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time (the "Calculation Period"), 30/365 (Fixed Rate);

"**Event of Default**" has the meaning ascribed to it in Condition I.

"**End of Subscription Period Date**" means October 31, 2019.

"**Financial Indebtedness**" means any present and future indebtedness (whether being principal, interest or other amounts) for or in respect of (a) money borrowed or (b) any notes bonds, debenture, debenture stock, loan, stock or other securities offered, issued or distributed whether by way of a public offering, private placement or otherwise and whether issued in cash or in whole or in part for a consideration other than cash.

" **Fixed Rate**" of "**Nominal Interest**" means the interest, at a yearly gross rate of 3.00%, which will be borne by the Notes.

"**Interest Period**" means the period beginning on (and including) the end of the End of Subscription Period Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) any Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

"**Investor(s)**" means either Noteholder(s) or any person interested in subscribing for the Notes.

"**Issuer**" means REIO S.A., a company incorporated under the form of a public limited liability company (*société anonyme*), registered with the Luxembourg Trade and Company Register under number B208311 with its registered office at 3-5, Rue du Fossé, L-1536 Luxembourg, through its compartment "THE LINCOLN".

"**Issuer Call**" means the option of the Issuer to redeem all, but not some only of the Notes, at nominal value plus the interest accrued to (but excluding the Payment Date), prior to their maturity.

"**Material Subsidiary**" means any Subsidiary of the Issuer whose total assets or revenues represent 5.00 per cent or more of the consolidated total revenues or consolidated total assets (as the case may be) of the Issuer and its consolidated Subsidiaries.

"Net Distributable Cash" means any cash from Net Profit which is available to the Issuer.

"**Net Profit"** means the income of the Issuer deriving from the NPL Portfolio minus any related costs, Ongoing Fees and Ongoing Issuer Expenses.

"**Nominal interest**" or "**Fixed Rate**" means the interest, at a yearly gross rate of **3.00%**, which will be borne by the Notes.

"**Noteholder(s)**" means the holder(s) of the Notes.

"NPL Portfolio" means the portfolio of non-performing loans purchased from Gmfinance S.p.A, a company incorporated in Italia, having its registered office at 10, via Filippo Argelati, 20143, Milano, Italia, registered with the Italia Trade and Company Register under number 01484100966 – REA MI-1962051,.

"**Ongoing Fees**" means the fees of the agents and service providers involved in the Notes.

"Ongoing Issuer Expenses" means the sum deemed necessary by the Calculation Agent not later than on the Business Day prior to an Interest Payment Date to pay the expenses incurred by the Issuer (i) in relation to its daily and continuing management and (ii), on a pro rata basis, in relation to the daily and continuing management of the Company, in each case until (but excluding) the next Interest Payment Date, including, but not limited to, sums payable to any service providers.

"Ongoing Notes Expenses" means the sum deemed necessary by the Calculation Agent on the Business Day prior to an Interest Payment Date to pay the expenses incurred by the Issuer in relation to the Notes, including, but not limited to, sums payable by the Issuer to the Notes Service Providers.

"**Paying Agent**" has the meaning ascribed in paragraph F (c).

"**Payment Date**" means the date on which the Interest on the Notes is payable, i.e. annually in arrears on December 31 of each year, or the following Business Day as applicable, for the first time on December 31, 2021 and ending on the Payment Date immediately following the Maturity Date.

"**Subscription Period**" means the period starting on June 10,2019 and ending on October 31,2019 in which the Investors can subscribe the notes.

"**TARGET**" means Trans-European Automated Real-time Gross Settlement Express Transfer System) is the real-time gross settlement (RTGS) system for the Eurozone, available to non-Eurozone countries too.

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

II. RISK FACTORS

The Issuer believes that the factors described below represent the material risks inherent in investing in the Notes issued under the Private Placement Memorandum, but the inability of the Issuer to pay interest, principal or any other amount on or in connection with any Notes may occur for any other reasons.

The risks described below are not the only risks the Issuer faces and are not meant to be exhaustive. Additional risks and uncertainties not presently known to the Issuer or that it currently believes to be immaterial could also have a material impact on its business operations.

Prospective investors should also read the detailed information set out elsewhere in this Private Placement Memorandum and form their own opinion prior to making any investment decision. Prospective investors should read the entire Private Placement Memorandum. All these factors are contingencies which may or may not occur with an impact and materiality that cannot be assessed by the Issuer, and the Issuer and its management are not in a position to express a view on the likelihood of any such contingency occurring.

Prospective investors in such securities should be familiar with this type of securities and should fully review all documentation, read and understand the Private Placement Memorandum, the Conditions of the Notes and be aware of the nature and extent of the exposure to the risk of loss.

The following is a summary of certain aspects of the issue of the Notes of which prospective Noteholders should be aware.

This summary is not intended to be exhaustive and prospective Noteholders should also read the detailed information set out elsewhere in this Prospectus and the Transaction Documents and reach their own views prior to making any investment decision.

A. RISKS ASSOCIATED WITH THE ISSUER

Operational risks

The business and results of the Issuer is substantially dependent on the services to be rendered by the Sole Director of the Issuers and the management team of the Issuer (the "**Key Personnel**"). If any such member of Key Personnel were to become unable or unwilling to continue in his or her present position, the business and results of the Issuer may be materially adversely affected.

Unlike shareholders, Noteholders will have no voting rights and will be unable to influence the corporate actions of the Issuer, such as the election of the directors, the day to day management, and any other aspect of our business.

Operational risks can arise from inadequate procedures, regulatory breaches, including but not limited to inadequate compliance with relevant applicable laws and / or wilful or negligent actions or omissions by employees, advisors or contractors of the Issuer. Non exhaustive examples are fraud, unreported risks positions and other events of an operational nature that may have a negative outcome for the Issuer. Negative effects from the Issuer's procedures, information systems and / or employees, advisors or contractors can increase running costs and / or other liabilities for the Issuer and can negatively affect the Issuer's profitability, solvency and reputation.

The assets / investments owned by the Issuer might be less liquid or become illiquid or lose significant value over time (liquidity and market risks).

The net proceeds from the Issue of the Notes Issuer shall be used to enter into an assignment agreement with Gmfinance S.p.A, a company incorporated in Italy, having its registered office at 10, via Filippo Argelati, 20143, Milano, Italia, registered with the Italia Trade and Company Register under number 01484100966 – REA MI-1962051, with the objective to purchase a portfolio of non-performing loans.

The assets acquired by the Issuer and credit rights owned by the Issuer or in which the Issuer has exposure might lose value or might be less liquid or might become illiquid. The fair value of such investments made by the Issuer might change due to their low return. This might adversely affect the Issuer's financial position and might jeopardize the Issuer's ability to pay the interests and to repay the principal of the Notes.

Bankruptcy of the Issuer (bankruptcy risks)

The Issuer being a Luxembourg company is subject to Luxembourg insolvency laws which may render more difficult to effect a restructuring of the Issuer or to recover the amount the Noteholders would have recovered in a liquidation or bankruptcy proceeding in other jurisdictions. In connection with bankruptcy proceedings, the assets of a debtor are generally liquidated and the proceeds distributed to the debtor's creditors on the basis of the relative claims of those creditors, and secured creditors will have special rights to first be paid. The claim of a creditor may be limited depending on the date the claim becomes due and payable in accordance with its terms. Each of these claims will have to be submitted to the Issuer's receiver to be verified by the receiver. Any dispute as to the valuation of claims will be subject to court proceedings. These verification procedures could cause the claim of holders of the Notes as to principal to be recognized for less than the principal amount of their Notes or could cause holders of the Notes to recover less than they could recover in a liquidation governed by the laws of another jurisdiction. Such verification procedures could also cause payments to the holders of the Notes to be delayed compared with holders of undisputed claims.

Lack of Operating History

The Company and/or its Compartment are recently formed. There can be no assurance that the Company and/or its Compartment will achieve its investment objective. The Company has no operating history and an indeterminate amount of time may be required to achieve operating efficiency and profitable operations. No assurance can be given that the Company will achieve its investment objectives, and thus, investment in the Company entails a certain degree of risk. The Company is a newly established company with no track record upon which the Investors in the Noteholders may base an evaluation of the merits of purchasing an interest in the Company. The success of the Company depends significantly on the efforts and abilities of its directors to evaluate investment opportunities. Although the Company will devote such time and effort as may be reasonably required to implement the objectives of the Company, there can be no guarantee that investments will be successful.

Lack of Diversity

The Company is not subject to specific legal or regulatory risk diversification requirements, other than those specified herein. Therefore, the Company and any compartment are, in principle, authorized to make a limited number of investments and, as a consequence, the aggregate returns realized by the Shareholders or Noteholders may be substantially adversely affected by the unfavourable performance of even one investment.

Risks relating to the underlying investments

The underlying investment consists of a portfolio of non-performing loans.

The assets acquired by the Issuer and credit rights owned by the Issuer or in which the Issuer has exposure might lose value or might be less liquid or might become illiquid. The fair value of such investments made by the Issuer might change due to their low return. This might adversely affect the Issuer's financial position and might jeopardize the Issuer's ability to pay the interests and to repay the principal of the Notes.

Lack of liquidity of underlying investments

The investments to be made by the Company or its compartments may be highly illiquid. The eventual liquidity of all investments will depend on the success of the realization strategy proposed for each investment. Such strategy could be adversely affected by a variety of factors. There is a risk that the Company or relevant compartment may be unable to realize its investment objectives by sale or other disposition at attractive prices or at the appropriate times or in response to changing market conditions, or will otherwise be unable to complete a favourable exit strategy. Losses may be realized before gains on dispositions. The return of capital and the realization of gains, if any, will generally occur only upon the partial or complete disposition of an investment. Prospective investors should therefore be aware that they may be required to bear the financial risk of their investment for an indeterminable period of time.

Exchange rate risks and exchange control

The Issuer will pay principal and interest on Notes issued under the Issuance in the currency of such Notes. Moreover the Underlying loan can be carried out in EURO. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the specified currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the specified currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the specified currency would decrease (1) the Investor's Currency equivalent yield on the Note, (2) the Investor's Currency equivalent value of the principal payable on the Note and (3) the Investor's Currency equivalent market value of the Note.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected and may receive no interest or principal.

Interest rate risks

Investment in Notes issued under the Issuance may involve the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

B. RISKS ASSOCIATED WITH THE NOTES

The Notes are not rated, unsecured and unsubordinated

The Notes constitute unsubordinated and unsecured obligations of the Issuer, and will rank *pari passu* without any right of preference among themselves and with other senior debts of the Issuer. The Notes are not rated.

The Notes are reserved for sophisticated and well informed investors only

The Notes are not suitable investments for all investors. The Notes can only be subscribed for and owned by sophisticated and well informed investors who:

(i) Have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Private Placement Memorandum or any applicable supplement;

(ii) Have access to, and knowledge of, appropriate analytical tools and/or financial advisers to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;

(iii) Have sufficient financial resources and liquidity to bear all of the risks of an investment

in the Notes, including where principal or interest is payable in a currency different from the potential investor's currency;

(iv) Understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(v) Are able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect their investment and their ability to bear the applicable risks.

No investors should purchase the Notes unless such investor perfectly understands and is able to bear the yield, market, liquidity, structure, redemption and any other risks associated with the Notes. Investment in the Notes is speculative and involves risks.
Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulations issued by certain official authorities.
Each prospective investor should consult his / her / its own financial and legal advisers to determine whether and to what extent:

(i) The Notes are legal investments for him / her / it;

(ii) The Notes can be used as collateral for various types of borrowing; and

(iii) Other restrictions apply to his / her / its purchase or pledge of any Notes.

Financial institutions should additionally consult their legal and financial advisors, their auditors or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

<u>There is no active trading market for the Notes (market risks)</u>

Notes issued under the Private Placement Memorandum will be new securities which will not be widely distributed and for which there is currently no active trading markets. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon (at the time of the trade, if any) inter alia the prevailing interest rates, the market for similar securities, general economic conditions and the financial conditions of the Issuer at that time. Although an application may be made for the Notes issued under the Private Placement Memorandum to be listed and admitted to trading on a stock exchange, there is no assurance that such an application will ever be made, that it will ever be accepted and that the Notes will be so admitted and that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Notes.

Neither are the Notes offered to the public in Grand Duchy of Luxembourg nor in any other jurisdictions. The Notes are neither registered nor listed in the Grand Duchy of Luxembourg or in any other jurisdictions. Neither the *Commission de Surveillance du Secteur Financier* (i.e. the Luxembourg regulatory authority), nor any other regulatory authority of any other country has approved or disapproved the Notes or determined if this Private Placement Memorandum is truthful or complete. No such commission or authority has passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Private Placement Memorandum.

Costs And Fees Associated With the Investment

Investment in the Notes issued under the Private Placement Memorandum involves fees, both initial and ongoing, which may be significant and affect the return on investment, including arranger(s), placing agent(s), paying agent(s) and other agents, account bank(s), corporate service provider(s), auditor(s), legal adviser(s), other advisor(s) and other service providers. However, this list is not exhaustive.

C. RISKS ASSOCIATED WITH THE LEGAL AND TAX ENVIRONMENT

The Private Placement Memorandum and the Notes are subject to and governed by Luxembourg laws, regulations and policies.

Although the Issuer is subject to Luxembourg laws, regulations and policies, the Private Placement Memorandum is based on Luxembourg law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to Luxembourg law or administrative practice after the date of issue of the relevant Notes. As a matter of fact, laws, regulations and policies currently governing the Private Placement Memorandum and the Notes may also change at any time in ways which have an adverse effect on the Issuer's business, and it is difficult to predict the timing, the impact or form of any future legal, regulatory or enforcement initiatives in respect thereof.

Exchange of information .

Non-resident holders of the securities should note that on 9 December 2014, the Council of the European Union adopted Directive 2014/107/EU amending Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation which now provides for an automatic exchange of financial account information between EU Member States (the "DAC Directive"). The adoption of the aforementioned directive implements the Organisation for Economic Co-operation and Development (OECD) Common Reporting Standard (CRS) and generalizes the automatic exchange of information within the European Union as of 1 January 2016.

The measures of cooperation provided thus formerly by the EU Savings Directive are then replaced by the implementation of the DAC Directive which is also to prevail in cases of overlap of scope. As Austria has been allowed to start applying the DAC Directive up to one year later than other Member States, special transitional arrangements taking account of this derogation apply to Austria.

In addition, Luxembourg signed the OECD's multilateral competent authority agreement (the Multilateral Agreement) to automatically exchange information under the CRS. Under this Multilateral Agreement, Luxembourg will automatically exchange financial account information with other participating jurisdictions as of 1 January 2016. The Luxembourg law dated 18 December 2015 (the CRS Law) implements this Multilateral Agreement, together with the DAC Directive introducing the CRS, in Luxembourg.

Potential impact of the proposed Financial Transaction Tax

Upon the request of 11 Member States, the European Commission developed a proposal for the introduction of a common Financial Transactions Tax ("**FTT**"). The Commission has now published a draft directive containing proposals for the FTT. Under the current published proposal, a charge on financial transactions including purchases and sales of financial instruments will be levied and will arise if at least one party to a financial transaction is established in a participating Member State and a financial institution established or deemed to be established in a participating Member States. Limited exemptions to the proposed FFT including 'primary market transactions' covering the issuing, allotting, underwriting or subscribing for shares, bonds and securitized debt, are provided for. The proposed FTT is still under review and remains subject to negotiation between the participating Member States. The actual implementation would depend on the future approval of the European Council and the subsequent transposition into local law.

III. THE ISSUER

A. GENERAL INFORMATION ON THE ISSUER

The Issuer is a compartment of the Company, which is a Luxembourg securitisation company governed inter alia by the Securitisation Law. The Company was incorporated under the form of a public limited liability company (*société anonyme*) on July 26, 2016 is registered with the Luxembourg Trade and Company Register under number B208311, and has its registered office at in 3-5 Rue du Fossé, L-1536, Luxembourg.

The Company's Articles of Association were published in the *Registre du Commerce et des Sociétés de Luxembourg*. As and when restated versions (*statuts coordonnés*) of the Articles of Association are produced, such restated versions will be filed with the Luxembourg Trade and Company Register and will be available for inspection at the Company's registered office. The Issuer, the Company and its activities are subject to the Securitisation Law. The Company does not have any subsidiaries.

B. BUSINESS

In accordance with Article 3 of the Articles of Association, the activities of the Company will be the securitisation, within the meaning of the Securitisation Law, of risks associated to any kinds of assets. The Company may in this context enter into any kind of securitisation transactions. The Company may assume risks, existing or future, relating to the holding of assets, whether movable or immovable, tangible or intangible, as well as risks resulting from the obligations assumed by third parties or relating to all or part of the activities of third parties, in one or more transactions or on a continuous basis.

The Company may assume those risks by acquiring the assets, guaranteeing the obligations or by committing itself in any other way. It may also transfer, to the extent permitted by law and these Articles, and dispose of the claims and other assets it holds, whether existing or future, in one or more transactions or on a continuous basis.

The Company may, in this same context and to the largest extent permitted by the Securitisation Law, acquire, dispose and invest in loans, stocks, bonds, debentures, obligations, notes, advances, shares, warrants and other securities. The Company may grant pledges, other guarantees or security interests of any kind to Luxembourg or foreign entities and enter into securities lending activity on an ancillary basis.

The Company may issue (but not to the public) securities of any nature and in any currency, including notes, bonds (including exchangeable or convertible securities), debentures, certificates, shares, beneficiary shares, warrants and any other kind of debt or equity securities under any form permitted by the Securitisation Law.
The Company may create one or several compartments in accordance with the Securitisation Law and these Articles.
The Company may perform, if and to the extent permitted by the Securitisation Law, all legal, commercial, technical and financial investments or operations and in general, all transactions which are necessary or useful to fulfil and develop its purpose, as well as, all operations connected directly or indirectly to facilitating the accomplishment of its purpose in all areas described above.
The assets of the Company may only be assigned in accordance with the terms of the securities issued to finance the acquisition of such assets.
The Company may only carry out the above activities if and to the extent they are compatible with the Securitisation Law.

C. TREND AND PROSPECTS

There has been no material adverse change in the financial position or prospects of the Company since its incorporation, which in the Company's view is material or significant.
The Company does not anticipate any major changes during the coming financial period and expects to continue with its activities in their current form.

D. COMPARTMENTS

The Board or the sole director is entitled to create one or more compartments corresponding each to a separate part of the Company's estate.
The Company is one single legal entity. However, each compartment shall, unless otherwise provided for in the resolution of the Board/Sole Director creating such compartment, correspond to a distinct part of its assets and liabilities. The resolution of the Board/ Sole Director creating one or more compartments within the Company, as well as any subsequent amendments thereto, shall be binding as of the date of such resolution against any third party. As between shareholders, investors and creditors, each compartment of the Company shall be treated as a separate entity.
Rights of shareholders, investors and creditors of the Company that (i) have, when coming into existence, been designated as relating to a compartment or (ii) have arisen in connection with the creation, the operation or the liquidation of a compartment are, except if otherwise provided

for in the resolution of the Board/Sole Director having created the relevant compartment, strictly limited to the assets of that compartment and which shall be exclusively available to satisfy such shareholders, investors and creditors. Creditors, investors and shareholders of the Company whose rights are not related to a specific compartment of the Company shall have no rights to the assets of any such compartment. Unless otherwise provided for in the resolution of the Board/Sole Director having created such compartment, no resolution of the Board/Sole Director may be taken to amend the resolution having created such compartment or to take any other decision directly affecting the rights of the shareholders, investors or creditors whose rights relate to such compartment without the prior approval of the shareholders, investors or creditors whose rights relate to this compartment. Any decision of the Board/Sole Director taken in breach of this provision shall be void.

Each compartment of the Company may be separately liquidated without such liquidation resulting in the liquidation of another compartment or of the Company itself. The liquidation of a compartment is decided by the Board/Sole Director or by the sole director.

The Company may issue securities whose value or yield is linked to specific compartments, assets or risks, or whose repayment is subject to the repayment of other instruments, certain claims or certain categories of shares, that pertain to specific compartments.

Fees, costs and other liabilities incurred on behalf of the Company as a whole shall be general liabilities of the Company and shall not be payable out of the assets of any compartment. If the aforementioned fees, costs, expenses and other liabilities cannot be otherwise funded, they shall be apportioned pro rata among the compartments of the Company upon a decision of the Board.

E. BOARD OF DIRECTORS

The Board of the Company is currently composed of the following directors:

Franco Ecca

Christian Chessari

Pasquale Raimo

F. ACCOUNTS

The Company's fiscal year starts on January 1 and ends on December 31 each year, except for the first fiscal year that started on the date of incorporation of the Issuer and ended on December 31, 2016.

The Company's financial accounts may be obtained at the registered office of the Company during normal business hours on any Business Day as long as any of the Notes remain outstanding.

IV. FORM OF THE NOTES

The Notes shall be in dematerialised form as specified under the Terms and Conditions, and shall be governed by and construed in accordance with the laws of Luxembourg.

The Notes shall be assigned an ISIN and a common code by Clearstream.

A. PAYMENT OF PRINCIPAL AND INTEREST ON NOTES

Payments of principal and interest on a Note will be made by the Paying agent in favour of the Noteholder as specified under the Terms and Conditions.

The principal and interest on the Notes shall be paid in cash.

B. APPLICABLE LEGENDS

The following legend will appear in all Notes, if any, which are subject to TEFRA C selling restrictions (or any successor U.S. Treasury regulation):

ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.

Notes will only be transferable in accordance with the rules and procedures of the Private Placement Memorandum.

V. TERMS AND CONDITIONS

The following are the terms and conditions of the Notes to be issued by the Issuer. Words and expressions shall have the same meaning as the meaning indicated in the Definitions of the Private Placement Memorandum unless the context otherwise requires or unless otherwise stated.

A. FORM, DENOMINATION, TITLE

(a) Form and denomination of the Notes

The Notes shall be in dematerialised form.

The Notes shall be issued each in denominations of one thousand Euros (EUR 1,000.00).

(b) Title of the Notes

The Notes shall be issued in full and cannot be fractioned.

There cannot be more than one holder for a Note.

B. STATUS OF THE NOTES

The Notes constitute direct, general, unsubordinated, unsecured and unconditional obligations of the Issuer.

The Notes will be limited recourse obligations of the Compartment ranking *pari passu* without any preference among themselves.

None of the Noteholders will be able to petition or take any other step, for the winding-up, liquidation or the bankruptcy of the Issuer or any other similar insolvency related proceedings.

C. NEGATIVE PLEDGE

So long as any of the Notes remains outstanding (as defined below), the Issuer shall not (and shall ensure that no Material Subsidiary will) create any mortgage, charge, pledge, lien or other form of encumbrance or security interest ("**Security Interest**") upon the whole or any part of its undertaking or assets, present or future, to secure any Financial Indebtedness of the Issuer or any of its Material Subsidiaries, or any guarantee or indemnity in respect of any such Financial Indebtedness unless, at the same time or prior thereto, the Issuer's obligations under the Notes either (a) are secured equally and rateably therewith, or (b) have the benefit of such other Security Interest, guarantee, indemnity or other arrangement as shall be approved by a resolution of the Noteholders.

D. INTEREST

The Notes bear a yearly fixed interest on the outstanding amount starting from the End of the Subscription Date (included) at a rate from 3.00% per annum, payable annually in arrears on December 31 of each year or the following Business Day, as applicable, for the first time on December 31, 2021 (payable *pro-rata temporis*), and, unless the Issuer exercises the Issuer

Call, ending on the December 31, 2026. Each Note will cease to bear interest from the Maturity Date unless payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant holder.

If interest is required to be calculated for less than a full year, the amount of interest payable shall be calculated by applying the applicable rate of interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Euro (half a sub-unit being rounded upwards).

For this purpose a "sub-unit" means, in the case of euro, one cent, and in the case of any other than euro, the lowest amount of such that is available as legal tender in the country of such .

E. PRINCIPAL

(a) Redemption at Maturity Date

Unless the Issuer exercises the Issuer Call, the principal of the Notes will be paid in full to the Noteholders on the Maturity Date, together with any accrued interest (if applicable) and the Net Profit. The principal, interest and Net Profit on the Notes shall be paid in cash.

(b) Redemption upon Issuer Call

The Notes can be redeemed at the option of the Issuer ("**Issuer Call**").

From the twelfth month after the Issuance of the Notes, the Issuer may, having given:

(i) not less than forty-five (45) and not more than ninety (90) days' notice to the Noteholders;

(ii) not less than fifteen (15) days before the giving of the notice referred to in (i) above notice to the Paying Agent, (which notices shall be irrevocable) redeem all, but not some only of the Notes, at nominal value plus the interest accrued to (but excluding the Payment Date) and any Net Profit realized as at the date of the Redemption upon Issuer Call.

F. PAYMENT

(a) Method of payment

Payments of principal and interest in respect of the Notes will be made in Euro by credit or transfer to a Euro account (or any other account to which Euro may be credited or transferred) specified by the payee in a city or country in which banks have access to the TARGET system.

"**TARGET System**" means the Trans European Automated Real Time Gross Settlement Express Transfer (known as "TARGET 2") system or any successor thereto.

Such payments shall be made for the benefit of the Noteholders by the Paying Agent and all payments validly made by the latter in favour of the Noteholder will be and constitute an effective discharge of the Issuer and of the Paying Agent, as the case may be, in respect of such payments.

Payments of principal and interest on the Notes will, in all cases, be subject to any fiscal or other laws and regulations applicable thereto in the place of payment (inter alia, Noteholder should read section C of 'risk factors' of the Private Placement Memorandum) but without prejudice of the below section of the present Conditions.

(b) Payment restrictions

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

(c) Paying Agent

The Issuer reserves the right at any time to terminate the appointment of a Paying Agent and to appoint additional or other Paying Agents provided that it will at all times maintain a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC.

Notices of any termination or appointment and of any changes in that respect shall be given to the Noteholders by or on behalf of the Issuer in accordance with the present Terms and Conditions.

(d) Order of Priority

The following payments will be carried out, if due and payable, in the following order of priority but, in each case, only to the extent that there are funds available for the purpose and all payments or provisions of a higher priority that fall due to be paid or provided for on such day have been made in full:

(a) first, in or towards payment of the Ongoing Issuer Expenses;

(b) second, in or towards payment of the Ongoing Notes Expenses;

(c) third, in or towards payment of all remaining amounts of Ongoing Fees;

(d) fourth, in or towards payment on a pro rata basis of all amounts then due and payable by the Issuer in respect of accrued interest and/or principal on the Notes.

G. PRESCRIPTION

Claims against the Issuer in respect of the Notes and coupons shall be prescribed and become void unless made within ten (10) years (in respect of principal) or five (5) years (in the case of interests) from the appropriate relevant date in respect of them.

H. EVENTS OF DEFAULT

If any of the following events occurs and is continuing, the Issuer at its discretion may decide that, and if so directed by holders of at least one fifth in nominal amount of the Notes then outstanding or if so directed by an extraordinary general meeting of the shareholders, the Notes shall immediately become payable with accrued interests:

(a) Insolvency

(i) The Issuer is in cessation of payments (*cessation de paiements*) or is declared by a court of competent jurisdiction to be bankrupt (*en faillite*) or presents a request for controlled management (*gestion contrôlée*) or is granted a moratorium on payments (*sursis de paiement*) or a moratorium of any indebtedness or enters into a composition with its creditors (*concordat préventif de la faillite*), or is declared in liquidation under a compulsory liquidation procedure (*liquidation judiciaire*) or suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts within the meaning of any applicable law, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or any arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer, or **(ii)** if any corporate action, legal proceedings or other procedure or step is taken which results in the appointment of a liquidator under a compulsory liquidation procedure (*liquidateur judiciaire*), receiver (*curateur*), administrative receiver, administrator (*commissaire à la gestion contrôlée*), compulsory manager or other similar officer in respect of the Issuer or all or a substantial part of its assets, or (iii) any event occurs which under the laws of any relevant jurisdiction has, with respect to the Issuer, an analogous effect to any of the events provided in (i) and (ii); or

(b) Winding-up

An order is made or an effective resolution passed for the winding-up or dissolution of the Issuer, or the Issuer ceases or the Issuer or any person acting on their behalf publicly announces an intention to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganization, merger or consolidation on terms approved by an extraordinary resolution of the Noteholders; or

(c) Non Payment of interests or of principal

Default is made for a period of more than thirty (30) calendar days in the payment on the due date of interests or on the principal.

I. REPRESENTATIONS OF THE NOTEHOLDERS

In accordance with the Luxembourg law on commercial companies dated August 10, 1915, as amended from time to time (the "**1915 Law**"), the Noteholders shall be convened to a meeting to consider matters affecting their interests, including the sanctioning by extraordinary resolution of a material modification of any of the Terms and Conditions. Such a meeting will be convened by the Board of Directors/Sole Director of the Issuer. The Board of Directors/Sole Director shall be obliged to convene a meeting so that it is held within a period of one (1) month if Noteholders representing 5% in principal amount of the Notes for the time being outstanding require so in writing with an indication of the agenda.

One or more Noteholders who together hold at least 10% in principal amount of the Notes for the time being outstanding may request that one or more additional items be put on the agenda of any general meeting. Such request shall be sent to the registered office of the Issuer by registered mail, at least five (5) days prior to holding of the meeting. In case all the Noteholders **are present or represented and if they declare that they have been informed of the agenda of the meeting, they may waive all convening requirements and formalities of publication.**

Convening notices for every general meeting shall contain the agenda and shall take the form of a registered letter which shall be sent at least eight (8) calendar days before the meeting to the Noteholders.

A resolution in writing signed by or on behalf of the holders of not less than 100% in principal amount of the Notes outstanding shall for all purposes be as valid and effective as an extraordinary resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

All Noteholders shall be entitled to vote personally or by proxy. A proxy-holder may represent one or several Noteholders at a meeting. The Noteholders are entitled to participate to the meeting by video-conference or by telecommunications means (at their own expenses) allowing their identification, and are deemed to be present, for the quorum conditions and the majority. These means must comply with technical features guaranteeing an effective participation to the meeting whereof the deliberations are transmitted in a continuing way.

The voting rights attached to the Notes shall be proportional with the portion of the note they represent. Each Note shall carry the right to at least one (1) vote.

If there is only one (1) Noteholder, such Noteholder assumes all powers conferred to the general meeting of Noteholders and takes the decisions in writing.

The meeting of the Noteholders shall always comply with the 1915 Law and in particular with articles 94-2 to 94-4.

Unless otherwise provided by the 1915 Law, all decisions by the annual or ordinary general meeting of Noteholders shall be taken by simple majority of the votes, regardless of the proportion of the principal amount of the Notes for the time being outstanding represented.

J. DISTRIBUTION TO SHAREHOLDERS

While and as long as the principal of Notes and the accrued interests have not been fully repaid, the Issuer shall not make distributions to shareholders.

K. ADOPTION OF CERTAIN CORPORATE ACTIONS AND MODIFICATIONS

While and as long as the principal of the Notes and the accrued interests have not been fully repaid, the Issuer may neither be dissolved nor liquidated, its share capital may not be reduced unless (1) otherwise agreed in advance by the Noteholders or (2) unless such actions are legally required.

L. EARLY MATURITY

The Issuer shall inform the Noteholders or its legal representatives, if any, within ninety (90) days following the occurrence of any event which may give rise to the early maturity of the Notes.

The following events can result in the early termination of the issue:

(i) An Event Of Default has occurred and is not remedied within thirty (30) Business Days following the information of the breach;

(ii) Non-compliance by the Issuer of any material obligations assumed pursuant to the issuance of the Notes and the failure was not cured within thirty (30) Business Days following the information of the breach by the Noteholders or its legal representative, if any, to the Issue;
(iii) The substantial modification of the corporate purpose of the Issuer, its scope of business or the withdrawal by the issuer from its business or activities without reason by an uninterrupted period of more than ninety (90) days.

Each Note redeemed pursuant to this Condition will be redeemed on the next Payment Date at its outstanding principal (deducting from the Face Value of the Note all the installments paid) together with the Interest accrued to (but excluding the Payment Date).

M. NOTICES

Any notice or notification addressed to the Issuer shall be sent to it at:

- 3-5 Rue du Fossé,L-1536 Luxembourg, Grand Duchy of Luxembourg.

Any notice or notification addressed to the Paying Agent shall be sent to it at:

- 3-5 Rue du Fossé,L-1536 Luxembourg, Grand Duchy of Luxembourg.

All notices or other communications under or in connection with each Note will be valid if delivered by registered letter.

N. SEVERABILITY

If a provision of the Private Placement Memorandum is or becomes illegal, invalid or unenforceable in any jurisdiction, that shall not affect:
(i) the validity or enforceability in that jurisdiction of any other provision of the Private Placement Memorandum or of the Notes; or
(ii) the validity or enforceability in other jurisdictions of that or any other provision of the Private Placement Memorandum or of the Notes.

O. GOVERNING LAW

(a) Governing Law

The Private Placement Memorandum, the Notes and any non-contractual obligations arising out of or in connection with them are governed by and shall be construed in accordance with Luxembourg law.

(b) Jurisdiction

It is expressly agreed that the courts of the municipality of Luxembourg have exclusive jurisdiction to settle any disputes in connection with this Private Placement Memorandum and the Notes.

VI. USE OF PROCEEDS

The proceeds from the issue of the Notes, after deduction of any applicable costs, fees and expenses in connection with the issue of the Notes and for the general business purposes and administration of the Issuer, including expenses relating to its corporate existence and good standing (these fees and expenses relate to the administration of the Issuer, including, but not limited to, fees payable to any service provider and advisor, such fees and expenses incurred in respect of the compartment), will be used by the Issuer to enter into an assignment agreement with Gmfinance S.p.A, a company incorporated in Italia, having its registered office at 10, via Filippo Argelati, 20143, Milano, Italia, registered with the Italia Trade and Company Register under number 01484100966 – REA MI-1962051, with the objective to purchase a portfolio of non-performing loans.

The proceeds received by the Issuer in relation to the Underlying Loan will be passed-through to the Noteholders (net of certain fees).

The Notes are contractual limited recourse notes, providing recourse to the proceeds of the Underlying Loan only.

Moreover, the Issuer, in order to secure the payment of interest to the Noteholders, may invest a part of the proceeds in liquid assets such as money market instruments (e.g.

Treasury bills, certificate of deposit, etc.) and fixed income (including rated and non-rated securities) with duration which does not exceed five (5) years.

This investment may be done by the Issuer itself or be delegated to regulated asset managers.

VII. CHARGES AND EXPENSES

On the settlement date, the Issuer will be entitled to reimbursement of all reasonable vouched out-of-pocket costs (including, but not limited to, expenses for legal, auditing and consulting services), investment related costs, and costs related to due diligence processes and acquisition. All or part of a sales commission may be remitted to any distributors or agents.

The ongoing costs, charges and expenses during the life of the issuance which may be charged to the Issuer include, but are not limited to all taxes which may be due on the assets and the income of the Issuer, usual banking and brokerage fees due on transactions involving Notes of the Issuer; insurance, postage, telephone, facsimile and telex; the cost of obtaining

valuation prices of investments (to include the cost of any software used in this regard); Directors' fees and remuneration of officers and employees of the Issuer; remuneration and out-of-pocket expenses of the Issuer, service providers **(as arranger(s), placing agent(s) and other agent(s), these fees may be significant and affect the return on investment but will always relate to services organized by specific agreements)**, a custodian and administrator and of representatives in other jurisdictions where the Notes are qualified for sale, and of all other agents employed on behalf of the Issuer; such remuneration may be based on the net assets of the Issuer or on a transaction basis or may be a fixed sum; formation expenses; marketing and promotional expenses; the cost of printing certificates and proxies; the preparation of all other documents concerning the Issuer including registration statements and offering circulars with all authorities having jurisdiction over the Issuer or the offering of Notes; the cost of qualifying the Issuer for the sale of Notes in any jurisdiction or a listing on any stock exchange; the cost of the annual levy with the regulators; the cost of preparing, printing and publishing in such languages as are necessary, and distributing annual and semi-annual reports and other such reports
or documents as may be desirable or required under the applicable laws or regulations of the applicable authorities; the cost of accounting and bookkeeping, the cost of calculating the Net Asset Value of the investments, the cost of preparing, printing, publishing and distributing public notices and other communications, including but not limited to newspaper notices, to the Noteholders, legal and auditing fees; registrar's fees; and all other similar charges and expenses in each case, plus any applicable VAT.

VIII. TAXATION

The following information is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding tax or a tax of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*), as well as personal income tax (*impôt sur le revenu*) generally. Investors may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes.

Corporate income tax, net wealth tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident in Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

Non-resident Noteholder

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident Noteholder, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident Noteholder.

Resident Noteholder

Under Luxembourg general tax laws currently in force and subject to the law of 23 December2005 introducing a final withholding tax on certain interest deriving from savings income, as amended (the "Relibi Law"), there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident Noteholder, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident Noteholder.

<u>Income Taxation</u>

Non-resident Noteholders

A non-resident holder of the Notes, not having a permanent establishment or permanent representative in Luxembourg to which/whom such Notes are attributable, is not subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Notes. A gain realised by such non-resident holder of the Notes on the sale or disposal, in any form whatsoever, of the Notes is further not subject to Luxembourg income tax.

A non-resident corporate holder of Notes or an individual holder of Notes acting in the course of the management of a professional or business undertaking, that has a permanent establishment or permanent representative in Luxembourg to which/whom such Notes are attributable, is subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Notes and on any gains realised upon the sale or disposal, in any form whatsoever, of the Notes.

Resident Noteholders

Noteholders who are residents of Luxembourg will not be liable to any Luxembourg income tax on repayment of principal.

(i) Luxembourg resident corporate Noteholders

A corporate holder of Notes must include any interest accrued or received, any redemption premium or issue discount, as well as any gain realised on the sale or disposal, in assessment purposes.

A corporate holder of Notes that is governed by the law of 11 May 2007 on family estate management companies, as amended, or by the law of 13 February 2007 on specialized investment funds, as amended, or by the law of 17 December 2010 on undertakings for collective investment, as amended, or by the law of 23 July 2016 on reserved alternative investment funds not investing in risk capital thereof is neither subject to Luxembourg income tax in respect of interest accrued or received, any redemption premium or issue discount, nor on gains realised on the sale or disposal, in any form whatsoever, of the Notes.

(ii) Luxembourg resident individual Noteholders

An individual holder of Notes, acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax at progressive rates in respect of interest received, redemption premiums or issue discounts, under the Notes.

A gain realised by an individual holder of Notes, acting in the course of the management of his/her private wealth, upon the sale or disposal, in any form whatsoever, of Notes is not subject to Luxembourg income tax, provided this sale or disposal took place more than six months after the Notes were acquired. However, any portion of such gain corresponding to accrued but unpaid interest income is subject to Luxembourg income tax, except if tax has been levied on such interest in accordance with the Relibi Law.

An individual holder of Notes acting in the course of management of a professional or business undertaking must include this interest in its taxable basis. If applicable, the 20 % withholding tax levied in accordance with the Relibi Law would in that case not be treated as final withholding tax but can be credited against his/her final personal income tax liability.

Net Wealth Taxation

A corporate holder of Notes, whether it is a resident of Luxembourg for tax purposes or, if not, it maintains a permanent establishment or a permanent representative in Luxembourg to which such Notes are attributable, is subject to Luxembourg net wealth tax on such Notes, except if the holder of Notes is governed by the law of 11 May 2007 on family estate management companies, as amended, or by the law of 13 February 2007 on specialised investment funds, as amended, or by the law of 17 December 2010 on undertakings for collective investment, as amended, or by the law of 23 July 2016 on reserved alternative investment funds, or is a securitisation company governed by the law of 22 March 2004 on securitisation, as amended, or is a capital company governed by the law of 15 June 2004 on venture capital vehicles, as amended.

An individual holder of Notes, whether he/she is a resident of Luxembourg or not, is not subject to Luxembourg net wealth tax on such Notes.

Other Taxes

In principle, neither the issuance nor the transfer, repurchase or redemption of Notes will give rise to any Luxembourg registration tax, or similar taxes.

However, a fixed or "ad valorem" registration duty will be required upon registration of the Notes in Luxembourg in the case where the Notes are physically attached (*annexé(s)*) to a public deed or to any other document subject to mandatory registration, or in case of a registration of the Notes on a voluntary basis.

Where a holder of Notes is a resident of Luxembourg for tax purposes at the time of his/her death, the Notes are included in his/her taxable estate for inheritance tax assessment purposes.

Gift tax may be due on a gift or donation of Notes if embodied in a Luxembourg deed or recorded in Luxembourg.

IX. <u>MISCELLANEOUS</u>

1. The Issuer has obtained all necessary consents, approvals and authorizations in Luxembourg in connection with the issue and performance of the Notes. The Issue of the Notes was authorized by a resolution of the Sole Director, signed by the Sole Director of the Issuer as of June 10, 2019.
2. There has been no significant change in the financial or trading position of the Issuer and no material adverse change in the financial position or prospects of the Issuer since the Issue Date. To the best knowledge of the Issuer (having taken all reasonable care to ensure that

such is the case), the information contained in this Private Placement Memorandum is in accordance with the facts and contains no omission likely to affect its import.

3. Neither the Issuer nor any of its subsidiaries is nor has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the thirty-six (36) months preceding the date of this Private Placement Memorandum which may have or has had in the recent past significant effects on the financial position or profitability of the Issuer.

4. Copies of the following documents will be available, during usual business hours on any Business Day (Saturdays and public holidays excepted), for inspection at the registered office of the Issuer:

(a) The articles of incorporation of the Issuer;

(b) The published annual report and audited annual accounts and consolidated financial statements of the shareholder of the Issuer for the five (5) financial years most recently ended;

(c) A copy of this Private Placement Memorandum together with any further supplement;

(d) An executed copy of the executed Paying Agent Agreement.

THIS PRIVATE PLACEMENT MEMORANDUM was approved on the date stated at the beginning of this Private Placement Memorandum.