



Milan, October 2nd, 2014

PRESS RELEASE

**INVESTMENT AGREEMENT WITH STRATEGIC AUSTRALIAN INVESTOR**

*On October 1st Retelit S.p.A. ("Retelit" or the "Company") signed an investment agreement with KBC Telco Infrastructure Pty Ltd, a wholly owned subsidiary of Keybridge Capital Limited ("Keybridge"), a company listed on the Australian Stock Exchange (ASX), and experienced international investor in infrastructure, to issue convertible bonds and non-transferrable warrants to subscribe for common shares in Retelit. The Company will use the funds to pursue its expansion activities both domestically and internationally.*

Yesterday the Company entered into an agreement with Keybridge, concerning a private placement transaction for the issue of convertible bonds and non-transferrable warrants to subscribe for common shares in Retelit S.p.A. ("the Transaction"). The convertible bonds and the warrants will not be listed in any regulated market.

The Transaction is the result of the negotiations referenced in the press release dated September 12, 2014 and the Company will use the funds to pursue its domestic and international expansion strategy.

Keybridge is an experienced international investor in infrastructure and telecommunications assets and is listed on the ASX.

Further details of the Transaction will be included in the documentation that will be made publicly available upon calling the Shareholder General Meeting to resolve on the issue of the convertible bonds and warrants. The meeting will be held within 120 days from execution of the agreement. In summary, the agreement contemplates:

- (i) Issuance to the Investor of up to Euro 20 Million in convertible bonds, convertible into Retelit's common shares only for an amount up to 50% of the bonds issued, maturing in 4 years, with a nominal value of Euro 1,00. The bonds will pay an interest rate of 8% per annum. Euro 10 million in convertible bonds will be issued after obtainment of relevant approvals from the relevant corporate bodies of Retelit, while the remaining Euro 10 million will be issued within one year from the date of the agreement upon request from the Company in one or more tranches. The conversion right might be exercised after 18 months from issuance and the conversion ratio will be determined based on the volume weighted average price of the Company's stock price within 5 days prior to each conversion request. The bond can be redeemed by the Company at any moment at nominal value.
- (ii) Issuance to the Investor of non-transferrable warrants to subscribe for common shares in the Company, in a number proportional to the number of bonds issued. Each warrant will give the right to subscribe for one common share and it may be exercised no earlier than three years from the date of issue and no later than four years from the date of issue. For the first series of the warrants the exercise price is determined on the basis of the volume weighted average price for the Company's stock price 10 days prior to the 25<sup>th</sup> September 2014, and, for the following series, 10 days preceding each additional bond issue, provided that the exercise price of the subsequent warrants cannot exceed 115% nor be less than 85% of the first warrant exercise price.

Pursuant to the agreement, the Investor is also providing the Company with a bridge loan up to Euro 10 million prior to the first series of convertible bonds to be issued, at an annual interest rate of 8%. The bridge loan will be refinanced upon the issue of the first series of the bonds.

The Company will provide securities to the Investor that are customary for loans of this nature for the bridge loan, the bonds and relevant accrued interests.

The convertible bonds regulation provides, in line with international transactions of this type, for the Company to comply with certain covenants aimed at the protection of the bondholders, including but not



limited to limitations on certain debt issuance. There will also be certain events of default that trigger redemption and / or early conversion.

When calling the Shareholders General Meeting to resolve on the issue of said convertible bonds and warrants, the Company will provide the information and documentation required under applicable regulations, including the regulations of the bonds and of the warrants.

*With the availability of over 7,600 kilometers of fibre optics, 8 Metropolitan Networks and 18 data centers, Retelit is one of the leading Italian providers of data transmission services and infrastructure for the telecommunications and ICT markets. Since 2013, thanks to significant investment in new technologies, Retelit's product range has widened with new-generation ultra-broadband VPN services, as well as cloud storage and data-centre services providing added value. Since 2000 Retelit has been listed on the on-line market of the Milan stock exchange.*

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