



INAPA – INVESTIMENTOS, PARTICIPAÇÕES E GESTÃO, SA

(joint stock company)

Head-office: Rua Braamcamp, n.º 40 – 9.º D, 1250-050 Lisbon, Portugal

Share capital: € 180,135,111.42

Corporate Tax Payer and registered at the Trade Registry Office of Lisbon with number 500 137 994

PROPOSAL SECOND POINT OF THE AGENDA

PROPOSAL

Considering that, as indicated in the proposal of the Management Board concerning the first item on the agenda:

- A. The Company entered into a Sale and Purchase Agreement ("SPA") with Papyrus AB and Papyrus GmbH ("Papyrus"), under which Papyrus, among others, undertook to sell, and the Company undertook to Papyrus's holding in Papyrus Deutschland GmbH & Co. KG and in Papyrus Deutschland Verwaltungs-GmbH (the "Papyrus Holdings") (the purchase of Papyrus Holdings by the Company hereinafter referred to as "the Transaction").
- B. It was agreed under the SPA that part of the price owed by the Company to Papyrus for the purchase of the Papyrus Holdings (in the amount of € 15,000,000.00) will be paid by means of an issuing bonds convertible into ordinary shares of the Company in the aggregate amount of € 15,000,000.00, subscribed by Papyrus AB and / or Papyrus GmbH ("Convertible Bonds"), the subscription price of the Convertible Bonds being made in goods other than cash-
- C. Pursuant to paragraph 3 of article 366 of the Portuguese Companies Code, the resolution of bonds convertible into shares implies approval of the capital increase of the company in the amount and under the conditions that may be necessary to satisfy the requests conversion.
- D. The statutory auditor hired by the Company, whose appointment the Board of Directors subjected to the ratification of the general meeting pursuant to item 1 of the agenda, issued on 24 October 2018 its evaluation report of the Papyrus "On the basis of the work done, we declare that the Credit held by Papyrus AB and Papyrus GmbH and which will be used to satisfy the obligation to pay the subscription price by

Papyrus AB and / or Papyrus GmbH, of 15,000 Convertible Bonds to be issued under the Sale and Purchase Agreement, amounting to € 15,000,000.00 (fifteen million euros), represent 23% of INAPA's market capitalization on today's date and under the conditions defined therein. "

- E. The issuance of the Convertible Bonds, to be necessarily carried out by private subscription under the terms of the SPA, does not seem compatible, because it is not feasible, with the exercise of the preemptive subscription right by the shareholders of a public company with admitted shares to trading on a regulated market, and therefore its elimination is justified by the corporate interest, in terms of number 1 of article 367 and article 460, both of the Commercial Companies Code.

It is proposed to the General Meeting to deliberate:

1. The issuance of 15,000 bonds convertible into shares representing its share capital, with a nominal value of € 1,000.00 each, in the total amount of € 15,000,000.00, through the execution of a special subscription offer addressed to Papyrus AB and / or Papyrus GmbH.

Under the terms and for the purposes of paragraph 2 of article 366, Convertible Bonds will be issued under the following terms and conditions:

- a. **Overall amount of the issuance and the reasons for it:** The total issuance amount of the Convertible Bonds is € 15,000,000.00 and the purpose of the issue is the payment of part of the price paid by the Company to Papyrus for the purchase of the Shares Papyrus, in the context of the Transaction.
- b. **Nominal value of the Convertible Bonds and the price because they are issued and refunded or how to determine it:** The nominal value of the Convertible Bonds is € 15,000,000.00 and each Convertible Bond will have the nominal value of € 1,000.00 (which corresponds to its subscription price).
- c. **Interest rate:** 5% per year. Interest is payable at the end of each quarter as of the date of issuance of the Convertible Bonds and calculated on a daily basis (assuming a 360-day year).
- d. **Amortization schedule of the bonds:** The Convertible Bonds will be amortized and reimbursed (if they are not converted into ordinary shares representing the Company's share capital) in 5 phases, according to the following schedule:
First phase: Amortization on the third anniversary of the issue date of the Convertible Bonds;

Second stage: Amortization on the fourth anniversary of the issue date of the Convertible Bonds;

Third phase: Amortization on the fifth anniversary of the issue date of the Convertible Bonds;

Fourth phase: Amortization on the sixth anniversary of the date of issue of the Convertible Bonds;

Fifth stage: Amortization on the seventh anniversary of the issue date of the Convertible Bonds.

- e. **Basis and terms of conversion:** At any time after the date of issuance of Convertible Bonds, bondholders will have the right to convert in whole or in part any Convertible Bonds that have not been converted or amortized into ordinary shares representing the Company's capital stock.

The Convertible Bonds are converted at their nominal value and the conversion price will be the result of applying the following formula:

$$\text{Conversion price} = \frac{\text{€ 15 000 000.00}}{\frac{\text{Number of shares at the issuance date of the bonds}}{100\% - 23\%}} \times 23\%$$

This conversion value corresponds to the price per share of the Company that, in case of conversion of all Convertible Bonds into shares on the respective date of issue of the Convertible Bonds, would result in a holding in the Company by the respective holder equivalent to 23% and voting rights of the Company on a diluted basis.

- f. **Dilution protection:**

A "Dilution Event" shall be deemed to have occurred if any of the following occurs between and the date where the Bondholder exercises the Conversion Right:

- a. reclassification, recapitalisation, stock split, split-up, combination, exchange of shares, in relation to the shares representative of the Issuer's share capital which alters the number of issued shares;
- b. increase of the Issuer's share capital by means of incorporation of reserves;

Upon the occurrence of any Dilution Event and on the basis and terms of the conversion (set forth in section e) above) shall be adjusted as follows:

- i. in the case of a Dilution Event indicated in paragraph i. above, the price per share shall be adjusted by multiplying the conversion price (determined according to aa. above) applicable on the day of the exercise of the Conversion Right, by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of shares in issue before such Dilution Event;

and

B is the aggregate number of shares in issue after, and as a result of, such Dilution Event.

- ii. in the case of a Dilution Event indicated in paragraph ii. above, the price per share shall be adjusted by multiplying the conversion price (determined according to aa. above) applicable on the day of the exercise of the Conversion Right by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate nominal amount of the issued shares before such Dilution Event; and

B is the aggregate nominal amount of the issued shares after, and as a result of, such Dilution Event.

If upon the occurrence of a Dilution Event any doubt shall arise as (i) to whether an adjustment is to be made to the price per Share to be considered for the purposes of the conversion or (ii) as to the appropriate adjustment to be made, and following consultation between the Issuer and the Bondholder with an Independent Financial Adviser, a written opinion of such Independent Financial Adviser in respect of such adjustment shall be conclusive and binding on all concerned.

- g. **Shareholders subscription rights:** Due to the nature of the subscription of the Convertible bonds, the Board of Directors considers that the subscription rights conferred under number 1 of article 367 should be suppressed.
- h. **Identification of subscriber and number of bonds subscribed by each:** The Convertible Bonds will be fully subscribed by Papyrus AB and / or companies directly or indirectly controlled by it.

2. To resolve, pursuant to Articles 367 and 460 of the Portuguese Companies Code, the suppression of the preemptive rights of the shareholders in the subscription of Convertible Bonds, taking into account the social interest, as set out in the Considerations herein proposal.
3. To resolve on an increase in the Company's share capital from € 180,135,111.43 up to € 195,135,111.43 through conversion of the Convertible Bonds, provided that they are required by the respective bondholders, under the conditions and on the dates established for the conversion operations, the Board of Directors being empowered to perform such acts as may be necessary to carry out these capital increase operations.
4. To resolve to delegate all necessary, useful or convenient powers to the Board of Directors of the Company (or the Executive Committee, by delegation of powers), for this body to define the final terms and conditions of the issue of Convertible Bonds that it deems most appropriate.

Lisbon, October 24, 2018

The Board of Directors