

FOLLI FOLLIE

RESTRUCTURING TERM SHEET

[This term sheet is subject to necessary consents, court and regulatory approvals, internal committee approvals, tax analysis and legal review by creditors' counsel.]

This restructuring term sheet (the “**Restructuring Term Sheet**”) outlines a proposal for the key commercial terms to be incorporated into the rehabilitation plan (the “**Rehabilitation Plan**”) of Folli Follie Commercial Manufacturing and Technical S.A. (the “**Company**” and, together with its subsidiaries, the “**Existing Group**”) and the legally binding restructuring agreement (the “**Restructuring Agreement**”) which shall be submitted to the Athens Multi-Member Court of First Instance (the “**Greek Court**”) pursuant to Article 106b and/or d of Greek law 3588/2007 (“**Art 106**”), as currently in force (the “**Greek Bankruptcy Code**”).

This Restructuring Term Sheet would be circulated to certain of:

- (a) the holders of the €249,500,000 1.75 per cent. Guaranteed Exchangeable Notes due 2019 issued by FF Group Finance Luxembourg SA and guaranteed by the Company (the “**Eurobonds**”);
- (b) the holders of the CHF 150,000,000 3.25 per cent. Notes due 2021 issued by FF Group Finance Luxembourg II SA (“**LuxCo II**”) and guaranteed by the Company (the “**Swissbonds**”);
- (c) the lender of 100% of the €20,000,000 Schuldschein loan due 2021 issued by LuxCo II and guaranteed by the Company (the “**20m Schuldschein**”); and
- (d) the lender of 100% of the €31,000,000 Schuldschein loan due 2021 issued by LuxCo II and guaranteed by the Company (the “**31m Schuldschein**” and together with the 20m Schuldschein, the “**Schuldschein**”),

the Eurobonds, Swissbonds and Schuldschein shall together be referred to as the “**Debt**” and the holders of the debt shall be referred to as the “**Holders**”.

This Restructuring Term Sheet has been negotiated between the Company and a group of key financial creditors comprised of (a) the lender of the 20m Schuldschein; (b) the lender of the 31m Schuldschein and (c) an ad hoc committee of holders of the Eurobonds, holding in aggregate approx. 26.4% of the principal amount of the Eurobonds outstanding on the Launch Date (defined below) (the “**Ad Hoc Committee**”). The creditors described at (a), (b) and (c) are, together, referred to herein as the “**Unsecured Creditors' Committee**”.

The Company has also consulted throughout the negotiation of this Restructuring Term Sheet with an informal group of creditors, holding in aggregate approx. 34.2% of the principal amount of the Swissbonds and approx. 6.7% of the Eurobonds outstanding on the Launch Date (defined below).

The date on which this Restructuring Term Sheet is made publicly available to the holders of the Eurobonds and Swissbonds for the purpose of seeking their support for the Rehabilitation Plan shall be the “**Launch Date**”.

The date on which the Restructuring Agreement is filed at the Greek Court shall be the “**Filing Date**”, the date on which the Greek Court is convened to hear the Company's submissions on the Restructuring Agreement shall be the “**Hearing Date**” and the date on which the Greek Court delivers its decision with respect to the Restructuring Agreement shall be the “**Decision Date**”.

In addition, definitive documentation to give effect to the terms of the Restructuring Agreement and the Rehabilitation Plan will have to be prepared in due course. Such definitive documents shall come into full force and effect in accordance with the relevant provisions of the Restructuring Agreement, provided the Greek Court has ratified the Restructuring Agreement on the Decision Date (the “**Restructuring Effective Date**”).

PART 1: OPSCO

1. **Jurisdiction of** The parties shall agree the jurisdiction of incorporation of OpsCo prior to the Launch Date.

Incorporation

2. **Shares** OpsCo shall issue ordinary shares (the “**OpsCo Shares**”) in the following portions:
- (a) 49% of the issued share capital shall be issued to AssetsCo; and
 - (b) 51% of the issues share capital shall be issued to the Company.
3. **Business** The distribution contracts relating to the jewellery, fashion, cosmetics and factory outlet and department stores businesses of the Existing Group shall be transferred, novated or assigned, as appropriate, to OpsCo (or a subsidiary of OpsCo), by the Existing Group and the relevant consents shall be procured by the Company (at its cost and expense) from the relevant contract counter-parties.
4. **Dufry** The proceeds following the outcome of the arbitration relating to the Company’s 804,726 shares in Dufry AG (settlement and/or sale) shall be transferred to OpsCo (or a subsidiary of OpsCo) and applied as follows:
- (a) *first*, an amount of EUR 35,000,000 shall be applied towards the general working capital requirements of OpsCo and its subsidiaries; and
 - (b) *second*, the balance shall be applied as follows:
 - i. 50% shall be distributed to Holders as a special distribution; and
 - ii. 50% shall either be applied towards OpsCo’s and its subsidiaries general working capital requirements or be used to buy-back New Notes, whether on the open market or as part of a private market transaction, at such price as may be agreed.
5. **Listing** None
6. **Dividends and Distributions** Subject to approval by a 75% Supermajority (as defined below).
7. **Voting Rights** Each OpsCo Share will have one vote.
- Resolutions will be passed by the affirmative vote of holders of a simple majority (more than 50%) of the OpsCo Shares entitled to vote thereon present and voting (in person or by proxy) at the relevant meeting (an “**OpsCo Shareholder Simple Majority**”), except for:
- (i) certain reserved matters to be agreed that shall require approval by affirmative vote of holders of a supermajority of at least 75% of the OpsCo Shares entitled to vote thereon present and voting at the relevant meeting (the “**75% Supermajority**”); and
 - (ii) any other matters that may require a greater majority than the OpsCo Shareholder Simple Majority in accordance with applicable law.
- Resolutions may also be passed by written resolutions of the OpsCo Shareholders circulated in accordance with applicable law.
8. **Board Composition** The “**OpsCo Board of Directors**” shall be initially agreed as part of the Restructuring, thereafter, the composition shall be agreed by an OpsCo Shareholder Simple Majority, subject to there being a board seat reserved for a director appointed by the Holders on and from the Restructuring Effective Date (the “**B Director**”). Certain decisions of the OpsCo Board of Directors shall require the approval of the B Director (the “**B Director Reserved Matters**”). The parties shall agree the B Director Reserved Matters prior to the Launch Date.
9. **Shareholder Reserved** The following matters, amongst others, shall require the approval of a 75% Supermajority:

Matters

- the issue or allotment of OpsCo Shares;
- the payment of dividends;
- the entry into any arrangement, contract or transaction outside the normal course of OpsCo's business or otherwise than on arm's length terms, including, but limited to transactions with Related Parties. For the purposes of this provision, "**Related Parties**" shall mean:
 - the Company and the Existing Group;
 - the directors of the Company or other companies in the Existing Group;
 - the shareholders of the Company; and
 - members of the Koutsolioutsos family.
- the transfer of OpsCo Shares excepted for: (i) permitted transfers; (ii) transfers in accordance with the drag and tag provisions and (iii) in accordance with the right of first offer;
- the alteration of the OpsCo Articles of Association;
- *[other 75% Supermajority matters to be agreed, the above list is not exhaustive, but outlines certain key rights. Any additional 75% Supermajority matters agreed as part of the Restructuring shall not prevent the day-to-day operation of the OpsCo business.]*

PART 2: ASSETSCO

10.	Jurisdiction of Incorporation	Grand Duchy of Luxembourg, or any other jurisdiction agreed between the parties prior to the Launch Date.
11.	Shares	AssetsCo shall issue ordinary shares (the " AssetsCo Shares ") representing 100% of the issued share capital in AssetsCo to the Holders.
12.	Business	The assets listed at Schedule 2 (<i>Transferring Assets</i>) ¹ shall be transferred to AssetsCo, subject to certain leaseback arrangements with OpsCo to be agreed as part of the Rehabilitation Plan.
13.	Listing	None
14.	Voting Rights	Each AssetsCo Share will have one vote. Resolutions will be passed by the affirmative vote of holders of a simple majority (more than 50%) of the AssetsCo Shares entitled to vote thereon present and voting (in person or by proxy) at the relevant meeting (an " AssetsCo Shareholder Simple Majority ").
15.	Board Composition	The " AssetsCo Board of Directors " shall be composed as follows: <ul style="list-style-type: none"> • CEO, appointed by an AssetsCo Shareholder Simple Majority vote; • Non-Executive Chairman, appointed by an AssetsCo Shareholder Simple Majority vote; and • 3 Independent Non-Executive Directors, appointed from a short list of nominees put forward by the Holders by an AssetsCo Shareholder Simple Majority vote.
16.	Shareholder Matters	Exit Events, Drag-Along Rights, Tag-Along Rights etc to be agreed.

¹ Greek advisers to confirm ownership of Existing Group's intellectual property prior to the Launch Date.

PART 3: NEW NOTES

17.	Issuer	OpsCo (or a subsidiary of OpsCo)
18.	Lenders	Holders
19.	Facility	Structured as a high yield note or term loan at the option of the Holders.
20.	Amount	EUR 60,000,000
21.	Interest	Interest to be paid / accrued on a “pay as you can” basis as follows: <ul style="list-style-type: none"> (c) 3% cash interest; and (d) 4% PIK interest, rising by an additional 1% for each year the maturity of the New Note is extended in accordance with Clause 23 (<i>Term</i>) below.
22.	Guarantees and Security	Corporate guarantee provided by the Company
23.	Term	<p>5 years from the Restructuring Effective Date. To the extent that at maturity the outstanding principal and interest is not capable of being repaid, OpsCo shall use best efforts to refinance the New Note on Market Terms (as defined below). If the New Note is not capable of being re-financed on Market Terms, the term of the New Note shall be extended by 1 year.</p> <p>If following the additional 1 year, the outstanding principal and interest is not capable of being repaid, the Company shall use best efforts to refinance the New Note on Market Terms (as defined below). If the New Note is not capable of being re-financed on Market Terms, the term of the New Note shall be extended by a further 1 year.</p> <p>“Market Terms” shall mean refinancing terms within 200bp of reasonable market terms as determined by an independent financing adviser appointed by OpsCo.</p>
24.	Repayment	Balloon, principal and outstanding interest
25.	Prepayment	At any time 2 years after the Restructuring Effective Date, without penalty
26.	Cash Sweep	<p>2 years from the Restructuring Effective Date, Excess Cash Flow (as defined below) shall be applied as follows:</p> <ul style="list-style-type: none"> (a) In the period starting 2 years after the Restructuring Effective Date and ending 3 years after the Restructuring Effective Date, on a 6 monthly basis, 75% of any Excess Cash Flow shall be deposited into a retention account and applied in repayment of principal outstanding at par and 25% of any Excess Cash Flow shall be retained by OpsCo and applied towards its general working capital requirements; and (b) In the period starting 3 years after the Restructuring Effective Date and ending at maturity of the New Note, on a 6 monthly basis, 50% of any Excess Cash Flow shall be deposited into a retention account and applied in repayment of principal outstanding at par and 50% of any Excess Cash Flow shall be retained by OpsCo and either applied towards its general working capital requirements or used to buy-back New Notes, whether on the open market or as part of a private market transaction, at such price as may be agreed. <p>“Excess Cash Flow” shall mean any amount of cash held by OpsCo over an amount of EUR 10,000,000.</p>
27.	Covenants	Market standard covenants to be included
28.	Governing Law and Jurisdiction	English law, courts of England and Wales

PART 4: OTHER MATTERS

- 29. Compromise** The OpsCo Shares, AssetsCo Shares and New Note shall be issued in full and final settlement of all liabilities arising under and in connection with the Debt.
- 30. Allocations** Definitive documentation will include a process to resolve any material intercreditor disputes regarding the allocation of post restructuring securities.
- 31. Treatment of Unsecured Creditors** The “**Unsecured Creditors**” means the creditors set out in Schedule 1 (*Existing Liabilities*), including the Holders, entitled to receive in full and final settlement of the Debt:
- (a) AssetsCo Shares;
 - (b) OpsCo Shares;
 - (c) New Notes to be issued by OpsCo to AssetsCo; and
 - (d) the Corporate Guarantee.
- 32. Asia Business** The Company covenants that between the Launch Date and the date falling 6 months from the Launch Date, Funding (as defined below) to the Asia Business (as defined below) shall not exceed EUR 2,000,000.
- Following the Launch Date, the Company shall appoint the Independent Financial Adviser (as defined below) to review the Asia Business Plan (as defined below) and in the period between the Launch Date and the date falling 6 months after the Launch Date, the Company, the financial advisers to the Ad Hoc Committee and the Independent Financial Adviser shall consult in good faith to agree the Asia Business Plan. Any increase to the Funding shall be conditional on the Asia Business Plan being agreed between the Company and Unsecured Creditor Committee.
- “**Asia Business**” shall mean Folli Follie Group Sourcing Limited and its subsidiaries.
- “**Asia Business Plan**” shall mean the business plan applicable to the Asia Business.
- “**Funding**” shall mean the money paid by the Company and/or its subsidiaries (excluding the Asia Business) to the Asia Business.
- “**Independent Financial Adviser**” shall mean a financial adviser appointed by the Company from a shortlist of 3 financial advisers approved by the financial advisers to the Ad Hoc Committee.
- 33. Asia Tax** The Company and OpsCo shall use reasonable endeavours to secure tax returns relating to over-paid taxes of the Asia Business and the assignment to such tax returns to OpsCo.
- 34. Ring-fencing** The parties agree that it shall be a fundamental term of the Rehabilitation Plan that AssetsCo and OpsCo are ring-fenced from the liabilities of the Existing Group and that such terms shall be incorporated into the Restructuring Agreement as necessary to ring-fence AssetsCo and OpsCo from such liabilities.
- 35. Court Orders by the Anti-Money Laundering Authority** It shall be a condition of the Restructuring Agreement that the ruling by the Judicial Council (following successful applications by the Company) by virtue of which two orders (no.133/2018 and no. 136/2018) of the President of the Anti-Money Laundering Authority forbidding any disposal of, among others, real estate property of the Company is lifted prior to the Restructuring Effective Date and that no other similar orders shall be granted or outstanding. Any such order lifting the rulings by the Judicial Council shall, to the extent possible as a matter of Greek law, further provide that the assets transferred to AssetsCo under the Restructuring Agreement will not be subject to any similar orders now or in the future.
- 36. Director** The Rehabilitation Plan shall provide for market standard releases of current directors and advisers of the Company and other related parties, subject to agreed exceptions, including

Liabilities parties currently subject to investigation/sanction by a relevant regulatory authority, providing that such investigation/sanction is determined in the negative against such party.

37. Legal Matters The terms of, and the existence of, this term sheet is strictly confidential and shall not be disclosed to any person, other than to any of the parties' professional advisers acting in connection with the transactions contemplated hereby, without the consent of the other parties. This term sheet records the intentions of the parties. It is not intended to, nor is it to be construed as, giving rise to any legally binding obligations on any party.

This term sheet and all matters (including, without limitation, any contractual or non-contractual matters) arising from, or connected with, it are governed by, and will be construed in accordance with English law and the parties irrevocably submit to the exclusive jurisdiction of the English courts.

SCHEDULE 1

EXISTING LIABILITIES

Principal Debtor	Creditor	Description	Outstanding Amount (€)
FF Group Finance Luxembourg SA	US Bank Trustees Limited, on behalf of the Eurobond holders	Eurobonds	250,997,000
FF Group Finance Luxembourg II SA	UBS AG, on behalf of the holders of the Swiss franc bonds	Swiss franc bonds	134,854,808
FF Group Finance Luxembourg II SA	<i>[intentionally left blank]</i>	Schuldschein	31,485,760
FF Group Finance Luxembourg II SA	<i>[intentionally left blank]</i>	Schuldschein	20,323,840
Folli Follie SA	Employees	Entitlements	nil
Total Unsecured Liabilities			437,661,408

The Eurobonds, Swiss franc bonds and Schuldschein are guaranteed by the Company. Each of these has been accelerated and the guarantees provided by the Company in respect of them have been called.

SCHEDULE 2

TRANSFERRING ASSETS

Part A1: Real Estate Assets held by the Company

Property	Address	Jurisdiction	Transferor
K1 Office Building in Agios Stefanos, Attica	23rd km., Athens-Lamia Highway, Agios Stefanos, Municipality of Dionysos, Regional Unit of East Attica, Region of Attica	Greece	Folli Follie Commercial Manufacturing and Technical S.A.
K2 Office Building in Agios Stefanos, Attica		Greece	Folli Follie Commercial Manufacturing and Technical S.A.
Office Floor on Vouliagmenis Av., Athens	96 Vouliagmenis Avenue, Glyfada	Greece	Folli Follie Commercial Manufacturing and Technical S.A.
Office Floor in Thessaloniki	43, 26th Oktovriou Str. and Kefalinias Str, Thessaloniki, Regional Unit of Central Thessaloniki, Region of Central Macedonia	Greece	Folli Follie Commercial Manufacturing and Technical S.A.
Retail Store in Fira, Santorini	Spirou Marinatou, Fira, Santorini	Greece	Folli Follie Commercial Manufacturing and Technical S.A.
Retail Store in Maroussi, Athens	Andrea Papandreou 29, Agios Thomas - Marousi, Attica	Greece	Folli Follie Commercial Manufacturing and Technical S.A.
Retail Store on Acharnon Str, Athens	421 Acharnon and Kourtidou str, Agios Eleutherios, Athens	Greece	Folli Follie Commercial Manufacturing and Technical S.A.
Two Retail Units in Kolonaki, Athens	6 Tsakalof str., Kolonaki, Athens	Greece	Folli Follie Commercial Manufacturing and Technical S.A.
Logistics Property in Agios Stefanos, Attica	22nd km, Athens-Lamia Highway, Agios Stefanos, Athens	Greece	Folli Follie Commercial Manufacturing and Technical S.A.

Property	Address	Jurisdiction	Transferor
Logistics Property in Koropi, Attica	49, Ifestou str., Koropi, Municipality of Koropi, Regional Unit of East Attica Region of Attica	Greece	Folli Follie Commercial Manufacturing and Technical S.A.
Land Plot in Koropi, Attica	Vari – Koropi Ave., “Skala” location, municipality of Kropia, Regional Unit of East Attica, Region of Attica	Greece	Folli Follie Commercial Manufacturing and Technical S.A.
	2 Nirvana str. Psychiko-Filothei, Attica	Greece	Folli Follie Commercial Manufacturing and Technical S.A.
Minion A	Dorou & Satomvriandou, Athens,	Greece	Folli Follie Holdings S.A.
Minion B, C, D, E	28th Octovriou & Satovriandou, Athens	Greece	Folli Follie Holdings S.A.
Aegina Shipyard	Kavouropetra, Aegina	Greece	Planaco

Part A2: Real Estate Assets held outside the Company

Property	Address	Jurisdiction	Transferor
Mixed Use Commercial Building	Str.Ion Campineanu, Nr.2, sector 1, Bucharest	Romania	FF Group SRL
Land Plot with Derelict Building	Str.Ion Campineanu, Nr.4, sector 1, Bucharest	Romania	FF Group SRL
Retail Store in Magheru	Str,Tache Ionescu, Nr.8, Sector 1, Bucharest	Romania	FF Group SRL
Retail Building in Timisoara	Bulevardul Corneliu Coposu, Nr.14, Timisoara, Jud.Timis	Romania	FF Group SRL
Retail Store in Mosilor	Calea Mosilor, Nr.284, Bl.22A, Parter, Sector 2, Bucharest	Romania	FF Group SRL
Land Plot	Otopeni, Calea Bucuresti 247, Ilfov County	Romania	FF Group SRL
Land Plot	Comuna Giroc, Judetul Timisoara	Romania	FF Group SRL
Land Plot	Comuna Gruiu, Judetul Ilfov	Romania	FF Group SRL
Land Plot	Margelelor Street, Bucharest	Romania	FF Group SRL
Apartment in Bucharest	59 Popa Tatu Str,ET.3, Ap.8, Sector 1, Bucharest	Romania	FF Group SRL
Apartment, Bulgaria	3 rd floor apartment, Sofia, Bulgaria	Bulgaria	FF Group Bulgaria EOOD

Part A3: Other Assets

- The Company's 48.99% holding in the share capital of Sales Manager Ltd
- The Company's 50.00% holding in the share capital of Marina Mytilinis