

**UPDATED DRAFT AGREEMENT INCLUDING THE
MINISTRY OF THE INTERIOR'S REQUESTS
DATED 9/12/2013**

CITTA' DI
VENEZIA



DRAFT AGREEMENT

between

CITY OF VENICE
(Grantor)

and

CASINÒ DI VENEZIA GIOCO S.P.A.
(Concession Holder)

CASINÒ DI VENEZIA MEETING & DINING SERVICES S.R.L.
(only for certain specific clauses)

and

[•]
(Tender Winner)

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DRAFT AGREEMENT

Between

The **CITY OF VENICE**, tax code 00339370272, headquartered in Venice, San Marco no. 4136, represented by [•], born in [•] on [•], in the capacity of [•], domiciled for the purposes of this role in [•] and holding the necessary powers based on [•] of [•], a copy of which is attached hereto as Annex 17 (the “**Grantor**”)

— for the one side —

Casinò DI VENEZIA GIOCO S.P.A., headquartered in Venice, Cannaregio no. 2040, enrolled in the Venice register of companies with no. [•], here represented by [•], [•], who holds the necessary power based on [•] of [•], a copy of which is attached hereto as Annex 0.2 (the “**Concession Holder**”)

CASINÒ DI VENEZIA MEETING & DINING SERVICES S.R.L., headquartered in Venice, Cannaregio no. 2079, enrolled in the Venice register of companies with no. 03740540277, here represented by [•], Mr/Ms. [•], who holds the necessary power based on [•] of [•], a copy of which is attached hereto as Annex 0.3 (“**M&D**”), solely for the agreements indicated in the following sections: 4.5, 4.6, 6, 7.2, 7.5, 12, 14, 16.1.2(j), 16.3, 17 and 18.

and

[**TENDER WINNER**], headquartered in [•], [•] ([•]), enrolled in the [•] register of companies with no. [•], here represented by [•], Mr/Ms. [•], who holds the necessary power based on [•] of [•], a copy of which is attached hereto as Annex 0.1 (the “**Tender Winner**”)

— for the other side —

(The Grantor, the Concession Holder and the Tender Winner shall also be known collectively as the “**Parties**” or each singularly as a “**Party**”).

Recitals:

- A. Pursuant to the Ministry of the Interior Decree dated 30 July 1936, adopted on the basis of Royal Decree no. 1404 of 16 July 1936, the Grantor has been authorized, notwithstanding current criminal laws, to offer gambling activities (the “**Service**”).
- B. The Grantor established a company named Casinò Municipale di Venezia S.p.A. (now CMV S.p.A.) (“**CMV**”) with City Council decisions no. 22/55369 of 6/7 February 1995 and no. 98/69680 of 26 June 1995 and, in a specific agreement, assigned this company to manage the “**Service**” at the Municipal Casino in Venice (the “**Gambling House**”).

- C. CMV and the Grantor have organized a large-scale reorganization of the CMV corporate group. This is partly in response to the planned outsourcing in a public tender of the management of the Service, as approved by the Venice City Council with resolution no. 34 of 23 April 2012 (the "**Project**").
- D. In execution of the Project:
- (a) On 26 June 2012, the Grantor and CMV entered into a new agreement governing the awarding of the Service (the "**Temporary Agreement**") pursuant to City Council resolution no. 34 of 23 April 2012;
 - (b) On 1 October 2012, CMV established Casinò di Venezia Gioco S.p.A. and transferred to this new enterprise its entire going concern related to the Service (the "**Gambling Going Concern**"), which consists of, among other aspects:
 - (i) the movables related to the exercise of the Service (for example, the slot machines, the gaming tables, the various fixtures and furniture related to gaming activities located at the Gambling House, etc.) (the "**Movables**");
 - (ii) all the other relationships, assets and liabilities linked to this that are directly related to the Service (including, but not limited to, the lease agreements between Casinò di Venezia Gioco S.p.A. and CMV for the building currently used by the Gambling House. These are annexed hereto as Annex 0.4 (the "**Lease Agreements**");
 - (iii) the entire stake in M&D, owner of, among other aspects, the intellectual property rights and the going concern for the online gambling activities (the "**Online Going Concern**"), as more clearly detailed in Annex 0.5;
 - (c) Following the incorporation of Casinò di Venezia Gioco S.p.A., the management of the Service governed by the Temporary Agreement was transferred to Casinò di Venezia Gioco S.p.A., which took over from CMV S.p.A. in the contract awarded for the Service;
- E. In order to initiate the public tender to award the concession to manage the Service to a third party, the Venice City Council adopted resolution no. 70 of 17/18 September 2013 approving, among other aspects, this Agreement (the "**Agreement**"), which was authorized by the Ministry of the Interior in a decree dated •. The latter shall also be required to approve any amendments to this agreement.
- E.1 In a letter dated 20 September 2013, the Mayor of the City of Venice sent the application for the authorization to enact the aforementioned resolution by the Venice City Council (no. 70 of 17/18 September 2013), dated •, to the Ministry of the Interior, which issued the required authorization in a deed dated 11.12.2013 clarifying that the Ministry of the Interior would have to approve any amendments to the text of this Agreement.

- F. In order to implement the Project, Venice City Council resolution no. 70 of 17/18 September 2013, Venice Executive Council resolution no. 696 of 20.12.2013 and authority decision no. 2980 of 20.12.2013 the City Council initiated a public call for tenders open to those subjects meeting the requirements established by law, by the Contract notice and the Tender Specifications (the "**Procedure**") for the sale of the entire share capital of Casinò di Venezia Gioco S.p.A. and the concession to manage the Service (the "**Concession**"). This public call for tender was initiated with the Contract notice published in the Official Journal of the European Union, issue no. [●] of [●], and the Official Journal of the Italian Republic, issue no. [●] of [●] (the "**Contract notice**") and the award will be formalized when this Agreement is signed by the City of Venice, Casinò di Venezia Gioco S.p.A., M&D and the Tender Winner following the Procedure.
- G. On [●], the Procedure concluded when the Tender Winner was definitively adjudicated as the winner in authority decision no. [●] of [●], with notice published in the Official Journal of the European Union, issue no. [●] of [●], and in the Official Journal of the Italian Republic, issue no. [●] of [●].
- H. On [●], pursuant to what is established by subsection [●] of the Tender Specifications, CMV and the Tender Winner signed the contract governing the transfer from CMV to the Tender Winner of the entire share capital of Casinò di Venezia Gioco S.p.A., which expressly includes the amount indicated in the Accounts for the Severance Fund (*Fondo Trattamento Fine Rapporto*) of Euro [●], as per the copy attached as Annex 0.6 (the "**Acquisition Agreement**").
- I. As of today's date:
- (a) The Acquisition Agreement has been signed;
 - (b) Also pursuant to Clause 8.1, the Tender Winner has and shall maintain registered offices in a European Union country or, if it has registered offices in a country not in the European Union, then it has and shall maintain an administrative office in a European Union country. In the latter case, the office shall be headed by a representative specifically entrusted therefor and, at this administrative office, it shall keep either the originals or certified copies, according to the legislation applying at the place where the Operator is established, of all documents required or useful for the relevant Public Safety Authorities and the City Council to ensure the effectiveness of the checks on the requirements that must be met by the tender winner and the party that controls it.
 - (c) The Grantor has granted a concession (protocol no. [●] of [●], Annex 0.7) that gives Casinò di Venezia Gioco S.p.A. the role, including as far as the Tender Winner is concerned, of Concession Holder for the Service to manage the Gambling House (the "Concession Deed");
 - (d) The Tender Winner and the Concession Holder have signed, along with the Grantor and the competent Prefecture, the legality protocol designed to

prevent criminal infiltration, hereto attached as Annex 0.8 (the "**Legality Protocol**").

- J. This Agreement enacts City Council resolution no. [] of [] and is in force pursuant to the law. The Grantor intends this Agreement to govern the relations with the Concession Holder and the Tender Winner as concerns the management of the Service by the Concession Holder.

The recitals are an integral and substantive part of this Agreement. Given the above, the Parties agree on what follows.

1. Definitions

In addition to the terms and expressions defined in other clauses in this Agreement, the terms and expression listed below shall have the indicated meanings for this Agreement:

- 1.1 “**Advisory Board**”: the publically appointed body consisting of no more than 5 directors from the Grantor that, along with the City Council Inspection Service, supervises, monitors and inspects the Concession Holder pursuant to Clause 14 of this Agreement
- 1.2 “**Tender Winner**”: the party adjudicated as the definitive winner of the Procedure.
- 1.3 “**Arbitrator**”: the independent professional of proven experience in the sector of assessing companies who is appointed as follows: (i) by joint agreement of the Grantor and Concession Holder; (ii) if the Grantor and Grantor cannot reach an agreement within 10 (ten) Working Days from the date of the written request made by the Party seeking the appointment, by the President of the Court of Venice who, following an application by the Grantor or Concession Holder, chooses the person from among independent professionals with proven experience in assessing companies; or, (iii) if the President of the Court of Venice fails to appoint someone, for whatsoever reason, within 30 (thirty) Working Days from the submission of the application, by the President of the Association of Certified Accountants of Venice who, following an application by the Grantor or Concession Holder, chooses the person from among independent professionals with proven experience in assessing companies. For the purposes of this Clause, the "**independence**" requirement shall be deemed to be met if the person in question has not been appointed to any role by the Grantor, the Concession Holder, the Tender Winner or their Related Parties in the 3 (three) years prior to the appointment.
- 1.4 “**Concession Deed**”: as per the meaning indicated in Ic of the Recitals.
- 1.5 “**Contract notice**”: as per the meaning indicated in F of the Recitals to this Agreement.
- 1.6 “**Movables**”: as per the meaning indicated in D of the Recitals to this Agreement.

- 1.7 “**Change of Control**”: indicates any situation (including but not limited to the sale, donation, exchange, capital contribution, forced sale, bulk sale or transfer leading to the merger, carve out or winding up of the company, swaps, stock lending, future transfers etc.) or the stipulation of any agreement, even if subject to conditions, that result or could result in a change - either directly or indirectly through subsidiaries or intermediaries - in control, including cases of joint control, of the Concession Holder and/or the Tender Winner. Likewise, it also indicates the change from a situation in which one or more people or companies (even if not acknowledged) exercise Control over the Concession Holder and/or Tender Winner to one in which there is an absence of Control.
- 1.8 “**Concession Fee**”: as per the meaning in Clause 4.4 of this Agreement.
- 1.9 “**Service Charter**”: the service charter adopted by the Concession Holder, pursuant to current laws, according to the instructions provided by the Grantor, that identifies the qualitative and quantitative standards that the Concession Holder undertakes to comply with in providing the Service.
- 1.10 “**Gambling House**”: as per the meaning indicated in B of the Recitals to this Agreement.
- 1.11 “**CMV**”: CMV S.p.A.
- 1.12 “**Anti-mafia Code**”: Legislative Decree no. 159 of 6 September 2011 and subsequent amendments.
- 1.13 “**Public Contract Code**”: Legislative Decree no. 163 of 12 April 2006 and subsequent amendments.
- 1.14 “**Grantor**”: the City of Venice.
- 1.15 “**Concession Holder**”: Casinò di Venezia Gioco S.p.A.
- 1.16 “**Concession**”: the relationship between the Grantor and the Concession Holder, according to which the Concession Holder is granted the management of the Gambling House pursuant to the provisions of this Agreement.
- 1.17 “**Acquisition Agreement**”: as per the meaning indicated in H of the Recitals to this Agreement.
- 1.18 “**Lease Agreements**” as per the meaning indicated in D of the Recitals to this Agreement.
- 1.19 “**Control**”, “**Controller**” and similar expressions indicate the relationships foreseen by Article 2359.1 of the Italian Civil Code.
- 1.20 “**Temporary Agreement**”: as per the meaning indicated in D of the Recitals to this Agreement.

- 1.21 “**Agreement**”: this contractual document used by the Parties to govern the Grantor-Concession relationship.
- 1.22 “**Investment Time Schedule**”; the Investment timetable as per the Action and Investment Plan.
- 1.23 “**Intellectual Property Rights**”: the Trademarks, Domain Names and Models, as more clearly identified and described in Annex 0.9, and all the copyright related to the Online Going Concern's web pages and to any other creative work, regardless of the nature, related to the Service and in existence at the time of signing this Agreement.
- 1.24 “**Tender Specifications**”: the document governing the Procedure annexed to the Contract notice.
- 1.25 “**Performance Guarantee**”: as per the meaning indicated in Clause 13.1(a) of this Agreement.
- 1.26 “**Payment Guarantee**”: as per the meaning indicated in Clause 13.1(b) of this Agreement.
- 1.27 “**Guarantees**”: as per the meaning indicated in Clause 13.1 of this Agreement.
- 1.28 “**Working Day**”: every calendar day excluding Saturdays, Sundays and any other days on which credit institutions, as a rule, are not open in Venice to conduct ordinary activities.
- 1.29 “**Additional Amount**”: as per the meaning indicated in Clause 4.3 of this Agreement.
- 1.30 “**Fixed-Amount Owed**”: as per the meaning indicated in Clause 4.1(a) of this Agreement.
- 1.31 “**Variable-Amount Owed**”: as per the meaning indicated in Clause 4.1(b) of this Agreement.
- 1.32 “**Inventory**”: as per the meaning indicated in Clause 11.2.1 of this Agreement.
- 1.33 “**Investments**”: the investments indicated in the Action and Investment Plan, the economic sustainability of which is illustrated in the Business Plan.
- 1.34 “**ISI**”: as per the meaning indicated in Clause 4.1(c) of this Agreement.
- 1.35 “**Trademarks**”: the trademarks [●], registration no. [●] and any renewals.
- 1.36 “**Models**”: the models [●] registration no. [●] and any renewals.
- 1.37 “**M&D**”: CASINÒ DI VENEZIA MEETING & DINING SERVICES S.R.L..
- 1.38 “**Domain Names**”: the "*casinovenezia.it*" and "*clickandplay.it*" domain names.
- 1.39 “**Bid**”: the totality of the documents submitted by the Tender Winner to take part in

the Procedure and on the basis of which the winner of the Procedure was decided.

- 1.40 “**Related Parties**”: indicates, for a company, any party that: (a) directly or indirectly, including through subsidiaries: (i) controls or is controlled by the company, or is subject to joint control; (ii) holds a stake in the company that enables it to exercise significant influence over the company; (iii) exercises control over the company jointly with other parties; (b) is an associate company of the company; (c) is a joint venture in which the company has a stake; (d) is an executive or manager holding strategic responsibilities for the company or its parent company; (e) is a close family member of one of the parties referred to in letters (a) or (d); (f) an entity over which one of the parties indicated in letters (d) or (e) exercises control, joint control or significant influence, or in which they either directly or indirectly hold a significant portion, which is no less than 20%, of the voting rights; (g) is a collective or individual supplementary pension scheme, whether based in Italy or abroad, constituted for the benefit of employees of the company or any other entity related to it.
- 1.41 “**Action and Investment Plan**”: the document containing the details of the actions and investments that the Concession Holder shall undertake during the period in which the Concession is in effect, Annex 10.
- 1.42 “**Business Plan**”: the document detailing the funding sources for the Investments and the related management of the Service throughout the duration of the Concession, Annex 11 and included by the Tender Winner in the Bid.
- 1.43 “**Procedure**”: as per the meaning indicated in F of the Recitals to this Agreement.
- 1.44 “**Legality Protocol**”: the document signed by the Tender Winner, the Concession Holder, the Grantor and the Prefecture in which the methods designed to prevent organized crime infiltrating the management of the Gambling House are detailed.
- 1.45 “**Potential Gaming Proceeds**”: as per the meaning indicated in Clause 4.1(d) of this Agreement.
- 1.46 “**Supplementary Gaming Proceeds**”: as per the meaning indicated in Clause 4.1(c) of this Agreement.
- 1.47 “**Controversial Issues**”: as per the meaning indicated in Clause 11.2.3 of this Agreement.
- 1.48 “**Gambling Going Concern**”: as per the meaning indicated in D of the Recitals to this Agreement.
- 1.49 “**Online Going Concern**”: as per the meaning indicated in D of the Recitals to this Agreement.
- 1.50 “**Audit Firm**”: the Italian branch of the audit firm, [●]; if this entity is unwilling or unable to continue with the appointment indicated in Clause 11.2, the Italian branch of the other recognized major audit firm that is independent, enrolled in the

CONSOB register and selected jointly by all Parties. Should it prove impossible to agree on the latter, then within 10 (ten) Working Days of it proving impossible to reach a joint decision, a recognized major audit firm that is independent and enrolled in the CONSOB register shall be selected by the President of the Court of Venice following an application by the first party to act and having allowed a reasonable period of time to consult the others. For the purposes of this Clause, the "independence" requirement shall be deemed to be met if the person in question has not been appointed to any role by the Grantor, the Concession Holder, the Tender Winner or their Related Parties in the 3 (three) years prior to the appointment.

- 1.51 **“Gaming Revenues”**: as per the meaning indicated in Clause 3.1 of this Agreement.
- 1.52 **“IP Revenues”**: as per the meaning indicated in Clause 4.5 of this Agreement.
- 1.53 **“Online Going Concern Revenues”**: as per the meaning indicated in Clause 17.2 of this Agreement.
- 1.54 **“Original Premises”**: as per the meaning indicated in Clause 10.1 of this Agreement.
- 1.55 **“Primary Premises”**: refers to Palazzo Ca’ Vendramin Calergi in Venice at Cannaregio no. 2040, which is currently in the name of CMV S.p.A., a company wholly owned by the City of Venice that, as such, takes on the commitments set out in Clause 10.3.
- 1.56 **“Secondary Premises”**: indicates the current “Ca’ Noghera” premises.
- 1.57 **“Service”**: as per the meaning indicated in A of the Recitals to this Agreement. It refers exclusively to the activities covered by the current authorization issued to the Grantor in the Ministry of the Interior Decree dated 30 July 1936, as amended, and excludes, for example, any other gaming activities offered in any form by the Concession Holder and/or M&D.
- 1.58 **“City Council Inspection Service”**: the Grantor's service that undertakes the supervision, monitoring and inspecting of the Concession Holder pursuant to Clause 14 of this Agreement.
- 1.59 **“Agreed Rate”**: the Euribor 3 month rate, 365 basis, increased by 500 basis points.
- 1.60 **“Transferral”, “Transfer”** and similar expressions indicate any trade or act, including free of charge (including but not limited to the sale, donation, exchange, capital contribution, forced sale, bulk sale or transfers leading to the merger, carve out or winding up of the company, swaps, stock lending, future transfers etc.), that results in the direct, indirect or even temporary: (i) transferal to a third party of the ownership or bare ownership of the asset in question (and, if the asset is shares, the option rights and any other right that can be converted into shares of the party in question or that gives the right to subscribe or purchase such shares), (ii) existence or transfer of *in rem* rights (pledge or usufruct) or merely obligations tied to the asset in questions.
- 1.61 **“Taxes”**: indicates all the current or future taxes, duties and dues, whether due to

national or local tax regulations, along with any interest and fines, where applied.

- 1.62 “**Additional Use of Intellectual Property Rights**”: as per the meaning indicated in Clause 6.1.4 of this Agreement.
- 1.63 “**Restrictions**”: indicates the existence of any detrimental rights (as per the definition of "*pregiudizievole*" in Italian law), mortgages, burdens, pledges and all other forms of restriction, including those arising from attachment or seizure, easement, usufruct, *in rem* rights, real obligations, rights of first refusal, national heritage restrictions, rights of redemption, tax and other liens, any form of burden, pending litigation, or any other forms of encumbrance or guarantee, regardless of the type.

2. Subject of the Agreement

- 2.1 The Parties agree this Agreement shall govern the relationship between them as regards the management by the Concession Holder of the Service at the Gambling House pursuant to and in compliance with the Concession Deed, for the duration established by Clause 5.
- 2.2 The Concession Holder can offer the following games: French, American and fair roulette; Trente et Quarante, Craps, Blackjack, Chemin de Fer, Baccarat Banque, Caribbean Poker, North American Baccarat, Texas Hold'em including the Omaha Hold'em version, Hi/Lo Poker, North Eleven Double Bet, French Bank, Slot Machines and video games.
- 2.3 The Concession Holder can offer any other type of game provided the Grantor has applied to the Ministry of the Interior for permission and the Ministry has granted its permission in a formal order. Such permission does not remove the need to obtain any other necessary additional authorization from the competent authorities that might be required and the technical rules for each game still need to be set out in separate regulations to be adopted by the Concession Holder in agreement with the Grantor's Inspection Service.
- 2.4 The Gambling House shall be open all year, excepting the two dates a year established by the company's employment agreement and, in any case, consistent with what might be defined for the management of the live online games.
The Concession Holder may alter the opening hours of the gaming rooms following the Grantor granting its consent in accordance with current laws and in full compliance with any provisions that might be issued by the competent Authorities.

3. Concession Holder Revenues

- 3.1 The Concession Holder shall receive the proceeds from the activities covered by the Concession, the gratuities and the amounts paid for entrance to the Gambling House (the "**Gaming Revenues**").
- 3.2 The Gaming Revenues shall be highlighted in the Concession Holder's accounting

records, separating them from the amounts it receives for any ancillary activities it might undertake. Each month and within 20 (twenty) Working Days of the annual closing of the accounting year as establish by law, the Concession Holder shall send the Grantor the accounting records showing the Gaming Revenues and any other proceeds from any ancillary activities the Concession Holder might have undertaken in the period in question.

- 3.3 Each month and, in any case, in accordance with the deadlines established by the laws in force, the Concession Holder shall send the Grantor the following information in writing in order to comply with anti-money laundering regulations: (a) the total Gaming Revenues in the preceding month; and (b) if the Grantor so requests, the Gaming Revenues from other periods, as indicated in the relevant request. This does not change any other additional reporting obligations established by this Agreement and/or required by the law in force at the time.

4. AMOUNTS OWED TO THE Grantor AND CONCESSION FEE

- 4.1 The Concession Holder shall pay the Grantor the portion of the income due to the latter, pursuant to Article 19 of Decree Law no. 318/1986, which is calculated as follows:

- (a) for the first two years of the concession, the fixed amount of €[•] ("**Fixed-Amount Owed**"), of which the Concession Holder agrees to pay €110,000,000.00 [one hundred and ten million only] upon signing this Agreement and €[•], to be paid by 2 January [2015], plus legal interest on the latter amount as calculated starting from the third working day following the signing of this Agreement until 2 January [2015].

The Grantor is entitled to request, with a notice in writing to be sent by 10 December [2014], that payment of the amount due on 2 January [2015] be brought forward to 29 December [2014], without prejudice to the legal interest accrued up to the actual payment date.

The Grantor states that it has received a specific guarantee to make the payment of the amount due on 2 January [2015] according to the means and terms indicated in Clause 13.2.

- (b) from the third year following the signing of this agreement until its expiry, [•]% ([•] per cent) of the Gaming Revenues, with a minimum of €11,000,000 (eleven million) a year ("**Variable-Amount Owed**"), revalued each year according to the average percentage variation reported by ISTAT in its FOI index (i.e. national statistics institute's consumer price index for clerical and factory worker households net of tobacco products)
- (c) These amounts shall be paid to the Grantor every month by the last Working Day of the calendar month following the month in question, excluding the

amount for November, which shall be paid by the penultimate working day of December. By the same date, the account for December, which shall be the same as the amount calculated for November, shall be paid. By the final working day of the following month of January, the balance for the Gaming Revenues from December shall be paid. If the balance is negative for the Concession Holder, then that amount shall be deducted from the amount to be paid by the last working day of February for the Gaming Revenues from January. By the 8th (eighth) Working Day following the end of each calendar month while the Agreement is in force, the amount equal to the entertainment tax pursuant to Presidential Decree no. 640 of 26 October 1972, as amended ("ISI"), for the previous calendar month, shall be paid ("**Supplementary Gaming Proceeds**"). Pursuant to the same Presidential Decree, the obligation to pay in this amount falls to the Grantor. If the payment terms established by law change, then the amount indicated in this Clause 4.1 c) shall be due by the 8th (eighth) Working Day of the month prior to the deadline for the payment;

- (d) Starting from the 7th (seventh) year this Agreement is in force, by the end of the first month following the closure of the Concession Holder's accounting year, an amount equal to $[\bullet]\%([\bullet]\%)$ of the difference, if positive, between the Gaming Revenues and €140,000,000 (one hundred and forty million only) ("**Potential Gaming Proceeds**"), as revalued from year to year, starting from the second year after signing the Agreement, in accordance with the annual average percentage variation in ISTAT's consumer price index net of tobacco products.

4.2 It is understood that the amounts owed by the Concession Holder in accordance with Clause 4.1 c) shall be equal to the amounts paid by the Grantor pursuant to the law and the figures provided to the Grantor by the Concession Holder and communicated by the Grantor (using the means indicated in Clause 18.4) to the Concession Holder by the second working day prior to the final deadline established by the same Clause 4.1 c). Should the Grantor receive payment for a refund due to an overpayment of one of the Taxes indicated in Clause 4.1 c), then the Concession Holder has the right to receive a repayment for the overpayment made to the Grantor in relation to the Supplementary Gaming Proceeds. In such a case, the refund shall, as a priority, be made by reducing, by the equivalent amount, the amount owed for the Supplementary Gaming Proceeds in the first month following receipt of the payment of the refund.

4.3 Should an amount due as a Tax be deducted from the amount the Concession Holder has to pay to the Grantor pursuant to 4.1 (c), then the Concession Holder shall pay the Grantor an additional amount such that the Grantor receives a net amount equal to the amount it would have received had the same charges not been applied ("**Additional Amount**"). If following the Concession Holder paying the Grantor an Additional Amount the Grantor has a tax credit, then the latter shall be required to refund the Concession Holder, when it uses the tax credit, an amount calculated by the Grantor, acting in good faith, such that, following the payment, it is in the same financial position, net of the tax effect, in which it would have been had no Additional Amount been paid. The Grantor is in no way obliged to inform the

Concession Holder about its tax and accounting position as its management remains the exclusive competence of the Grantor.

- 4.4 The Concession Holder shall pay the Grantor, as the Concession Fee, the amount of €[●] - calculated to be the same as the government concession fee pursuant to Presidential Decree no. 641 of 26 October 1972, as amended, payable periodically by the Grantor for the Gambling House - by the 8th (eighth) Working Day prior to 31 December for each year in which this Agreement is in force. If the amount and/or payment terms for the amount due for the government concession fee pursuant to Presidential Decree no. 641 of 26 October 1972 should change, then the amount due in accordance with this Clause 4.4 shall be correspondingly changed and be due by the 8th Working Day prior to the deadline for the payment of the aforementioned concession fee.
- 4.5 By the end of the first month following the closure of each accounting year, the Concession Holder and/or M&D shall pay the Grantor 10% of: i) any income, however named, received by the Concession Holder for the use and enjoyment of the Intellectual Property Rights, as per Clause 6.1 of this Agreement, for reasons other than simply to provide and promote the Service in Italy according to the terms and restrictions established by this Agreement ("**IP Revenues**"); ii) the Online Going Concern Revenues.
- 4.6 All of the amounts pursuant to this Clause 4 shall be paid to the Grantor's City Treasury into the current account with IBAN no. [●] (or into a different account, as communicated to the Grantor sufficiently far in advance using the methods established by Clause 18.4) in funds that are available immediately and with the value date the same as the payment date.
- 4.7 Clause 7.5.3 below establishes the obligations to hold harmless and indemnify, while Clause 4.1(a) sets out the amounts to be paid upon signing the Agreement, with the penalty for failure to do so being the termination of the Agreement. Without prejudice to either of these, the late payment (more than 2 working days after the set payment date) of any of the amounts set out in this Clause shall result in the Concession Holder having to pay the Grantor (without need for formal notice) the interest calculated at the Agreed Rate for the period between the indicated deadline for making the payment and the date on which the payment was effectively made.
- 4.8 As noted, Clause 4.1(a) sets out the amounts to be paid upon signing the Agreement, with the penalty for failure to do so being the termination of the Agreement. Without prejudice to this or to what is established by Clause 4.7 above, late payment, where a further 5 working days have passed since the payment deadlines established for all the amounts owed in accordance with this Clause, shall mean the Grantor can immediately enforce the Payment Guarantee (without any benefit of discussion) for the amount due at the moment of enforcement (for the principal and the accrued interest pursuant to Clause 4.7 above).

5. Duration of the Agreement

- 5.1 This Agreement shall have the same duration as the Concession and, thus, from the date of signing until its 30th (thirtieth) anniversary. Upon expiry, the Concession Holder shall cease to provide the Service, without prejudice to what is established by Clause 5.3 below.
- 5.2 This Agreement shall automatically terminate if the Ministerial authorization currently held by the Grantor is withdrawn, including if this is due to amendments to the laws and regulations governing Gambling Houses.
- 5.3 In compliance with the laws and regulations governing public contracts applicable to the contractual relationship in question, the Grantor can, in a deed it issues, extend the duration of the Concession, following authorization from the Ministry of the Interior, prior to its expiry date in cases of extreme urgency not ascribable to the Grantor. Such an extension can be for the time needed to organize a new tender procedure to award the Service, provided that: (a) the extension cannot be for more than 18 (eighteen) months; (b) the Grantor shall inform the Concession Holder of its desire to extend the Concession at least 60 (sixty) Working Days before the set expiry date.
- 5.4 Those cases in which the expiry is extended or deferred, within the limits established by law and providing the required conditions exist, to re-establish a new state of stability in accordance with what is set out in Clause 18.1 of this Agreement remain permissible.

6. Intellectual Property Rights

6.1 *Use and Enjoyment of Intellectual Property Rights*

6.1.1 ***The Intellectual Property Rights are assets that are instrumental to the provision of the Service and, thus, upon expiry of the Concession, they shall be devolved pursuant to Clause 12.***

6.1.2 ***For the entire duration of the Concession, M&D and the Tender Winner accept the following commitments to the Grantor:***

- (a) not to Transfer any Intellectual Property Rights, unless they have prior written consent from the Grantor;
- (b) not to grant any licenses for Intellectual Property Rights to third parties other than the Concession Holder (or otherwise allow third parties use thereof), without the prior written consent of the Grantor pursuant to Clause 6.1.4 (the "Authorized Third Parties");

- (c) to only allow the Concession Holder to use the signs or materials subject to Intellectual Property Rights for activities needed to provide and promote the Service and only in Italy, unless otherwise authorized in writing in advance by the Grantor pursuant to Clause 6.1.4. For the sake of clarity, the Parties agree that the use of signs and/or materials subject to Intellectual Property Rights for the Online Going Concern with the Domain Names fall within Italy;
- (d) to act such that the Concession Holder uses the assets covered by Intellectual Property Rights so as to maintain their existence, value and image and causes no harm to their reputation, validity or value;
- (e) to act such that the Concession Holder uses the Trademarks in the graphic layout and formulation indicated in Annex 12 and does not modify, alter or change in any way those layouts and formulations by adding or removing any graphic signs or word(s), unless otherwise agreed and authorized in advance by the Grantor;
- (f) not to use or register trademarks, domain names, company names, companies or signs that are identical or similar or likely to be confused to the Trademarks and/or Domain Names or might be confused with these, unless with the prior written consent of the Grantor;
- (g) to act swiftly, at its own cost, to protect the Intellectual Property Rights, informing the Grantor;
- (h) to fulfill, at its own cost, any requirements needed to maintain the efficacy and renew the Trademarks, Domain Names and/or Models, and the related registrations; and
- (i) not to do grant any ownership rights or guarantee entitlements on the Intellectual Property Rights.

6.1.3 For the entire duration of the Concession, the Concession Holder shall, vis-à-vis M&D and the Grantor, use the Intellectual Property Rights in compliance with what is indicated in Clauses 6.1.2(c), 6.1.2(d), 6.1.2(e), 6.1.2(f), 6.1.2(g), 6.1.2(h) above. The Concession Holder also undertakes not to sub-license to third parties (or otherwise allow them use of) any of the Intellectual Property Rights, unless it has prior written consent from the Grantor pursuant to Clause 6.1.4 (the “Authorized Third Parties”). Pursuant to this Clause and Clause 6.1.2 (b), the Authorized Third Parties shall comply with the provisions indicated in Clause 6.1.1, 6.1.2(d), 6.1.2(e), 6.1.2(f), 6.1.2(g), and 6.1.2(h).

6.1.4 M&D and the Concession Holder can make the following proposals to the Grantor:

- **for M&D, the Concession Holder or an Authorized Third Party**

to make commercial use of the signs and/or materials covered, either entirely or in part, by the Intellectual Property Rights, for (i) services other than the Service or (ii) for any type of service provided abroad or for any type of product to be sold in Italy or abroad (the "Additional Use of Intellectual Property Rights");

- ***possible reformulations or developments of the Trademarks, Domain Names and/or Models.***

In such cases, M&D and/or the Concession Holder shall present the Grantor, in advance, with an economic and technical feasibility project with a duration of no more than five years and, in any case, with an expiry date not beyond the expiry date for the Agreement. The execution of such a project shall remain subject to receiving specific, express authorization in advance from the Grantor, which shall not unreasonably deny such authorization. Any authorization shall be subject to paying the Grantor 10% of the amount established in Clause 4.5, to any limits indicated in the actual granting of authorization and to complying with what is established by Clause 12 regarding transferal.

6.1.5 The Grantor shall be free, at any time, to oppose the means or contexts in which the Intellectual Property Rights are used if it feels, for any reason whatsoever, that such use is not fitting. Likewise, it can also set out for M&D, the Concession Holder and/or any Authorized Third Parties the alternative and/or additional contexts and methods for use, other than those adopted. It can also require, of the same parties, the use of the Intellectual Property Rights in a modified form or the use of other intellectual property rights in substitution of or in addition to the Intellectual Property Rights.

6.1.6 M&D, the Concession Holder and any Authorized Third Parties shall hold harmless and indemnify the Grantor from any third-party claims connected in any way to the Intellectual Property Rights. This indemnity shall cover all the amounts that the Grantor might be required to pay, on whatever basis, as a result of the third-party claims and any patrimonial and non-patrimonial damage that the Grantor must suffer as a result of third-party claims.

6.1.7 Following the expiry of the Concession period or if its revoked or cancelled, and/or if the Agreement is cancelled for whatever reason, according to Clause 16:

- (a) all the rights granted to the Concession Holder and/or any Authorized Third Parties, in whatsoever form and on the basis of any deed concerning the

Intellectual Property Rights, shall cease to have effect immediately;

- (b) M&D, the Concession Holder and/or any Authorized Third Parties shall immediately stop any use of the Intellectual Property Rights and shall undertake not to make any further use of the signs and/or materials linked to these;
- (c) M&D, the Concession Holder and/or any Authorized Third Parties shall deliver to the Grantor, within no more than 7 (seven) Working Days from the date indicated above, all the material, documentation and anything else they might possess, as regards the provision of the Service and any other Additional Use of Intellectual Property Rights, and all the copies of such materials. A director or general manager of M&D, the Concession Holder and/or any Authorized Third Parties holding the necessary powers shall deliver, to the Grantor, a written and signed statement confirming, respectively, that M&D, the Concession Holder and the Authorized Third Parties have provided the Grantor with all the aforementioned material possessed by M&D, the Concession Holder and the Authorized Third Parties. Alternatively, such a statement must confirm, if the Grantor has so requested, that any materials possessed by the M&D, the Concession Holder and the Authorized Third Parties have been securely destroyed.

6.1.8 *To calculate the amount owed to the Grantor pursuant to Clause 4.5 and without prejudice to what might be established when specific authorization is granted, M&D and the Concession Holder shall send the Grantor, each year and no later than 20 (twenty) Working Days from the closure of the annual accounting year, as an annex to the accounting records required by the laws in force, the accounting records showing the revenues received by M&D and the Concession Holder for any use or enjoyment of the Intellectual Property Rights, as per this Clause 6.*

6.1.9 *M&D and the Concession Holder shall keep sufficiently detailed accounting records and books to enable the Grantor to verify the accounts concerning the revenues from any Use and Enjoyment of Intellectual Property Rights, as per the present Clause 6. Once in each accounting year, the Grantor shall have the right to examine M&D's and the Concession Holder's accounting books and records to verify the correctness of what was communicated to the Grantor pursuant to Clause 6.1.8. Such inspections shall be conducted by parties appointed by the Grantor and the Grantor shall provide M&D and the Concession Holder with written notice of such inspections at least 5 (five) Working Days prior to their commencement. The Grantor shall be responsible for the costs of such inspections. Should such an inspection reveal any discrepancies or errors that, combined, are in excess of 1% of the*

amounts actually paid by M&D or the Concession Holder for the accounting year being checked, then such costs will become the responsibility of M&D or the Concession Holder, without prejudice to any additional requests or relief the Grantor is entitled to pursuant to this Agreement or applicable laws.

All of the limits, conditions and burdens indicated in the preceding and following sub-clauses of Clause 6 shall be deemed to also be included in any authorization granted by M&D and/or the Concession Holder to any Authorized Third Parties. The Concession Holder and M&D shall be responsible, vis-à-vis the Grantor, for ensuring that such limits, conditions and charges are brought to the attention of and accepted by any third parties they propose for any use or enjoyment of Intellectual Property Rights pursuant to Clause 6.

6.2 New Intellectual Property Rights

- 6.2.1 *Without prejudice to what is contained in Clause 12.1(b) below, all intellectual property rights that come into existence after this Agreement, along with the related distinguishing signs, designs, models, intellectual property and any other intangible assets used, conceived or created by M&D, the Concession Holder and/or any Authorized Third Parties, their employees or consultants as part of the management of the Service or however connected to its management shall be owned exclusively, respectively and for the area of competence, by M&D, the Concession Holder and/or any Authorized Third Parties (the “New Intellectual Property Rights”).***
- 6.2.2 *M&D, the Concession Holder and any Authorized Third Parties, respectively and for their area of competence, shall have the right to obtain, directly and solely in their name, the registration and/or patenting of the New Intellectual Property Rights and to make use, once again solely in their name, of all the other tools established by law to safeguard the New Intellectual Property Rights in the areas deemed opportune by M&D, the Concession Holder and/or any Authorized Third Parties, promptly informing the Grantor thereof.***
- 6.2.3 *The costs involved in patenting, registering and renewing, along with the related professional consultancy fees, including any costs incurred in protecting the New Intellectual Property Rights shall be, respectively and for the areas of competence, the responsibility of M&D, the Concession Holder and any Authorized Third Parties for the entire period in which the Concession is in place, including any extensions. After this period, they will be the responsibility of the Grantor, if the latter chooses to keep such rights active. In any such case, the registration and/or patenting of the New***

Intellectual Property Rights must be specifically authorized in advance by the Grantor and the provisions in Clause 6.1 also apply to the New Intellectual Property Rights. .

7. Concession Holder's obligations

7.1 Generational obligations

7.1.1 *Without prejudice for the need for any amendments to this Agreement to be authorized by the Ministry of the Interior, for the entire duration of the Agreement, the Concession Holder undertakes to:*

- (a) possess and maintain all forms of authorization required by the law in force at the time for the provision of the Service;
- (b) keep the registered office in Venice;
- (c) provide the Service at the Primary Premises and the other premises of the Gambling House authorized, on a case by case basis, by the Ministry of the Interior following an application being submitted by the Grantor in agreement with the Concession Holder.
- (d) implement the Action and Investment Plan as per the methods indicated in Clause 11.3.1;
- (e) pay the amounts due to the City of Venice and the Concession Fee as per the methods and terms indicated in Clause 4;
- (f) each month, inform the Grantor of the total Gaming Revenues and proceeds from ancillary activities so that the anti-money laundering laws and regulations can be complied with, as indicated in Clause 3.3 of this Agreement;
- (g) not Transfer or lease (or allow use of, even if for free), either all or part, of the Gambling Going Concern and act such that M&D does not Transfer or lease (or allow use of, even if for free), either all or part, of the Online Going Concern (or going concerns of this);
- (h) include, in any contracts to be signed with third parties concerning the management of the service, a specific provision allowing the Grantor [or another party designated by the latter] to take over the Concession Holder's contractual relationships;
- (i) have a leading international audit firm audit its accounts and those of M&D and then send the Grantor the reports issued by the audit firm following its audits;
- (j) comply with the provisions concerning the use of the institutional logo, the

“gioco legale e responsabile” logo and those governing the correct use of promotional and advertising tools;

- (k) undertake initiatives, agreed annually with the Grantor, designed to promote responsible gambling and to help in safeguarding minors against opportunities to gamble;
- (l) ensure compliance with the ban prohibition against on gambling for by minors, military and law enforcement officers in uniform, employees of the Concession Holder and/or the Tender Winner or parties connected to the Concession Holder and/or Tender Winner by collaboration agreements, or that are members of the boards of directors or statutory auditors and/or special attorneys of these parties, the Mayor, all local councilors and the employees of the City of Venice as well as the Municipal directors and members of the governing bodies of the City of Venice's institutions; the staff performing control functions for the Grantor; this ban, with the exclusion of minors and military and law enforcement officers in uniform, extends also to the relatives and in-laws up to the second degree as well as to any persons indicated, at any time, by the authorities responsible for public safety or the Grantor's Inspection Service. To this end, the Grantor shall send the Concession Holder the relevant documentation each year. In any case, law enforcement officers in uniform are expressly forbidden to access the gambling house premises except when required to do so for the discharge of institutional responsibilities or for reasons of service;
- (m) undertake activities to inform users about the rules governing the games as well as any provisions or measures that might be in force to ensure lawful gambling; promote legal and responsible gambling; oversee that these are adopted by gamblers; prevent possible gambling addictions, including through specific institutional communication campaigns;
- (n) adopt and guarantee compliance with the obligations established by the Service Charter in force;
- (o) fulfil all obligations derived from the laws in force governing the advertising of gambling during the period the Agreement is in force;
- (p) ensure complete and prompt compliance with anti-money laundering regulations, including making sure the parties claiming winnings are identified and reporting suspicious transactions to the competent authorities;
- (q) comply with the traceability of financial flows obligations pursuant to Article 3 of Law no. 136 of 13 August 2010, as amended, and in accordance with what is established by the competent authorities;
- (r) include, on penalty of nullity, in all contracts with third parties concerning any form of involvement in the gambling games covered by this Agreement, a specific provision setting out that each party likewise accepts the obligations for the traceability of financial flows pursuant to Law no. 136 of 2010, as

amended;

- (s) immediately inform the Grantor and the Prefecture with jurisdiction for the area of any failure by a counterparty to fulfil the obligations related to the traceability of financial flows indicated in Clause 7.1.1(q);
- (t) adopt and implement an organizational model suited to Article 6 of Legislative Decree no. 231 of 8 June 2001, as amended. This model must be created using the methodological criteria indicated in the aforementioned decree, especially, but not limited to setting out the following: (i) the complete mapping of the sectors in which the Concession Holder operates, the crimes that could be committed in such sectors, the oncrete activities that could give rise to such potential crimes and the possible ways in which such crimes might manifest themselves; (ii) the effective management and prevention of the risk that such crimes might be committed by: putting in place protocols and procedures designed to identify and hold accountable the people most exposed to this risk, promoting traceability and transparency for risky activities, constantly monitoring risky activities and promoting a culture of legality within the company; (iii) contextualizing these procedures to the operativity of the Concession Holder;
- (u) comply with the obligations deriving from the Legality Protocol;
- (v) correctly and promptly fulfil all the obligations derived from the Lease Agreements;
- (w) keep the Grantor constantly informed about facts and circumstances that might influence the proper management of the Service;
- (x) comply with the laws and regulations on health and safety in the workplace;
- (y) collaborate with the local health and social care facility (*ULSS - Dipartimento per le dipendenze*) to ensure there is a specific service in place to prevent and treat gambling addictions.

7.1.2 In terms of the obligation in the preceding Clause 7.1.1(t), the Grantor shall verify the suitability of the model adopted by the Concession Holder and its effective implementation.

7.1.3 The Concession Holder shall acknowledge and accept that the awarding of the Concession is subject to compliance with the Anti-mafia Code by the Concession Holder and the Tender Winner. The Concession Holder shall produce:

- (a) a self-certified statement of enrolment in the Chamber of Commerce or other business or professional register existing in the country of origin, including general details (name, surname, date, birthplace, residence, tax file number and office held) for those subjects indicated in Article 85 of Anti-mafia Code;

- (b) the self-certified statement drafted by those subjects indicated in Article 85 of the Anti-mafia Code concerning the cohabiting family members of such subjects;
- (c) the self-certified statements regarding the majority shareholder (person or company) of the Tender Winner, in the cases established by Article 85.2(c) of the Anti-mafia Code and regarding the cohabiting family members;
- (d) by 31 January of each year, the statement concerning the inexistence of any situations to cause a prohibition, cancellation or suspension indicated in Article 67 of the Anti-mafia Code and concerning the absence of any pending cases for the application of one of the preventative measures indicated in Article 6 of the Anti-mafia Code vis-à-vis the legal representative, other members of the governing bodies and the other subjects indicated in Article 85 of the Anti-mafia Code. A similar statement must be produced for these same subjects within a month of their appointment.

7.1.4 *The Concession Holder shall continue to meet, for the duration of the Concession, the requirements established by subsections III 2.1 B) no. 2 and no. 3 of the Contract notice (also in subsections 4-A-2 and 4-A-3 of the Tender Specifications) and article 10 subsection 10.6 of the Tender Specifications. Similarly in the case of any variations, it shall undertake the opportune measures to ensure compliance with this. Hence, the Concession Holder shall: (a) communicate any variations in these requirements and the measures taken in the case of a variation; (b) at least once a year or at the Grantor's request, show the continued existence of the aforementioned requirements.*

7.2 *Obligations for employees*

7.2.1 *For the entire duration of the Agreement, the Concession Holder and M&D shall observe all the laws and regulations in force regarding employees. This includes, but is not limited to, the Concession Holder and M&D undertaking, specifically, to scrupulously comply with the following, providing for any related charge, cost or expense and being accountable therefor:*

- (a) current and future laws and regulations concerning insurance, pensions, welfare and taxes;
- (b) current and future laws and regulations concerning the prevention of injuries and health and safety for workers.

To this end, the Concession Holder and M&D shall be required to provide evidence that the Severance Fund contributions have been made to the relevant pension funds/entities for their employees for each year. This shall entail presenting the related

accounting records to the Grantor annually.

7.2.2 The Concession Holder and M&D undertake to maintain, while the Concession is in force, the employment levels at the time of the deed of assignment of the Concession. The Grantor shall monitor compliance with this obligation throughout the duration of the current Agreement.

7.2.3 The Concession Holder and M&D acknowledge the Protocol (Annex 16 "Trade Union Agreement") signed on 12/09/2013 by the Mayor of the City of Venice and the General Manager of Casinò di Venezia Gioco S.p.A., on the one side, and representatives of trade union organizations for company employees, on the other, and they undertake to comply with the contents of this Protocol, including for the staff in their employ at the time of signing this Agreement, as per the annex entitled "Acquisition Agreement".

7.2.4 The Concession Holder and M&D shall indemnify and hold harmless the Grantor against any liability, loss, damage, cost, charge, expense (including legal expenses), fines or negative consequence, be they direct or indirect, resulting from a failure to comply with the obligations in Clause 7.2.1.

7.2.5 In the 24 (twenty four) months prior to the expiry of the Agreement, the Concession Holder and M&D shall not - unless they have written consent from the Grantor:

- (a) increase the number of employees, unless specifically required to do so by law and without forgoing the right to replace employees who are no longer employed by the company;
- (b) increase the remuneration or compensation of employees, with the exclusion of those increases based on applicable laws or collective national or corporate labour agreements.

7.3 Guarantees

The Concession Holder shall guarantee the prompt and precise fulfilment by M&D of all the obligations established by this Agreement.

7.4 Further obligations of the Concession Holder

7.4.1 The Concession Holder states that it is familiar with the current legal and de facto situation of the Gambling House.

7.4.2 Pursuant to Article 3.15-ter and 30 of Legislative Decree no. 163 of

12 April 2006, the Concession Holder shall assume the business risk tied to creating and managing the Service.

7.5 Tax obligations

- 7.5.1** *The Concession Holder and M&D accept, for the entire duration of the Concession, to comply with all existing and future laws and regulations governing Taxes. This shall include, but is not limited to, the Concession Holder and M&D faithfully and fairly drafting and presenting or submitting to the competent authorities all the documents, declarations and communications regarding Taxes required by the law in force and to promptly pay all amounts owed (including those payable as withholding tax), including, where necessary, any penalties, fines and interest.*
- 7.5.2** *Without prejudice to what is established in Clause 7.5.1, the Concession Holder accepts to send the Grantor, on the first Working Day following the end of each calendar month during which the Agreement is in force, the total of the proceeds from gambling, as this is the basis for calculating the entertainment tax (ISI) payable for the preceding month. Such information shall be broken down by day, premises and game type. The Concession Holder and M&D also accept to send the Concession Holder all statements, declarations and/or any other documents, figures or information required or useful for the correct and prompt fulfilment, by the Grantor, of any Tax obligation that, at that time, it is subject to in relation to the Agreement and/or in relation to each activity undertaken by the Concession Holder and/or M&D.*
- 7.5.3** *The Concession Holder and/or M&D accept to indemnify and hold harmless the Grantor from any liability, loss, damage, cost, charge, expense (including legal expenses), fines or negative consequence, be they direct or indirect, resulting from a failure to comply with the obligations in the preceding Clauses 7.5.1 and 7.5.2, and/or due to the incomplete and/or late payment of the Supplementary Gaming Proceeds.*
- 7.5.4** *The Concession Holder accepts to pay the Grantor, by the 10th (tenth) Working Day following the related request by the Grantor, an amount equal to any charges, damages, penalties, fines or costs, duly incurred and documented by the Grantor, as a result of Taxes related to the Agreement, provided these are not the result of wilful misconduct or negligence on the part of the Grantor. It is understood that the Grantor shall act in good faith and sense to*

mitigate the size of any charges, damages, penalties, fines or costs linked to the indemnity in this Clause. It is also understood that this Clause does not apply to the Taxes in Clauses 4.1(c) and 18.5 and to the Taxes levied or determined in relation to the overall net income of the Grantor, including the Grantor's value of production, which is used to determine regional business tax (IRAP), or in any case the income subject to direct taxation.

8. Obligations of the Tender Winner

8.1 For the entire duration of the Concession, the Tender Winner agrees to:

- (a) comply with the obligations accepted with the Acquisition Agreement;
- (b) act such that the Concession Holder complies with the obligations accepted with the Lease Agreements;
- (c) provide all the means necessary for the Concession Holder to draft the Action and Investment Plan according to the methods detailed in Clause 11.3;
- (d) maintain a registered office in the European Union or, if it is a company with registered offices in a country not in the European Union, then an administrative office in a European Union country. In the latter case, the office shall be headed by a representative specifically entrusted therefor, with the Grantor being informed of his or her details;
- (e) continue to meet the requirements established by subsections III 2.1 B) no. 2 and no. 3 of the Contract notice (also in subsections 4-A-2 and 4-A-3 of the Tender Specifications) and article 10 subsection 10.6 of the Tender Specifications. To this end, it accepts to keep, in suitable conditions, at the [legal or administrative] offices indicated in the point d) above, either the originals or certified copies, according to the legislation applying at the place where the Operator is established, of all documents required or useful for the relevant Public Safety Authorities and the City Council to ensure the effectiveness of the checks on the requirements that must be met by the Tender Winner as per point d) above and the requirements of the subject that controls it as per clause 9.4;
- (f) comply with and ensure, for the aspects it is competent for, that the Concession Holder complies with the obligations accepted in the Legality Protocol;
- (g) not transfer its stake in the Concession Holder's share capital, unless in accordance with the methods and terms established by Clause 9 of this Agreement;
- (h) not use, starting from when this Agreement is no longer in force, the name "CdiV Gioco, Casinò di Venezia Gioco" or similar names;

- 8.2 The Tender Winner shall guarantee the prompt and precise fulfilment by the Concession Holder of all the obligations established by this Agreement.
- 8.3 The Tender Winner acknowledges and accepts that the awarding of the Concession is subject to compliance with the Anti-mafia Code by the Concession Holder and the Tender Winner. The Tender Winner thus accepts to comply with the provisions in the Anti-mafia Code and to act such that any the Tender Winner's Related Parties comply with this obligation. The Tender Winner shall produce, including for Related Parties, the documentation indicated in Clause 7.1.3.
- 8.4 Without prejudice to what is established by Clause 8.2, the Tender Winner shall inform the Grantor of the names and the details for identifying the people or companies (even if not recognized), that hold either direct or indirect stakes in the Concession Holder's capital or assets.

9. Transfer and Change of Control Ban

- 9.1 Throughout the duration of this Concession, it is forbidden to transfer, directly or indirectly, the concession relationship.
- 9.2 In the event of a Change of Control in the Concession Holder's capital, the Tender Winner shall inform the Grantor in writing in advance (and no later than the 60th - sixtieth - Working Day prior to the date on which the Change of Control would come into effect) of the general details of the party due to take Control. The aforementioned communication must have annexed all the documentation proving that the party due to take Control meets the requirements established in subsection III 2.1 B) no. 2 and no. 3 of the Contract notice (also in subsections 4-A-2 and 4-A-3 of the Tender Specifications) and article 10 subsection 10.6 of the Tender Specifications. The Grantor shall have the right to revoke the Concession if the party due to take Control does not meet the requirements established by subsection III 2.1 B) no. 2 and no. 3 of the Contract notice (also in subsections 4-A-2 and 4-A-3 of the Tender Specifications) and article 10 subsection 10.6 of the Tender Specifications, without prejudice to the Concession Holder and the Tender Winner being banned from operating through trust companies and/or from using other dealings, acts or deeds that might lead to equivalent legal effects, and the obligation for the parent company of the Concession Holder to have registered offices in Italy.
- 9.3 Any Change of Control in the capital of the Concession Holder or the Tender Winner shall only come into effect on the completion of the verifications that the requirements indicated in Clause 9.2 are met. Such verifications shall be conducted by the Grantor working in cooperation with the Prefecture and in strict collaboration with the Police investigative units, within 60 days from receiving the documentation proving the requirements in question are met. The term indicated shall be deemed to be suspended if additional documents/deeds are requested.
- 9.4 The procedure described in the preceding points shall also apply to changes in control of the capital of the Tender Winner, with reference to the moral suitability requirements established in subsection III 2.1 B) no. 2 and no. 3 of the Contract

notice (also covered in subsections 4-A-2 and 4-A-3 of the Tender Specifications) and article 10 subsection 10.6 of the Tender Specifications that are required of the party that controls the Tender Winner, which has to meet these requirements throughout the entire duration of the Concession. The communication obligations established by this point are the responsibility of the Tender Winner and shall be done according to the methods indicated in Clause 9.2.

- 9.5 The Grantor has the right to revoke the Concession at any time if the party that acquired Control of the Concession Holder or Tender Winner presented untrue documents and/or statements regarding compliance with the requirements that must be met to enter into a contract with the Public Administration concerning the games in subsection III 2.1 B) no. 2 of the Contract notice (also covered in subsection 4-A-2 of the Tender Specifications) and the requirements in 4-A-3 of the Tender Specifications.
- 9.6 In any case, all changes in the control of shareholdings, whether concerning the Concession Holder or the Tender Winner, and any corporate transactions that affect the control of these may only become effective, on penalty of the concession relationship being cancelled, following the outcome of the verifications conducted into whether the requirements established by Clauses 9.2 and 9.4, above have been met and following authorization by the Ministry of the Interior.
- 9.7 Under the criminal legislation in force, the Grantor shall remain liable for any failure to fulfill the supervision duties and to conduct the verifications required of it regarding the initial and continued fulfillment of the requirements respectively established by Clauses 9.2 and 9.2 for the Concession Holder and the Tender Winner as well as for the party that controls the share capital of these parties, including in cases where the latter changes and affects whether the concession relationship continues.
- 9.8 The party that acquires Control of the Concession Holder and the Tender Winner shall be required to sign the Legality Protocol.

10. Gambling House Premises

- 10.1 The Service shall be provided at the Gambling House premises, which are specifically (i) the historical premises of Ca' Vendramin Calergi (the "**Primary Premises**", which is currently in the name of CMV S.p.A., a company wholly owned by the City of Venice) and (ii) the premises on the mainland known as "Ca' Noghera" (the "**Secondary Premises**" and, jointly with the Primary Premises, the "**Original Premises**"), currently leased by the Concession Holder on the basis of the Lease Agreements.
- 10.2 The Concession Holder may cease to use the Secondary Premises (but not the Primary Premises, which must remain as such as long as this Agreement is in force) and provide the Service at a different location, provided it has obtained prior consent from the Grantor, which cannot unreasonably withhold such consent. In this case, the Grantor shall request all the necessary authorization from the Ministry of the

Interior. If the Concession Holder has received the required authorization and provides the Service in another premises that it does not own, then it must ensure the lease agreement requires the lessor, when this Agreement expires or if it is revoked or cancelled, to offer the Grantor or another party it designates the right to continue to use the property at the same terms and conditions for a period of no less than that established by the original lease agreement. The Grantor shall have the right to not grant its consent to provide the Service in a different location if the relevant lease agreement does not include such an obligation for the lessor.

- 10.3 Without prejudice to the remedies established in law and the related Lease Agreement for cases in which the Concession Holder (or the party that leases the Properties, as defined in the Lease Agreements) fails to fulfill its obligations, the Grantor undertakes to guarantee, for the entire period in which the Service is provided in the Primary Premises, the renewal of the lease agreements at the terms and conditions established therein and to guarantee these agreements cover the entire period in which the Service shall be provided at the Primary Premises and that this covers the entire period in which the Agreement is in force (as potentially extended pursuant to Clause 5.3). To this end, the Grantor also undertakes to act on behalf of its subsidiary CMV S.p.A. to ensure ownership of the Primary Premises is not transferred, in any form, to a third party other than the Grantor or a company wholly controlled, directly or indirectly, by the latter throughout the period in which this Agreement is in force. The Grantor also undertakes not to cede the shares it owns in CMV S.p.A. to third parties for the entire duration of the Concession.
- 10.4 Likewise, for the entire time the Service is provided at the current Secondary Premises owned by CMV, the Grantor undertakes to renew the Lease Agreement at the terms and conditions established therein.
- 10.5 The Tender Winner shall guarantee the Concession Holder (or the party that leases the Properties, as defined in the Lease Agreements) promptly and precisely complies with all the obligations established by the Lease Agreements.
- 10.6 The Grantor shall have the right to use (or allow others to use), for no more than 35 days a year, the “Camino” and “Cuoi d’oro” rooms at the Primary Premises for meetings, ceremonies or other events in which the Grantor is one of the promoters. Such use is subject to a request being submitted to the Concession Holder at least 20 (twenty) Working Days prior to the event or activity and provided it is compatible with the Concession Holder's activities, causing no interruptions.

11. Commencement and management of the Service

11.1 *Activities entrusted with the Concession*

The Concession Holder shall not suspend, even temporarily, the activities that are the subject of the Concession without authorization from the Grantor. An unauthorized suspension in the management of the Service shall result in the imposition of the penalties provided for in Clause 15.

11.2 Presentation and updating of the Inventory

11.2.1 Within three months of the signing of this Agreement and, subsequently, by 31 March of each year, the Concession Holder shall send the Grantor an inventory detailing all the assets tied to the management of the Service, separately producing: (a) the list of the Moveable Assets, (b) the list of other moveable and fixed assets, created or acquired by the Concession Holder under the Action and Investment Plan, (c) the updates to the lists from the inventories produced by the Concession Holder during the previous calendar year (the "Inventory").

11.2.2 The Inventory shall be approved in writing by the Grantor by 15 July of each year, following discussions with the Concession Holder.

11.2.3 If the Grantor disputes any of the Inventory items, then it shall send details of this to the Concession Holder using the methods outlined in Clause 18.4. In such cases, the Parties shall seek to resolve, in good faith, any dispute between them regarding any contested elements. This shall be done by no later than 15 (fifteen) Working Days from the date on which the communication indicating the dispute is received by the Concession Holder and, however, by 15 July. If by the aforementioned deadline one or more disputes persist, all of the unresolved issues (the "Controversial Issues") shall be submitted to the determination of the Audit Firm. The Audit Firm shall act as a contracted expert pursuant to Article 1349 of the Italian Civil Code and shall:

- (a) restrict its examination to the Controversial Issues;
- (b) account for the reasons justifying its determinations for each of the Controversial Issues;
- (c) act promptly to provide its determination for each of the Controversial Issues;
- (d) after defining all of the Controversial Issues, it shall draft and submit to the Parties its determinations, which shall be definitive and binding for the Parties and cannot be appealed, coming to form the Inventory along with the other undisputed items.

11.2.4 The charges and costs for the services provided by the Audit Firm shall be divided equally between the Grantor and the Concession Holder.

11.3 Investments and depreciation

- 11.3.1 Pursuant to the provisions of Clause 7.1.1(d), the Concession Holder undertakes to make the Investments indicated in the Action and Investment Plan presented by the Tender Winner in its Bid and in the Investment Time Schedule annexed to the Agreement.**
- 11.3.2 In compliance with the Business Plan presented by the Tender Winner in its Bid, the Concession Holder shall make the Investments indicated in the Action and Investment Plan and the related depreciation such that the residual value is equal to the book value.**
- 11.3.3 In the case of substantial de facto or de jure changes in the situation that could affect the financial stability of the management of the Service, the Concession Holder can ask the Grantor to modify the investments set out in the Action and Investment Plan so that stability can be restored. Without prejudice to other methods to restore financial and economic stability, the Grantor shall examine these proposals in good faith and indicate which of these are acceptable.**
- 11.3.4 In cases of existing and proven public interest, the Grantor can request that the Concession Holder modifies the planned investments in the Action and Investment Plan. The Parties shall examine the methods and terms for modifying the Plan jointly and in good faith.**
- 11.3.5 While respecting the financial and economic stability of the Service, in cases of existing, objective, serious and proven reasons in the public interest that were not and could not be foreseen at the deadline for presenting the Bid, the Grantor can ask the Concession Holder to make certain investments not required by the Action and Investment Plan but that are instrumental to the pursuit of needs in the public interest. The Parties shall jointly and in good faith examine the methods and terms for making these investments, assessing - including in terms of the quantities - their effective necessity and how instrumental they are to the public interest.**
- 11.3.6 If within 20 (twenty) Working Days from the meeting indicated in the preceding Clause the Parties have not been able to reach an agreement, the Grantor shall have the right to proceed - potentially through third parties - with the investments deemed necessary or opportune to maintain the top quality of the Service.**

The Concession Holder shall cooperate fully to ensure the Grantor can take such actions and it shall bear the proportion of the costs jointly agreed on by the parties. If it proves impossible to reach an agreement, the Grantor and the Concession Holder undertake to jointly appoint an Arbitrator to determine how the related costs shall be divided between the Parties. The Arbitrator shall assign the costs to the Grantor and the Concession Holder on the basis of the proportional interest the parties have in making the investments indicated above.

11.3.7 The Grantor has the right, at any time, to verify that the Concession Holder has been complying promptly with the Action and Investment Plan, and all the additional investments made by the Concession Holder.

12. Alienation of assets

12.1 Following the period in which the Concession is in place:

- (a) the Concession Holder shall transfer to the Grantor - or another party indicated by the latter - the assets indicated in the inventory and its subsequent updates, as per Clause 11.2, without any Restrictions. The moveable and fixed assets created or acquired by the Concession Holder in implementing the Action and Investment Plan shall be transferred in good condition and properly maintained. They shall be fully depreciated and at the most recent value indicated in the Concession Holder's last approved and certified financial statements, net of any legal depreciation and, since they are fully depreciated, with a value equal to 0 (zero);
- (b) the Intellectual Property Rights and the New Intellectual Property Rights shall be transferred to the Grantor, or a party indicated by the Grantor prior to the termination or expiry of the Agreement, simply due to the effects of the Convention terminating or expiring, without charges or costs for the Grantor. M&D, the Concession Holder and any Authorized Third Parties shall, respectively, for their areas of competence and at their own expense, register in the relevant registers the transfer of ownership of the Intellectual Property Rights and the New Intellectual Property Rights to the Grantor within 10 (ten) Working Days from the termination or expiry of the Agreement. Moreover, M&D shall, within 15 (fifteen) Working Days from the signing of this Agreement, register in the relevant registers Annex 12.1, signed at the same time as this Agreement and summarizing (i) the clauses on the transfer of ownership of the Intellectual Property Rights and the New Intellectual Property Rights as an effect of the termination of the Agreement and (ii) the restrictions established by the latter. M&D, the Concession Holder and any Authorized Third Parties, respectively and for their areas of competence, shall appoint, at the same time as signing this Agreement or the agreement for the

Additional Use of Intellectual Property Rights, the Grantor as their special attorney with all necessary powers to undertake any act suited to ensuring the registration in the name of the Grantor of the Intellectual Property Rights and the New Intellectual Property Rights as well as the restrictions on the use of the Intellectual Property Rights and the New Intellectual Property Rights established by this Agreement.

- 12.2 The alienation transactions provided for in letters a) and b) of this Clause - which will be done in the presence of the Grantor, M&D, the Concession Holder and any Authorized Third Parties, with the drafting of appropriate minutes - shall commence in the sixth month prior to the expiry of the Agreement, safeguarding the need not to damage, including in this period, the functioning of the Service, since the assets must be transferred to the Grantor in conditions such as to ensure the continuity of the Service. If the Agreement is revoked or cancelled, the process of transfer to the Grantor shall commence from the date indicated in the document notifying the revocation or cancellation of the Concession.
- 12.3 M&D, the Concession Holder and any Authorized Third Parties shall relieve, at their own cost, the Grantor - or another party indicated by it - from any liability or charges that might emerge following the transfer of assets due to the activities conducted, the existing contractual relationships and the employment relationships established to perform the activities and functions of the Concession.
- 12.4 If the Concession is extended pursuant to Clause 5.3, the alienation shall occur at the end of the extension, according to the same methods indicated in Clause 12.2 and following.
- 12.5 If the Concession is revoked or cancelled, the alienation shall occur on the date indicated in the document declaring the revocation or cancellation, using the same methods as in Clause 12.3 and following. If the reason for the Concession being cancelled or revoked is ascribable to the Concession Holder, then the assets to be transferred shall be acquired free of charge by the Grantor, without prejudice to the applicability of the penalties established by Clause 15. If the cancellation or revocation is not ascribable to the Concession Holder, then the latter shall have the right to be reimbursed for the residual value of the investments not yet depreciated to book value.
- 12.6 In the case of a dispute about the assets to be alienated, the M&D, Concession Holder and any Authorized Third Parties shall return the assets without waiving in any way their right to take their claims to the competent judicial authority.
- 12.7 The provisions in this Clause 12 shall be deemed, from this moment forth, to be included in any authorization, as fundamental terms, granted to Authorized Third Parties.

12.8 *Transfer of the assets covered by the Concession*

12.8.1 *At the end of the Concession, including if it is revoked and/or*

cancelled, in order to transfer the activities and functions covered by the Concession to the concession holder who takes over the concession, or a third party indicated by the Grantor, without interrupting or prejudicing the continuity of management, M&D, the Concession Holder and any Authorized Third Parties shall ensure their technical and organizational structures cooperate fully with the Grantor. Specifically, M&D, the Concession Holder and any Authorized Third Parties shall be obliged to provide the staff appointed by the Grantor with all useful information and details for the new Contract notice to award the Service and to facilitate the transfer of the management of the Service.

12.8.2 To define the Contract notice of the new bidding procedure as per Clause 12.8.1, the Concession Holder, following a specific request, shall provide the Grantor with the technical details of the devices and infrastructure, their book value at the start of the financial period according to market terms and conditions, any appreciation and depreciation, and all other necessary information.

12.8.3 Upon expiry of the Concession pursuant to Clause 5, M&D, the Concession Holder and any Authorized Third Parties shall be required to perform all the activities of ordinary administration required to ensure the continuity of the Service and to allow the transfer of the activities and functions to another party, until such time as the transfer of the management to the new concession holder.

12.8.4 In the cases indicated in the preceding Clause 12.8.3, the Concession Holder undertakes, in any case, to extend the Guarantees to cover the additional management period.

12.8.5 In all the cases indicated in this Clause 12.8 (expiry, revocation and/or cancellation of the Concession), the Tender Winner undertakes to act such that the Concession Holder changes its names and removes any reference to "CdiV Gioco, Casinò di Venezia Gioco" and the Concession Holder undertakes to amend its name to remove any reference to "CdiV Gioco, Casinò di Venezia Gioco" within 15 days of the expiry, revocation and/or cancellation of the Concession.

13. Correct execution guarantees

13.1 At the same time as signing this Agreement, the Concession Holder provided the

Grantor with the following guarantees ⁽¹⁾ (the “**Guarantees**”):

- (a) an initial guarantee of €20,000,000.00 (twenty million only) to cover charges for the correct execution, consistent with the concession relationship (including the possible mandatory management), of all the activities and functions covered by the Concession, annexed to this Agreement no. 14 (the “**Performance Guarantee**”); and
- (b) a second guarantee of €10,000,000.00 (ten million only), to cover the charges for the timely and precise payment of the amounts owed to the Grantor pursuant to Clause 4 of this Agreement, including the “Concession Fee”, annexed to this Agreement as no. 14 (the “**Payment Guarantee**”).

13.2 The Guarantees shall:

- (a) be irrevocable, first demand guarantees that are independent of the primary obligation and without any exceptions as well as with express waiver of the benefit of discussion and of the exception in Article 1957.2 of the Italian Civil Code;
- (b) include the Grantor's right to enforce the guarantees in the case of the cancellation of the Concession for failures on the part of the Concession Holder or on the part of the Tender Winner (should the latter fail to fulfil the obligations required of it), having informed the Concession Holder and the banking or insurance institute;
- (c) cover all non-fulfilment and the related effects under the Concession, even if these arise following the Concession and up to 5 (five) years following its expiry or its possible extension.
- (d) establish that, if there are pending cases brought by the Grantor for non-fulfilment on the part of the Concession Holder and following the guarantor being notified, the Guarantees shall remain in place beyond the term indicated in Clause 13.2(c) and shall only be released once a final decision has been issued for the case in question, with any money or charges owed to the Grantor having been deducted and any interest or sanctions related to the amounts having being added.

13.3 If there are pending cases brought by the Grantor for non-fulfilment on the part of the Concession Holder, the Guarantees shall remain in place beyond the term indicated in Clause 13.2(c) and shall only be released once a final decision has been issued for the case in question, with any money or charges owed to the Grantor having been deducted and any interest or sanctions related to the amounts having being added.

⁽¹⁾ **NOTE:** *The Guarantees shall be in the form of security deposits made in cash [or in government securities] or in the form of surety provided by leading banking or insurance institutes, as governed by the Call for Tender.*

- 13.4 If the Performance Guarantee and/or Payment Guarantee is partially or totally enforced in accordance with what is established in this Agreement, the Concession Holder shall reestablish these guarantees so they cover the amounts indicated, respectively in Clauses 13.1(a) and 13.1(b), by no later than 30 (thirty) Working Days from the date when the Grantor makes its request.

14. Grantor supervision, controls and inspections

- 14.1 The Grantor shall verify, in agreement with the Police investigative units, the continued compliance with the requirements established by the Contract notice and Tender Specifications, including in cases when control of the share capital of the Concession Holder or Tender Winner changes. To this end, the parties involved shall provide the Grantor with any information that might be requested.

The Ministry of the Interior reserves the right to require, at any time, the Anti-mafia Investigation Division (*Direzione Investigativa Anti-mafia*) or the Police investigative units to conduct specific inspections and checks.

- 14.2 For the entire duration of the Concession, the Grantor shall exercise powers to supervise, control and inspect the Concession Holder through an Advisory Board and the City Council Inspection Service, focusing especially on all the transferred activities and functions and with the following priorities: checking revenue, monitoring compliance with game rules, checking on instances of illegality, checking the devices and equipment used by the Concession Holder to manage the Gambling House and checking the use of the signs and/or materials subject to the Intellectual Property Rights and/or the New Intellectual Property Rights.
- 14.3 With reference to the legal requirements needed to perform such activities, the Grantor shall conduct checks and inspections at the premises of the Concession Holder and the Gambling House able to ensure the Gambling House is managed and administered correctly and transparently across all its multiple activities. The Concession Holder undertakes to provide, in accordance with the times and methods indicated by the Grantor, all the documents and information, including documents of a financial and economic nature, needed for the Grantor to conduct its supervisory and control activities, and to provide the equipment and tools needed to determine the elements required to verify the Service levels.
- 14.4 For control and inspection purposes and in accordance with the times and methods indicated by the Grantor, the Concession Holder shall allow access to its premises and guarantee the utmost assistance and cooperation.
- 14.5 The Concession Holder undertakes to remedy any areas of incorrect functioning found by the Grantor during its checks, as per this Clause, within the time period indicated by the latter in the notification indicating the incorrect functioning.
- 14.6 For the purposes of the checks and inspections, the Concession Holder shall inform the Grantor of the periods and times in which the individual games are in operation at the various Gambling House premises.

- 14.7 The Grantor shall monitor compliance with the obligations required of the Concession Holder and M&D pursuant to Clause 7.2.2 and, to this end, it can request that these parties provide it with the information and documents it requires for this monitoring.

15. Penalties and interest

- 15.1 Without prejudice to the cases in which the Concession is cancelled in accordance with the law in force and Clause 16, the Grantor can, on verifying any of the non-compliance ascribable to the Concession Holder pursuant to Annex 13, impose the related penalties indicated therein, but this can only be done 20 (twenty) Working Days after formally notifying the Concession Holder of the complaint and in full compliance with the right of the Concession Holder to be heard. Moreover, such penalties shall not prevent the Grantor from seeking compensation for additional and different damages arising from conduct ascribable to the Concession Holder in violation of the Agreement.
- 15.2 The Concession Holder shall pay the penalties in accordance with the methods indicated in the notification of penalty indicated in Clause 15.1.
- 15.3 Any delays in payments required under this Agreement shall result in the Concession Holder paying the Grantor (without need for formal notice) the legal interest calculated at the **Agreed Rate** for the period from the deadline for the payments indicated above and the date on which said payments were actually made.
- 15.4 This is without prejudice to the applicability, in the case of late or non-payment of tax dues, of the sanctions established by the law in force.

16. Grantor's powers of replacement: revocation and cancellation of the Concession

16.1 *Revocation and cancellation*

16.1.1 *The Grantor may revoke the Concession, in accordance with the methods established by law, when the pretexts exist.*

16.1.2 *The Grantor must initiate the process to cancel the Concession not only in the cases required by the law in force at that time, but also in the following cases:*

- (a) if provisional or definitive measures are issued against the Concession Holder, Tender Winner, or a Related Party, legal representative or member of the governing body of either of these parties as well as any other persons indicated in Article 85.2 and 85.3 of the Anti-mafia Code;
- (b) if anti-mafia information is received from the competent authorities indicating

that the details included in any of the statements or certificates presented by the Concession Holder pursuant to Clause 7.1.3 are either untrue or incomplete;

- (c) if the Concession Holder does not fulfill the obligations it agreed to on signing the Legality Protocol;
- (d) if the legal representative or board members of the Concession Holder and/or the Tender Winner and/or a Related Party or another of the persons indicated in Article 38.1(b) and (c) of the Public Contract Code has received a definitive sentence or criminal conviction that has become irrevocable, or a judgment imposing a plea bargain agreement pursuant to Article 444 of the Italian Code of Criminal Procedure for a serious crime against the State or the Community concerning professional integrity and, in any case, all the crimes indicated in Article 38.1 (c) and (h) of the Public Contract Code. The same approach shall be adopted (i) in the cases set out in Article 38.1 (m-ter) of the Public Contract Code (that is, if the legal representative or board members of the Concession Holder and/or Tender Winner and/or a Related Party are the victims of crimes set out and punished by Articles 317 and 629 of the Italian Code of Criminal Procedure and considered aggravated pursuant to Article 7 of Decree Law no. 152 of 13 May 1991, as amended and ratified by Law no. 203 of 12 July 1991, but they failed to report the facts to the prosecuting authorities); and (ii) for any alleged offence that has been committed for trial and that the City of Venice believes, because of the offence's nature, seriousness and means of execution and the connection to the subject of this Agreement, results in the Concession Holder, Tender Winner and/or a Related Party no longer meeting the required reliability, professionalism and moral suitability requirements, or in the cases of offences set out in Article 24 subsection 25 of Decree Law no. 98 of 6 July 2011, as amended and ratified by Law no. 111 of 15 July 2011. These provisions shall also apply in cases where the persons or parties have been convicted for similar or analogous offences in the legal system of the country in which they are citizens;
- (e) whenever, during the period the concession relationship is in force, the Concession Holder or the Tender Winner no longer meet the requirements set out in subsection [●] of the Tender Specifications;
- (f) if the Concession Holder, Tender Winner and/or a Related Party, the legal representative or board members of the Concession Holder and/or Tender Winner and/or a Related Party has been convicted for one of the offences indicated in Article 32-*quater* of the Italian Code of Criminal Procedure;
- (g) if the Tender Winner commits serious, repeated and persistent breaches of the obligations established in Clause 8.1;
- (h) if the Concession Holder does not comply with the obligations established by Clauses 7.1.1(a), 7.1.1(c), 7.1.1 (p), 7.1.1 (q), 7.1.1(r) and 7.1.1(t);

- (i) if the Concession Holder commits serious, repeated and persistent breaches of the obligations established in Clauses 7.1.1(d), 7.1.1 (e), 7.1.1 (g) and 7.1.1(v);
- (j) if M&D fails to comply with the obligations established by Clauses 6.1.2, 6.1.3 6.1.6, 6.1.8, 6.1.9, 6.2.3, 17.1 and 17.2;
- (k) in the cases of revocation or cancellation established by Clause 9;
- (l) if the Concession Holder commits a serious and repeated violation of the laws in force governing gambling;
- (m) if the Concession Holder violates the laws and regulations governing the prevention of irregular, unlawful or clandestine gambling and, specifically, if it markets and sells in Italy, whether directly or through subsidiaries or associated companies, regardless of where they are headquartered, games that are banned under Italian law;
- (n) if the Concession Holder has failed to update or re-establish the Guarantees within the period indicated in Clause 13;
- (o) if the Concession Holder seriously and repeatedly impedes the correct and comprehensive checks conducted by the City of Venice pursuant to Clause 14.
- (p) if the Concession Holder commits serious and persistent violations of the obligations pursuant to 7.2.

16.2 If the Concession is revoked or cancelled for non-fulfilment ascribable to the Concession Holder, the Agreement shall automatically be terminated and the Grantor shall have the right to retain, as a penalty and without prejudice to the right to seek additional damages and all other remedies allowed in law, the entire Fixed-Amount Owed paid under the methods indicated in Clause 4.1. The Parties acknowledge and agree that the amount of the penalty in this subsection is to be deemed fair since it gives balanced consideration to the interests of both sides, taking into account the serious harm that the Grantor would suffer if the Agreement were terminated prior to its established expiry date.

16.2.1 The Concession Holder shall not be entitled to any compensation for the early termination, on whatever basis, of the Concession for the reasons in 16.1.2 of this Agreement, with the exception of what is established by Article 21-quinquies of Law no. 241 of 7 August 1990, as per the instances and limits to which that law is applicable.

16.2.2 If the conditions indicated in Clause 16.1.1 and 16.1.2 exist, the Grantor shall inform the Concession Holder of the initiation of the revocation or cancellation procedure, making its claims against the Concession Holder. The revocation or cancellation procedure for the Concession shall be conducted by the Grantor in compliance

with Law no. 241 of 7 August 1990.

16.2.3 At the end of the procedure, the Grantor shall adopt, if appropriate, a reasoned measure revoking or cancelling the Concession, establishing:

- (a) the terms for the alienation of the assets pursuant to Clause 12;
- (b) the methods and duration of the mandatory management pursuant to Clause 12.8.3;
- (c) the penalties to be applied to the Concession Holder where the concession was revoked or cancelled because of a failure to comply with the terms and methods indicated in the preceding Clauses 16.2.3(a) and 16.2.3(b).

16.2.4 If the Concession is revoked or cancelled for non-fulfilment ascribable to the Concession Holder, the Grantor shall have the right to immediately enforce the Performance and Payment Guarantees, without prejudice to the right to seek additional damages for any damage suffered or being suffered, as well as the reimbursement of costs.

16.3 Concession Holder and M&D obligations in cancellation or revocation

If the Concession is revoked or cancelled pursuant to Clause 16, the Concession Holder and M&D, each for their area of competence, undertake to:

- (a) transfer to the Grantor, another concession holder or a third party indicated by the Grantor, by the dates indicated by the Grantor in the notification of revocation or cancellation, all the assets that are instrumental to the management of the Service, as per the methods established by Clause 12;
- (b) ensure the continuity of the Service, in accordance with the methods and the duration indicated by the Grantor in the notification of revocation or cancellation, performing all the ordinary maintenance required to ensure the transfer of the activities and functions covered by this Concession to the Grantor or another concession holder or third party indicated by the Grantor.

In the cases indicated in Clause 16.3 (c) above, the Concession Holder undertakes to extend the Guarantees to cover the additional management period.

16.4 Identification of additional concession holders

If the Concession is revoked or cancelled, the Grantor shall have the faculty, during the period of the Concession, to identify, through a public tender, a new concession holder.

The Concession that was revoked or cancelled shall then be assigned to the new Concession Holder.

17. Pacts concerning the Online Going Concern

- 17.1 M&D and the Concession Holder undertake, for the entire duration of the Concession:
- (a) to provide the online gambling activities solely using the Trademarks and the Domain Names, unless otherwise authorized by the Grantor, which cannot unreasonably deny its authorization;
 - (b) not to Transfer or lease (or otherwise allow third parties to use) the Online Going Concern;
 - (c) not to Transfer or lease (or otherwise allow third parties to use) licenses or sub-licenses of the Domain Names without prior written authorization from the Grantor, which cannot unreasonably deny its authorization.
- 17.2 In order to calculate the amount indicated in Clause 4.5, M&D and/or the Concession Holder undertake to send the Grantor, each year and, in any case, within 20 (twenty) Working Days of the closure of the accounting year, as an annex to the accounting documentation required by the laws in force, the accounting records showing the revenues from the Online Going Concern (the "**Online Going Concern Revenues**"). Moreover, the provisions concerning keeping and verifying accounting records in Clause 6.1.9 shall also be applied.

18. General Provisions

18.1 Amendments

In the event of extraordinary circumstances that could not have been foreseen at the time of stipulating this Agreement and that are beyond the control of the Parties (including amendments to the current laws and regulations, or the issuing of new, additional laws) that change the initial overall financial and economic stability of the Concession Holder beyond the normal uncertainty linked to managing the Service, the Parties shall negotiate, in good faith, new conditions of stability to include in the Agreement, which shall have to be authorized in advance by the Ministry of the Interior, that are necessary or opportune (a) for the purposes and within the limits established by Article 143.8 of the Public Contract Code; or (b) in order to comply with the laws in force.

18.2 Tolerance

Any tolerance shown by either Party towards the other for conduct violating the provisions of this Agreement does not imply waiving the rights derived from the violated clauses nor does it mean forgoing the right to require that the obligations be

fulfilled correctly as per the terms and conditions established herein.

18.3 *Indices and headings*

Indices and headings contained in this Agreement have been provided only to facilitate its reading and have no relevance for its interpretation.

18.4 *Communication*

Any notices or communication requested or allowed by the provisions of this Agreement shall be in writing and shall be considered to be effectively and validly delivered: (a) on receipt of the communication, if delivered by hand, registered post with return receipt or telegram; or (b) when the specific delivery report is issued by the equipment used to send the communication, if done by fax, provided it is addressed as follows:

- (a) if to the Grantor, at:
[●],
[●]
Fax: [●]
Certified email address: [●]
To the attention of [●]
- (b) if to the Concession Holder, at:
[●],
[●]
Fax: [●]
Certified email address: [●]
To the attention of [●]
- (c) [if to M&D, at:
[●],
[●]
Fax: [●]
Certified email address: [●]
To the attention of [●]]
- (d) if to the Tender Winner, at:
[●],
[●]
Fax: [●]
Certified email address: [●]
To the attention of [●]

or to a different address or fax number (provided it is within Italy) that any of the Parties might communicate in compliance with the current provisions at a date following the signing of this Agreement. It is understood that at the addresses indicated above, or the alternative address that might be communicated at a future

date, the Parties elect to have their domicile for the purposes of this Agreement, including for any legal notifications related to the proceedings in the following sub-clause 18.7.

18.5 *Contract Costs*

The Concession Holder shall be responsible for all the contract and registration costs, stamp duty, any Taxes and any other charges linked to concluding, registering and executing this Agreement and/or any acts or deeds connected to it. The Concession Holder shall remain responsible for such costs even if they are requested once the Agreement has been entered into.

18.6 *Applicable Law*

The concession relationship shall be governed by Italian law.

18.7 *Competent Court*

Any dispute arising in relation to this Agreement that is outside the jurisdiction of the administrative court shall be devolved to the exclusive competence of the court of Venice.

[•]

CITY OF VENICE

CASINÒ DI VENEZIA GIOCO S.P.A.

[TENDER WINNER]

Pursuant to Article 1341 of the Italian Civil Code, the Concession Holder declares to expressly accept the contents of Clauses 2 (Subject of the Agreement), 5 (Duration of the Agreement), 7 (Concession Holder's obligations), 9 (Transfer and Change of Control Ban), 11 (Commencement and management of the Service), 13 (Guarantees), 14 (Grantor supervision, controls and inspections), 15 (Penalties), 16 (Grantor's powers of replacement: revocation and cancellation) as well as Clauses 18.5 (Contract Costs), 18.6 (Applicable Law) and 18.7 (Competent Court).

CASINÒ DI VENEZIA GIOCO S.P.A.

Pursuant to Article 1341 of the Italian Civil Code, the Tender Winner declares to expressly accept the contents of Clauses 2 (Subject of the Agreement), 5 (Duration of the Agreement), 7 (Concession Holder's obligations), 8 (Obligations of the Tender Winner), 9.1 (Transfer and Change of Control Ban), 11 (Commencement and management of the Service), 13 (Guarantees), 14 (Grantor supervision, controls and inspections), 15 (Penalties), 16 (Grantor's powers of replacement: revocation and cancellation) as well as Clauses 18.5 (Contract Costs), 18.6 (Applicable Law) and 18.7(Competent Court).

[TENDER WINNER]

Casinò di Venezia Meeting & Dining Services S.r.l. signs this Agreement to show complete acceptance of the agreements set out in Clauses 4.5, 4.6, 6, 7.2, 7.5, 12, 14, 16.1.2(j), 16.3, 17 and 18.

CASINÒ DI VENEZIA MEETING & DINING SERVICES S.R.L.

CASINÒ MUNICIPALE DI VENEZIA S.P.A., headquartered in Venice at Cannaregio no. 2040, enrolled in the Venice register of companies with no. [●], in the person of [●], Mr [●], holding the necessary powers as evidenced by [●] of [●], attached in copy as Annex 18 (“**CMV**”)

Signs this Agreement solely for the obligations and provisions in Clause 10 (Gambling House Premises), undertaking to guarantee, for the aspects of its competence, compliance with the Grantor's obligations.