CASTA DIVA GROUP: INVESTMENT AGREEMENT WITH BRACKNOR INVESTMENT FOR THE ISSUE OF A "CUM WARRANT" CONVERTIBLE BOND FOR 4.5 MILLION EURO

BANCA FINNAT APPOINTED TO TAKE ON THE TASK OF GLOBAL COORDINATOR AND BOOKRUNNER FOR A RESERVED PLACEMENT

Milan 28 June, 2017

The Casta Diva Group ("**CDG**" or the "**Company**") and Bracknor Investment ("**Bracknor**") have today signed an agreement (the "**Bracknor Contract**" or the "**Contract**") with which Bracknor has undertaken to subscribe, in 14 tranches, and only after specific subscription requests made by the Company (the "**Issue requests**"), a maximum of 450 bonds convertible into cum warrant shares, for a unit value of Euro 10,000 and thus for a total amount equivalent to Euro 4,500,000 (the "**Loan**").

Luca Oddo and Andrea De Micheli, respectively President and CEO of the Company: "The Casta Diva Group has always had the DNA of an international company with 13 locations in 10 Countries around the World and roughly half of its turnover achieved abroad. Now the company structure is also expanding outside of Europe, and particularly in Dubai, where attentive investors are particularly interested in seizing the opportunities that our Country has to offer. The Casta Diva Group represents, in the communication sector, what many Italian companies represent in the field of fashion or design: the "Italian Touch" that excites the World. The agreement with Bracknor will help strengthen the capital and financial structure and allocate adequate resources, within the next three years, to envisaged developments in terms of growth for external lines and international expansion."

Hugo Pingray, Bracknor Partner: *Bracknor is proud to start investing in Italy through its partnership agreement with the Casta Diva Group. In a digital era where visual communication is evolving alongside technology, we believe that Casta Diva will be capable of responding to industry challenges thanks to a portfolio that includes 100 of the best brands throughout the world, strong international positioning and award-winning management. We are confident in the company's ability to generate growth drivers as well as its ability to reach its financial goals in the short term and we are happy to contribute to its long-term success.*

The Bracknor Contract provides that the issue of the Loan is divided into 14 tranches, where the first four will consist of 40 (forty) bonds each for an individual value of Euro 400,000, and the remaining 10 tranches will consist of 29 (twenty-nine) bonds each for an individual value of Euro 290,000.

The subscription price of each tranche is expected to be equal to 95% of the nominal value of the bonds issued.

For each issue, the issuance of warrants is envisaged in order to allow the Company to collect - in the event of their full conversion - a consideration equal to 50% of the nominal value of the underlying bonds. The exercise ratio is equal to 1:1 and will give the warrant holders the right to obtain a new Company share for each warrant to be converted.

The Loan will be non-interest bearing; it is expected that each bond will last 12 months from the issue date and in the event of a non-repayment request by the due date, the Company will have the right to automatically convert the existing bonds into newly issued shares.

The contract provides for the Company to pay, in favour of Bracknor, a Euro 130,000 fee to be issued in the form of additional convertible bonds, which will not, however, be accompanied by the issue of warrants or other benefits.

The bonds and warrants will be issued in a dematerialized manner and inserted into the centralized management system organized by Monte Titoli S.p.A. In order to issue the above-mentioned bond as at today's date, a Board of Directors meeting was held in a notary form which, among other things, deliberated the following points:

1. Approval of completion, by the Company, of the Bracknor Investment Agreement;
2. the issue of a "cum warrant" convertible bond loan, pursuant to art. 2420-ter paragraph 1, civ. cod. excluding option rights pursuant to art. 2441, para 5 civ.cod. for a total maximum amount of Euro 4,500,000;
3. an increase of share capital pursuant to art. 2420-bis, paragraph 2, civ.cod., divisible, excluding option rights, pursuant to art. 2441, paragraph 5, civ.cod. at the service of the conversion of the "cum warrant" convertible bond loan, for a maximum of Euro 4,500,000, including the premium, via the issuing of ordinary shares;
4. issuance of warrants to be freely assigned to the subscribers of the "cum warrant" convertible bond loan, excluding option rights, pursuant to art. 2441, paragraph 5, civ.cod. in such a way as to allow the Company to collect - in the event of full conversion of the warrants - an amount equal to 50% of the nominal value of the underlying bonds;
5. an increase of the share capital, in tranches and via payment, excluding option rights, pursuant to art. 2441, paragraph 5, civ.cod., at the service of the exercise of the warrants for a maximum amount of Euro 2,250,000, including the premium, via the issue of a number of shares to be calculated at the conversion date;
6. the issue of a convertible bond loan in ordinary Company shares, not covered by warrants or other benefits, for a total maximum amount of Euro 130,000 based on the commission payment of the Bracknor subscription fee;
7. the increase of share capital in money, divisible in cash, excluding option rights, pursuant to art. 2441, paragraph 5, civ.cod., at the service of a convertible bond loan, not covered by warrants or other benefits, for a total maximum nominal amount of Euro 130,000; and
8. amendment to the Articles of Association in order to give effect to previous resolutions.

FUNCTIONING MECHANISM OF THE SUBSCRIPTION AND LOAN ISSUE REQUESTS

The Contract provides that during the issue period, equal to 36 months from the date of issue of the first tranche of the bond loan, the Company may, in accordance with the timing provided for, draw up one or more subscription requests of the Loan's bonds by Bracknor.

The issue of the Loan is divided into 14 tranches of which the first four out of 40 bonds each, for an individual value of the single tranche equal to Euro 400,000, and the remaining 10 tranches of 29 bonds each, for an individual value of the single tranche equal to Euro 290,000.

The subscription price of each tranche is expected to be equal to 95% of the nominal value of the bonds issued.

The commitments undertaken by Bracknor, under the Contract, will cease, not only upon the occurrence of the usual assumptions foreseen by this type of contract (Material Adverse Change), but also should there be a change in control of the Company. The Contract may also be terminated by the Company if the share price, during a consecutive 5-day trading period, is less than 85% (eighty-five percent) of the price recorded on the day of completion of the investment contract with Bracknor.

The Contract is governed by Italian law and any dispute relating to it must be subject to exclusive jurisdiction of the Court of Milan.

PROCEDURES, LOAN CONVERSION TERMS AND CONVERSION OBLIGATIONS

Bracknor may request the conversion of all or part of the bonds issued, by sending an appropriate notice to the Company by the closing date of the Conversion Period, it being understood that in the event the payment request is not put forth by the expiry date, the Company will have the right to automatically convert Existing bonds into newly issued shares.

Each bondholder may request the conversion of their bonds into shares on the basis of the following formula:

$$Number\ of\ \ Shares = (\frac{CA}{CP})$$

where:

(i) ***CA***: stands for the nominal value of the bonds subject to conversion, and
(ii) ***CP***: stands for the conversion price equal to 95% Daily VWAP of the Company's shares lowest price recorded during the Pricing Period prior to the conversion date, provided that no share may be converted at a price lower than Euro 0.50 per share;
(iii) ***Daily VWAP***: means on each trading day on AIM Italia, a weighted average price for transaction volumes; and
(iv) ***Pricing Period***: means the 15-day period the stock exchange is open during which the Company's shares are admitted to trading prior to the date of the conversion request.

When converting the bonds, a new quantity of Company shares will be issued according to the formulas contained in this press release, and contained in the investment contract, the principle of which has it that these new shares will not have an implicit issue accounting parity of less than Euro 0.50 each.

However, at its sole discretion, the Company will have the power to:

(a) consign only 75% of the new shares owing to the each bondholder; and
(b) pay each bondholder a cash amount calculated on the basis of the following formula:

$$\left(\frac{CA}{CP}\right)\ X\ Closing\ VWAP\ at\ the\ date\ of\ conversion$$

where:

(i) ***CA***: stands for 25% of the nominal value of the bonds being converted;
(ii) ***CP***: stands for the conversion price equal to 95% Daily VWAP of the Company's shares lowest price recorded during the Pricing Period prior to the conversion date, provided that no share may be converted at a price lower than Euro 0.50 per share;
(iii) ***Daily VWAP***: means on each trading day on AIM Italia, a weighted average price for transaction volumes; and
(iv) ***Pricing Period***: means the 15-day period the stock exchange is open during which the Company's shares are admitted to trading prior to the date of the conversion request.

In compliance with the resolution dated 18 July, 2016 approved at the Company's extraordinary Shareholders' Meeting, it is envisaged that in the event of a conversion of the bonds, the new shares may not have an implicit par value of less than Euro 0.50 each.

WARRANTS

Bracknor will be entitled to receive a number of warrants, with respect to the issuance of each Loan tranche, calculated so as to enable the Company to collect - in the event of full conversion of the warrants - compensation equal to 50% of the nominal value of the underlying bonds.

The exercise ratio is equal to 1:1 and will give warrant holders the right to obtain new Company shares for each warrant to be converted.

The exercise price of each warrant will be equal to 120% of the weighted average price for transaction volumes registered in the 5 market days during which the company's securities were admitted to trading prior to the issue date of the bonds to

which the warrants refer to, provided that, only as far as the first tranche is concerned, the reference period for calculating the weighted average price will be the lowest recorded between the 10 days prior to 25 May, 2017 and the WAP recorded in the 10 trading days preceding the issue of the relevant bonds.
In compliance with the resolution dated 18 July, 2016 approved at the Company's extraordinary Shareholders' Meeting, it is envisaged that in the event of a conversion of the bonds, the new shares may not have an implicit par value of less than Euro 0.50 each.

BONDS AND WARRANTS CIRCULATION
In the absence of express consent from the Company, the bonds and warrants may be transferred by Bracknor only to other subsidiary companies, financial controllers or jointly controlled entities.
It is also foreseen that any assignee of bonds and warrants is automatically bound by the terms and conditions of the Bracknor Contract.

COMMISSION
The Company has pledged to pay Bracknor a commission fee of Euro 130,000, as a result of the subscription commitments made by Bracknor.
The aforementioned commission will be calculated from time to time on the basis of the value of the bonds actually issued and subscribed by Bracknor and will be paid in the form of convertible bonds that will not be accompanied by the issue of warrants or other benefits.
The commission will be in the form of the following issues:
(i) n. 1 convertible bond on issue of the first 3 tranches of the loan;
(ii) n. 2 convertible bonds on issue of the fourth tranche of the loan;
(iii) n. 1 convertible bond on issue of the subsequent 8 tranches of the Loan.
The aforementioned convertible bonds will be issued at a price equal to 100% of the nominal value and the payment will be settled by credit compensation as commission in favour of Bracknor.
In compliance with the resolution dated 18 July, 2016 approved at the Company's Extraordinary Shareholders' Meeting, it is envisaged that in the event of a conversion of the bonds, the new shares may not have an implicit par value issuance of less than Euro 0.50 each.

SALE OF CDG SHARES BY BRACKNOR - *COVENANT*
Bracknor does not have any obligation to maintain the shares subscribed as a result of the conversion of the bonds or acquired through the exercise of the warrants.
CDG has undertaken, with regards to Bracknor, from the date of the Contract signing to the end of the issue period, the commitment to comply with specific covenants including, in particular, the commitment:
(i) not to proceed with mergers involving the incorporation of the Company into other parties, without prejudice to the possibility of mergers involving the Company as the incorporating entity;
(ii) not to sell, lease, transfer, liquidate or otherwise have a significant part of its assets in a single transaction (or in more than one transaction with a unitary aim) unless they are quantified for a price at market conditions;
(iii) not to subscribe to financial products characterized by comparable or similar operations to that of the Bracknor Contract;
(iv) not to take underwrite debt, in the absence of prior consent from Bracknor, that may qualify as "*senior*" with respect to the Loan other than indebtedness in the service of operational activity.

LISTING PROSPECTUS AND OFFER PROSPECTUS
Issuance of the Loan and Warrants does not require the publication of any offer or listing prospectus by the Company.

TRANSACTION OBJECTIVE
The aim of the operation is to:
(i) allocate, within the next three years, adequate resources to strengthen the company's operational and administrative structure, in view of the expected developments in terms of growth for external lines and international expansion;
(ii) support the working capital under the development plan;
(iii) strengthen the Company's financial structure in the short/medium-long term;
(iv) broaden the shareholder's structure in the event of conversion of bonds and exercise of warrants;
(v) find new financial resources that can support and increase the Company's development; and
(vi) achieve greater financial flexibility, even in a very short time.
As far as warrants are concerned, it should be highlighted that their possible exercise will, as well, provide financial resources for the Company, while extending its corporate structure, and will also be part of the functional projects in support of the company's growth plans, without any additional burden for the Company.

DILUTIVE EFFECTS
The execution of the transaction will have a dilutive effect, yet variable and not conceivable, on the shareholdings owned by the Company's current shareholders, which will particularly depend on the Company's share capital, subscribed by Bracknor, following the conversion of the bonds issued and therefore also by their quantity and the relevant subscription price. The possible subscription of shares, following the exercise of the warrants, may also have dilutive effects on the shareholdings owned by the Casta Diva Group SpA shareholders. The issue price of the shares is closely related to the market trend prices of the registered stock during the Reference Period. The maximum dilution in terms of shares of current

shareholders following the transaction will depend, in particular, on the amounts of the tranches and the relative subscription price, which as at today cannot be determined. The same applies to the dilution effects arising from the possible exercise of the warrants, which will depend on the amount of the subscribed shares and the subscription price.
Four clauses were negotiated and inserted into the Contract in order to mitigate any unwanted dilutive effects:

- The Company is entitled to terminate the Contract without any penalty, at any moment, if the closing price of the CDG stock is, for five consecutive trading days, lower than 15% of the closing price recorded on the day the contract was signed;
- The Company may terminate the Contract without penalty after drawing the fourth tranche (out of fourteen);
- The Company, should Bracknor request to convert the bonds at a conversion price deemed too low, may decide, at its sole discretion, to convert only 75% of the bonds, reimbursing in cash the remaining 25%;
- The warrant strike prices was set at 120% of the closing price recorded at the date of issue of the bonds;

INFORMATION ON BRACKNOR

Bracknor Capital Ltd is the Bracknor Investment Management platform (an investment vehicle based in Dubai, United Arab Emirates). Bracknor's mandate is to invest globally in SMEs that have unique and competitive advantages and genuine potential, by providing them the operating capital or growth capital needed to promote and launch their expansion. Bracknor, through its President, Mr. Aboudi Gassam, is supported by the Saudi Group - MS Group (Jeddah) and aims to initiate intra-portfolio synergies with the objective to provide significant opportunities and cooperative developments for the companies that form part of the Bracknor portfolio, in particular in the area of the member states of the Persian Gulf Cooperation Council (GCC).

During the negotiation and conclusion phases of the Contract, the Company was assisted by Kobo Capital, Emintad and Securitisation Services, along with a team led by Alessando Tosi, Luciano di Fazio and Luca Fenaroli.
The legal aspects of the transaction were followed by Grimaldi Studio Legale and a team led by Lawyer Paolo Daviddi.

BANCA FINNAT APPOINTMENT

The Company also announces that it has entrusted Banca Finnat Euramerica S.p.A. with the task of Global Coordinator and Bookrunner for the execution, through a private placement under exemption, pursuant to art.100 Leg. Dec 24/02/1998 n. 58 (TUF), of a part of the capital increase approved by the Extraordinary Shareholders' Meeting on June 18, 2016.

The press release can be consulted on the following internet sites: www.castadivagroup.com and www.emarketstorage.com

Casta Diva Group (CDG:IM) is a multinational company listed on AIM Italia, active in the field of communication for the production of branded content, viral videos, digital content, films and corporate events. It is present on 4 continents with offices in 13 cities: Milan, Rome, London, Manchester, Prague, Beirut, Istanbul, New York, Los Angeles, Buenos Aires, Montevideo, Cape Town, and Mumbai. The Group's brands include Casta Diva Pictures, Egg Events, Video Preview and Blue Note. It represents the largest production network of commercials and events worldwide, devised through active and continuous interaction between the various offices and the experience of its 62 digital communication and live entertainment professionals. It is a talent hub capable of hiring Oscar winners and celebrities around the world and discovering and attracting new, creative talents that ensure high standards of excellence. The Casta Diva Group and its managers have offered innovative and creative communication strategies to over 100 major brands by reinterpreting the conventional communication rules. Since it was founded in 2005, the group has grown steadily and has consistently received numerous awards; in 2016 alone, it was awarded 52 prizes including 2 Lions at the Cannes Lions International Festival of Creativity and 6 EuBEA - European Best Event Awards including the European Best Event Agency and the 4 NC Digital Awards, as well as Best Digital Production Company. It is the owner of the Blue Note Milano, a jazz club and high-level restaurant established in 2003 and part of the international Blue Note network, leader in the world jazz scene, which in Via Borsieri, Isola district in Milan, (and elsewhere) produces roughly 300 shows a year, invoicing circa 25% (source: Siae) of jazz takings in Italy.

Contacts

CASTA DIVA GROUP – Emittente
Francesco Merone
investor.relations@castadivagroup.com
Via Lomazzo 34, 20154 Milano
T: +39 02 3450817

IR TOP CONSULTING
Investor Relations - Maria Antonietta Pireddu
m.pireddu@irtop.com
Media Relations
Domenico Gentile, Antonio Buozzi
ufficiostampa@irtop.com
Via C. Cantù, 1 - 20123 Milano
T: +39 02 45473884 - www.aimnews.it

INTEGRAE SIM – Nomad
Via Meravigli 13 – 20123 Milano
T: +39 02 87208720
info@integraesim.it

CFO SIM – Specialist
Via dell'Annunciata 23 – 20121Milano
T: +39 02 303431
info@cfosim.it