

Vantage Mezzanine Partners
Summary of Proposed Terms & Conditions
Senior Subordinated Notes

Issuer:	Georgepipe Inc (“Issuer”)
Securities:	Senior Subordinated Notes (the “Notes”)
Principal Amount:	R34.0 million
Issue Price:	100%
Purchaser:	Vantage Mezzanine Partners (the “Purchaser”) or one or more of its affiliates and other investors mutually acceptable to the Purchaser and the Issuer.
Use of Proceeds:	The proceeds of the Notes will be used to (i) partially finance the acquisition of the Issuer by the Private Capital Group of Ethos Private Equity and (ii) pay fees and expenses in connection with the acquisition.
Closing Fee:	1.50%
Interest Rate:	4.00% per annum payable quarterly in cash in arrears.
PIK Interest Rate:	8.5% per annum payable quarterly in kind in arrears.
Warrants:	<p>5.50% of the fully-diluted equity of the Issuer including the assumed issuance of all equity under any current or future management equity plans; provided that Warrants for 0.50% of the fully-diluted equity of the Issuer shall be canceled (the “Clawback”) if each of the following conditions are achieved:</p> <ul style="list-style-type: none">(i) The sum of EBITDA for fiscal years 2008, 2009, and 2010 shall exceed R100.0 million,(ii) EBITDA shall be higher in each of fiscal years 2008, 2009, and 2010 when compared to the prior fiscal year, and(iii) Total leverage shall be less than 1.5x at the end of fiscal 2010. <p>All Warrants will have a seven year term and be exercisable at a nominal exercise price, in whole or in part, at any time after Closing. The Warrants will have cashless exercise, tag-along, drag-along, anti-dilution, piggyback registration and pre-emptive rights to be agreed upon. The Warrants will have put and call features to be mutually agreed upon.</p>
Maturity:	The earlier of (i) the 5-year anniversary of the Closing Date and (ii) 6 months following the maturity of the senior credit facilities.
Ranking:	The Notes will be senior unsecured subordinated obligations of the Issuer subordinated only to permitted senior debt arising or

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permitted under the senior secured credit facility of the Issuer (the “Senior Debt”) and will be senior in right of payment to all existing and future subordinated indebtedness of the Issuer.

Guarantees: The Notes will be guaranteed on a joint and several basis by all direct and indirect parent and/or holding company entities of the Issuer and each existing and subsequently acquired direct and indirect domestic subsidiary of the Issuer, on a basis subordinate in right and interest to the guarantees of the Senior Debt in a manner consistent with the subordination of the Notes.

Voluntary Prepayments: Prepayment of the Notes will be permitted at any time after the date of issuance, in whole or in part, at the premiums listed below:

Year 1	103%;
Year 2	102%;
Year 3	101%;
Year 4 and thereafter	100%

Change of Control: In the event of a change of control, the Purchaser may require the Issuer to repurchase the Notes at 101% of par plus accrued interest.

Covenants: The Notes will contain covenants customary for a financing of this nature, including, but not limited to, covenants with respect to: (i) limitations on the incurrence of additional indebtedness and the issuance of disqualified capital stock; (ii) maximum leverage ratio, rent adjusted total leverage ratio, minimum interest coverage and minimum fixed charge coverage ratios; (iii) limitations on investments and restricted payments; (iv) limitations on the sale of assets; (v) limitations on lines of business; (vi) limitations on transactions with affiliates; (vii) limitations on liens; (viii) restrictions on mergers, consolidations and the transfer of all or substantially all of the assets of the Company to another person; (ix) limitations on capital expenditures and lease liabilities; (x) limitations on the number of signed leases relating to unopened retail locations; (xi) certain additional financial covenants; and (xii) delivery of financial information to Note and Warrant holders.

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- Conditions Precedent:** Customary conditions for transactions of this type, including but not limited to the following:
- (i) Confirmation that the Issuer has no less than R30.0 million of LTM EBITDA.
 - (ii) Ethis and other equity sources will provide no less than R80 million of cash equity capital and the management team shall further provide no less than R8 million of rollover equity.
 - (iii) The Company shall have received a commitment for first lien senior financing on terms satisfactory to the Purchaser; provided that funded senior leverage at closing shall not exceed 3.2x LTM EBITDA, including any letters of credit.
 - (iv) Total leverage shall not exceed 4.2x LTM EBITDA, including any letters of credit, and total adjusted leverage shall not exceed 5.60x based on an 8.0x capitalization rate for all property leases.
 - (v) The seller note, if included, shall be on terms acceptable to the Purchaser, which shall include, but not be limited to, subordination provisions customary for a seller note.
 - (vi) The terms of the earn-out payment, if any, shall be on terms acceptable to the Purchaser, which shall include, but not be limited to, the condition that the earn-out payment may be made only if total leverage shall not exceed 1.5x on a pro forma basis after making such earn-out payment.
 - (vii) The Purchaser shall have completed a due diligence review customary for this type of transaction with such review to be satisfactory to the Purchaser. The due diligence review shall include, but not be limited to, a third-party accounting review and meetings with management.
 - (viii) No material adverse change in the business prospects, operations, or results of the Issuer.
 - (ix) Definitive documentation satisfactory to the Purchaser.
- Board Observation Rights:** The Purchaser shall receive board observation rights to be agreed upon.
- Fees and Expenses:** The Issuer shall pay all reasonable costs and expenses associated with the Purchaser's (i) due diligence and (ii) review and preparation of the definitive documentation

This term sheet does not constitute an offer and is presented solely for discussion purposes. This term sheet shall not be construed as creating any obligations on any party whatsoever, and shall not be binding on any party unless the terms of the proposed investment are ultimately contained within definitive documents, which are negotiated, executed and delivered in connection with the closing of such investment.