

Securities Note

Dated 16th September 2016

This document is a Securities Note issued in accordance with the provisions of Chapter 4 of the Listing Rules published by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended by Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012, Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012, Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013, Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015. This Securities Note is issued pursuant to the requirements of Listing Rule 4.14 of the Listing Rules and contains information about the Bonds being issued by Dizz Finance p.l.c. Application has been made for the admission to listing and trading of the Bonds on the Official List of the Malta Stock Exchange. This Securities Note should be read in conjunction with the most updated Registration Document issued from time to time containing information about the Issuer.

Securities Note in respect of an Issue of up to €8,000,000 5% Unsecured Bonds 2026 of a nominal value of €100 per Bond issued at par by

Dizz Finance p.l.c.

A public limited liability company registered under the laws of Malta with registration number C71189

with the joint and several Guarantee* of

Dizz Group of Companies Limited

A private limited liability company registered under the laws of Malta with company registration number C64435

*Prospective investors are to refer to the Guarantee contained in Annex III of this Securities Note for a description of the scope, nature and term of the Guarantee. Reference should also be made to the sections entitled "Risk Factors" contained in this Registration Document and this Securities Note for a discussion of certain risk factors which should be considered by prospective investors in connection with the Bonds and the Guarantee provided by Dizz Group of Companies Limited.

Sponsor



Registrar & Manager



Legal Counsel

CAMILLERI PREZIOSI
ADVOCATES

THE LISTING AUTHORITY HAS AUTHORISED THE ADMISSIBILITY OF THESE SECURITIES AS A LISTED FINANCIAL INSTRUMENT. THIS MEANS THAT THE SAID INSTRUMENTS ARE IN COMPLIANCE WITH THE REQUIREMENTS AND CONDITIONS SET OUT IN THE LISTING RULES. IN PROVIDING THIS AUTHORISATION, THE LISTING AUTHORITY DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS IN INVESTING IN THE SAID INSTRUMENT AND SUCH AUTHORISATION SHOULD NOT BE DEEMED OR BE CONSTRUED AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN SUCH INSTRUMENT.

THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS INCLUDING ANY LOSSES INCURRED BY INVESTING IN THESE SECURITIES.

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY LISTED FINANCIAL INSTRUMENTS. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE SECURITIES OF AN ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT FINANCIAL ADVISOR.

Table of contents

Important Information	82
1. Definitions	84
2. Risk Factors	87
2.1. General	87
2.2. Forward Looking Statements	87
2.3. Sustainability of Investment	87
2.4. Risks Relating to the Bonds	88
3. Persons Responsible	90
3.1. Consent for use of Prospectus	90
4. Essential Information	92
4.1. Reasons for the Issue and use of proceeds	92
4.2. Expenses	92
4.3. Issue Statistics	93
4.4. Interest of Natural and Legal Persons Involved in the Issue	93
5. Information Concerning The Securities to be Issued and Admitted to Trading	94
5.1. General	94
5.2. Ranking of the Bonds	94
5.3. Rights attached to the Bonds	98
5.4. Interest	98
5.5. Yield	98
5.6. Registration, Form, Denomination and Title	98
5.7. Negative Pledge	99
5.8. Payments	100
5.9. Redemption and Purchase	100
5.10. Events of Default	100
5.11. Transferability of the Bonds	101
5.12. Further Issues	101
5.13. Meetings of Bondholders	102
5.14. Authorisations and approvals	103
5.15. Notices	103
6. Taxation	104
6.1. General	104
6.2. Malta Tax on Interest	104
6.3. European Union archive on administrative cooperation in the field of taxation	105

6.4	Maltese taxation on capital gains on transfer of the Bonds	105
6.5	Duty on documents and transfers	105
7.	Terms and Conditions of the Bond Issue	106
7.1	Expected Timetable of the Bond Issue	110
7.2	General Terms and Conditions	110
7.3	Plan of Distribution and Allotment	110
7.4	Private Placing Agreement	110
7.5	Pricing	111
7.6	Admission to Trading	112
Annex I –	Authorised Financial Intermediaries	113
Annex II –	Specimen Application Form	112
Annex III –	Guarantee	115
Annex IV –	Financial Analysis Summary	116

Important Information

THIS SECURITIES NOTE CONTAINS INFORMATION ON AN ISSUE BY DIZZ FINANCE PLC (THE “ISSUER”) OF A MAXIMUM OF €8,000,000 UNSECURED BONDS 2026 OF A NOMINAL VALUE OF €100, ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF 5% PER ANNUM, PAYABLE ANNUALLY ON 7TH OCTOBER OF EACH YEAR. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON 7TH OCTOBER 2026. THE ISSUER SHALL REDEEM THE BONDS ON THE REDEMPTION DATE.

THIS SECURITIES NOTE CONTAINS INFORMATION ABOUT THE ISSUER, THE GUARANTOR AND THE BONDS IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES, THE ACT AND THE REGULATION, AND SHOULD BE READ IN CONJUNCTION WITH THE REGISTRATION DOCUMENT ISSUED BY THE ISSUER.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER OR ITS DIRECTORS TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SALE OF BONDS OF THE ISSUER OTHER THAN THOSE CONTAINED IN THE PROSPECTUS AND IN THE DOCUMENTS REFERRED TO HEREIN, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER OR ITS DIRECTORS OR ADVISORS.

THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS. THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED OR IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO; OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION.

IT IS THE RESPONSIBILITY OF ANY PERSONS IN POSSESSION OF THIS DOCUMENT AND ANY PERSONS WISHING TO APPLY FOR ANY BONDS ISSUED BY THE ISSUER TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE APPLICANTS FOR ANY SECURITIES THAT MAY BE ISSUED BY THE ISSUER SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF APPLYING FOR ANY SUCH BONDS AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRY OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

SAVE FOR THE ISSUE IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE BONDS OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (OTHER THAN MALTA) WHICH HAS IMPLEMENTED DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 4 NOVEMBER 2003 ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING OR WHICH, PENDING SUCH IMPLEMENTATION, APPLIES ARTICLE 3.2 OF SAID DIRECTIVE, THE BONDS CAN ONLY BE OFFERED TO “QUALIFIED INVESTORS” (AS DEFINED IN SAID DIRECTIVE) AS WELL AS IN ANY OTHER CIRCUMSTANCES WHICH DO NOT REQUIRE THE PUBLICATION BY THE ISSUER OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF SAID DIRECTIVE.

THE BONDS HAVE NOT BEEN NOR WILL THEY BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT, 1933, AS AMENDED, OR UNDER ANY FEDERAL OR STATE SECURITIES LAW AND MAY NOT BE OFFERED, SOLD OR

OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OF AMERICA, ITS TERRITORIES OR POSSESSIONS, OR ANY AREA SUBJECT TO ITS JURISDICTION (THE "U.S.") OR TO OR FOR THE BENEFIT OF, DIRECTLY OR INDIRECTLY, ANY U.S. PERSON (AS DEFINED IN REGULATION "S" OF THE SAID ACT). FURTHERMORE THE ISSUER WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT, 1940 AS AMENDED AND INVESTORS WILL NOT BE ENTITLED TO THE BENEFITS SET OUT THEREIN.

A COPY OF THIS DOCUMENT HAS BEEN SUBMITTED TO THE LISTING AUTHORITY IN SATISFACTION OF THE LISTING RULES, THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES IN ACCORDANCE WITH THE ACT. STATEMENTS MADE IN THE PROSPECTUS ARE, EXCEPT WHERE OTHERWISE STATED, BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THEREIN.

THE CONTENTS OF THE ISSUER'S OR THE GUARANTOR'S WEBSITE OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER'S OR THE GUARANTOR'S WEBSITE DO NOT FORM PART OF THE PROSPECTUS. ACCORDINGLY NO RELIANCE OUGHT TO BE MADE BY ANY INVESTOR ON ANY INFORMATION OR OTHER DATA CONTAINED IN SUCH WEBSITES AS THE BASIS FOR A DECISION TO INVEST IN THE BONDS.

ALL THE ADVISORS TO THE ISSUER AND THE GUARANTOR NAMED IN THE PROSPECTUS UNDER THE HEADING "ADVISORS" UNDER SECTION 3 OF THE REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND THE GUARANTOR IN RELATION TO THIS ISSUE AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL UPON MATURITY. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS.

01. Definitions

Words and expressions and capitalised terms used in this Securities Note shall, except where the context otherwise requires and except where otherwise defined herein, bear the same meaning as the meaning given to such words, expressed and capitalised terms as indicated in the Registration Document forming part of the Prospectus. Additionally, the following words and expressions as used in this Securities Note shall bear the following meanings whenever such words and expressions are used in their capitalised form, except where the context otherwise requires:

Act	the Companies Act (Cap.386 of the laws of Malta);
Applicant/s	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
Application/s	the application to subscribe for Bonds made by an Applicant/s by completing an Application Form and delivering same to any of the Authorised Financial Intermediaries;
Application Form	the form of application of subscription for Bonds, a specimen of which is contained in Annex II of this Securities Note;
Authorised Financial Intermediaries	the licensed stockbrokers and financial intermediaries listed in Annex I of this Securities Note;
Bond(s)	a maximum of €8,000,000 unsecured bonds of a face value of €100 per bond bearing interest at the rate of 5% per annum and redeemable on the Redemption Date at their nominal value;
Bondholder	a holder of Bonds;
Bond Issue	the issue of the Bonds;
Bond Issue Price	the price of €100 per Bond;
Business Day	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
CSD	the Central Securities Depository of the Malta Stock Exchange, having its address at Garrison Chapel, Castille Place, Valletta, VLT 1063, Malta;
Dizz Group or Group	the Parent and its Subsidiaries. For the avoidance of doubt, any reference in this Securities Note to the Group shall include both the Issuer and the Guarantor;
Euro or €	the lawful currency of the Republic of Malta;
Exchange, Malta Stock Exchange or MSE	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Cap.345 of the laws of Malta), having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, and bearing company registration number C 42525;
Guarantee	The joint and several suretyship of the Guarantor undertaking to effect payment of interest and capital repayments of any amount due by the Issuer to any Bondholder and which remain unpaid by the Issuer after 60 days of the due date for payment thereof. A copy of the Guarantee and a description of the nature, scope and terms of the Guarantee are appended to the Securities Note as Annex III thereof;

Guarantor or Parent	Dizz Group of Companies Limited, a company registered under the laws of Malta with company registration number C 64435 and having its registered office at Dizz Buildings, Triq Il-Harruba, Santa Venera, Malta;
Hub	the property in Triq L-Industria, Imriehel to be constructed and developed by the Issuer, for the purpose of consolidating the Group's critical operations comprising the management and administration division; the procurement and storage division; a new clothing finishing section and a professional kitchen;
Interest Payment Date	7 th October of each year between and including each of the years 2017 and the year 2026, provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day;
Issue Date	expected on 14 th October 2016;
Issuer or Dizz Finance	Dizz Finance p.l.c., a company registered under the laws of Malta with company registration number C 71189 and having its registered office at Dizz Buildings, Triq Il-Harruba, Santa Venera, Malta;
Listing Authority	the MFSA, appointed as Listing Authority for the purposes of the Financial Markets Act (Cap.345 of the laws of Malta) by virtue of Legal Notice 1 of 2003;
Listing Rules	the listing rules of the Listing Authority;
Official List	the list prepared and published by the MSE as its official list in accordance with the MSE Bye-Laws;
Prospectus	collectively the Registration Document, Summary Note and this Securities Note (each as defined in this Securities Note);
Redemption Date	7 th October 2026;
Redemption Value	the nominal value of each Bond (€100 per Bond);
Registration Document	the registration document issued by the Issuer dated 16 th September 2016, forming part of the Prospectus;
Regulation	2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus and dissemination of advertisements, as amended by: Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 amending Regulation (EC) No. 809/2004 as regards information on the consent to use of the prospectus, information on underlying indexes and the requirement for a report prepared by independent accountants or auditors; Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for

	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive convertible and exchangeable debt securities; Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of supplements to the prospectus; and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of the prospectus and dissemination of advertisements;
Securities Note	this document in its entirety;
Sponsor	Financial Planning Services Limited, an authorised financial intermediary licensed by the MFSA and a member of the MSE;
Subsidiary	<p>each of the following direct or indirect subsidiaries of the Guarantor: -</p> <ul style="list-style-type: none"> i. The Issuer; ii. Dizz Limited (C26823) (incorporated under the laws of Malta); iii. Dizz Manufacturing Limited (C62693) (incorporated under the laws of Malta); iv. DK Fashion Limited (C47296) (incorporated under the laws of Malta); v. DKV & Co. Limited (C70942) (incorporated under the laws of Malta); vi. D3 Fashion Limited (C70701) (incorporated under the laws of Malta); vii. D'S Limited (C33852) (incorporated under the laws of Malta); viii. DKM Limited (C58478) (incorporated under the laws of Malta); ix. DVA Limited (C57473) (incorporated under the laws of Malta); x. DAL Café Ltd (C72704) (incorporated under the laws of Malta); xi. Dizz Franchises Ltd (C72974) (incorporated under the laws of Malta); xii. Dizz Labs Ltd (C74298) (incorporated under the laws of Malta); xiii. DIJV Ltd (C73960) (incorporated under the laws of Malta); xiv. DK G Limited (C75176) (incorporated under the laws of Malta); and xv. DK Max Limited (C75168) (incorporated under the laws of Malta), <p>and the term 'Subsidiaries' shall collectively refer to the said companies;</p>
Summary Note	the summary note issued by the Issuer dated 16 th September 2016, forming part of the Prospectus;
Terms and Conditions	the terms and conditions of the Bond Issue, including the terms contained in this Securities Note.

02. Risk Factors

2.1 General

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL UPON MATURITY ON THE REDEMPTION DATE UNLESS THE BONDS ARE PREVIOUSLY RE-PURCHASED AND CANCELLED. THE ISSUER SHALL REDEEM THE BONDS ON THE REDEMPTION DATE FALLING IN 2026.

AN INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS INCLUDING THOSE DESCRIBED BELOW. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER, WITH THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS. THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS NOT INTENDED TO BE INDICATIVE OF ANY ORDER OF PRIORITY OR OF THE EXTENT OF THEIR CONSEQUENCES. NEITHER THIS SECURITIES NOTE, NOR ANY OTHER PARTS OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE BONDS: (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION OR (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER OR THE SPONSOR OR AUTHORISED FINANCIAL INTERMEDIARIES THAT ANY RECIPIENT OF THIS SECURITIES NOTE OR ANY OTHER PART OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS OR ANY BONDS, SHOULD PURCHASE ANY BONDS.

ACCORDINGLY PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS, AND SHOULD CONSIDER ALL OTHER SECTIONS IN THIS DOCUMENT.

2.2 Forward Looking Statements

This Securities Note contains “forward looking statements” which include, among others, statements concerning matters that are not historical facts and which may involve projections of future circumstances. These forward looking statements are subject to a number of risks, uncertainties and assumptions and important factors that could cause actual risks to differ materially from the expectations of the Issuer’s Directors. No assurance is given that the future results or expectations will be achieved.

2.3 Suitability of Investment

An investment in the Bonds may not be suitable for all recipients of the Prospectus, and prospective investors are urged to consult an independent investment advisor licensed under the Investment Services Act (Cap 370 of the laws of Malta) as to the suitability or otherwise of an investment in the Bonds before making an investment decision. In particular, such advice should be sought with a view to ascertaining that each prospective investor:

- a. has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in the Prospectus or any applicable supplement;
- b. has sufficient financial resources and liquidity to bear all the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the prospective investor’s currency;
- c. understands thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- d. is able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

2.4 Risks Relating to the Bonds

An investment in the Bonds involves certain risks including, but not limited to, those described below:

- Prior to the Bond Issue, there has been no public market nor trading record for the Bonds within or outside Malta. Due to the absence of any prior market for the Bonds, there can be no assurance that the Bond Issue Price will correspond to the price at which the Bonds will trade in the market subsequent to the Bond Issue.
- The existence of an orderly and liquid market for the Bonds depends on a number of factors, including but not limited to the presence of willing buyers and sellers of the Issuer's Bonds at any given time and the general economic conditions in the market in which the Bonds are traded. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market, over which the Issuer has no control. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to sell or otherwise trade in the Bonds at or above the Bond Issue Price or at all.
- An investment in the Issuer may not be suitable for all recipients of this Prospectus and investors are urged to consult a licensed stockbroker or investment advisor licensed under the Investment Services Act (Cap. 370 of the laws of Malta) as to the suitability or otherwise of an investment in any of the Bonds before making an investment decision. An informed investment decision can only be made by investors after they have read and fully understood the risk factors associated with an investment in the Bonds and the inherent risks associated with the Issuer's business. In the event that an investor in the Bonds does not seek professional advice and/or does not read and fully understand the provisions of this Prospectus, there is a risk that such investor may acquire an investment which is not suitable for his or her profile.
- The Issuer is entitled to issue Bonds bearing a fixed rate of interest. Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. Investors should also be aware that the price of fixed rate Bonds moves adversely to changes in interest rates. When prevailing market interest rates are rising, the price of fixed rate Bonds decline. Conversely, if market interest rates are declining, the price of fixed rate Bonds rises. This is referred to as market risk since it arises only if a Bondholder decides to sell the Bonds before maturity on the secondary market.
- A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference, if different.
- No prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time.
- The Issuer may incur further borrowing or indebtedness and may create or permit to subsist other security interests upon the whole or any part of its present or future undertakings, assets, or revenues (including uncalled capital).
- The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer, guaranteed by the Guarantor, and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured obligations of each of the Issuer and the Guarantor. The Bonds will, however, rank subordinate to the present and future secured creditors of the Issuer and the Guarantor. Furthermore, subject to the negative pledge clause (section 5.7 of this Securities Note), third party security interests may be registered which will rank

in priority to the Bonds against the assets of the Issuer and of the Guarantor, as the case may be, for so long as such security interests remain in effect. In essence, this means that for so long as the Issuer may have secured, privileged or other higher-ranking creditors, in the event of insolvency of the Issuer the Bondholders would rank after such creditors but equally between themselves and with other unsecured creditors (if any) of the Issuer.

- Repayment of interest and capital on the Bonds is being guaranteed by the Guarantor, and therefore Bondholders are entitled to request the Guarantor to pay the full amounts due under the Bonds if the Issuer fails to meet any amount, when due. The strength of this undertaking on the part of the Guarantor and, therefore, the level of recoverability by the Bondholders from the Guarantor of any amounts due under any of the Bonds, is dependent upon and directly linked to, the financial position and solvency of the Guarantor, and in the case of insolvency of the Guarantor, such level of recoverability is further dependent upon the existence or otherwise of any prior ranking claims over the assets of the Guarantor.

- In the event that the Issuer wishes to amend any of the Terms and Conditions of Issue of the Bonds it shall call a meeting of Bondholders in accordance with the provisions of section 5.13 of this Securities Note. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority. Furthermore, the Guarantor has the power to veto any changes to the Terms and Conditions of the Bonds which are issued with the benefit of its Guarantee. Were the Guarantor to exercise such right of veto, any proposed amendments to the Terms and Conditions of the Bonds would not be put into effect.

- The Terms and Conditions of this Bond Issue are based on the requirements of the Listing Rules of the Listing Authority, the Companies Act and the Commission Regulation EC No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council in effect as at the date of the Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice after the date of the Prospectus.

- Even after the Bonds are admitted to trading on the MSE, the Issuer is required to remain in compliance with certain requirements relating to *inter alia* the free transferability, clearance, and settlement of the Bonds in order to remain a listed company in good standing. Moreover, the Listing Authority has the power to suspend trading or listing of the Bonds if, *inter alia*, it comes to believe that such a suspension is required for the protection of investors or the integrity or reputation of the market. The Listing Authority may discontinue the listing of the Bonds on the MSE. Any such trading suspensions or listing revocations/discontinuations described above could have a material adverse effect on the liquidity and value of the Bonds.

- The Issuer has not sought, nor does it intend to seek, the credit of an independent rating agency and there has been no assessment by any independent rating agency of the Bonds.

03. Persons Responsible

This document includes information given in compliance with the Listing Rules for the purpose of providing prospective investors with information with regard to the Issuer. All of the Directors of the Issuer, whose names appear under the sub-heading “Directors” under the heading ‘Identity of Directors, Senior Management, Advisors and Auditors’ in Section 3 of the Registration Document, accept responsibility for the information contained in this Securities Note. To the best of the knowledge and belief of the Directors of the Issuer, who have taken all reasonable care to ensure that such is the case, the information contained in this Securities Note is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors of the Issuer accept responsibility accordingly.

3.1 Consent for Use of Prospectus

Consent required in connection with the use of the Prospectus by the Authorised Financial Intermediaries:

For the purposes of any subscription for Bonds through any of the Authorised Financial Intermediaries in terms of this Securities Note and any subsequent resale, placement or other offering of Bonds by such Authorised Financial Intermediaries in circumstances where there is no exemption from the requirement to publish a prospectus under the Prospectus Directive, the Issuer consents to the use of this Prospectus (and accepts responsibility for the information contained therein) with respect to any such subsequent resale or placement or other offering of Bonds, provided this is limited only:

- (i) in respect of Bonds subscribed for through Authorised Financial Intermediaries listed in Annex I of this Securities Note during the Issue Period;
- (ii) to any resale or placement of Bonds subscribed for as aforesaid, taking place in Malta;
- (iii) to any resale or placement of Bonds subscribed for as aforesaid, taking place within the period of 60 days from the date of the Prospectus.

Neither the Issuer nor the Sponsor has any responsibility for any of the actions of any Authorised Financial Intermediary, including their compliance with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to a resale or placement of Bonds.

Other than as set out above, neither the Issuer nor the Sponsor has authorised (nor do they authorise or consent to the use of this Prospectus in connection with) the making of any public offer of the Bonds by any person in any circumstances. Any such unauthorised offers are not made on behalf of the Issuer or the Sponsor and neither the Issuer nor the Sponsor has any responsibility or liability for the actions of any person making such offers.

Investors should enquire whether an intermediary is considered to be an Authorised Financial Intermediary in terms of the Prospectus. If the investor is in doubt as to whether it can rely on the Prospectus and/or who is responsible for its contents, it should obtain legal advice.

No person has been authorised to give any information or to make any representation not contained in or inconsistent with this Prospectus. If given or made, it must not be relied upon as having been authorised by the Issuer or Sponsor. The Issuer does not accept responsibility for any information not contained in this Prospectus.

In the event of a resale, placement or other offering of Bonds by an Authorised Financial Intermediary, the Authorised Financial Intermediary shall be responsible to provide information to investors on the terms and conditions of the resale, placement or other offering at the time such is made.

Any resale, placement or other offering of Bonds to an investor by an Authorised Financial Intermediary will be made in accordance with any terms and other arrangements in place between such Authorised Financial Intermediary and such investor including as to price, allocations and settlement arrangements. Where such information is not contained in the Prospectus, it will be the responsibility of the applicable Authorised Financial Intermediary at the time of such resale, placement or other offering to provide the investor with that information and neither the Issuer nor the Sponsor has any responsibility or liability for such information.

Any Authorised Financial Intermediary using this Prospectus in connection with a resale, placement or other offering of Bonds subsequent to the Bond Issue shall, limitedly for the period of 60 days from the date of the Prospectus, publish on its website a notice to the effect that it is using this Prospectus for such resale, placement or other offering in accordance with the consent of the Issuer and the conditions attached thereto. The consent provided herein shall no longer apply following the lapse of such period.

Any new information with respect to Authorised Financial Intermediaries unknown at the time of the approval of this Securities Note will be made available through a company announcement which will also be made available on the Issuer's website: <http://www.dizz.com.mt>.

04. Essential Information

4.1 Reasons for the Issue and Use of Proceeds

The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €7,700,000, will be used by the Issuer for the following purposes, in the amounts and order of priority set out below:

- (i) a maximum amount of circa €2,900,000 of the net Bond Issue proceeds will be advanced by the Issuer to the respective Group companies to: settle outstanding payments on the acquisition of the Guess, 7 Camicie and Brooks Brothers brands; the refurbishment and roll-out of the Max & Co and Elisabetta Franchi outlets and the Terranova megastore in Iklin; and to acquire new franchises and to purchase the inventories and equipment pertaining thereto, negotiations in respect of which are, as at the date of this Prospectus, in their final stages. Further information in this respect may be found in sections 4.1.3 (Investment Objective) and 4.2.2 (Business Overview of the Dizz Group) of the Registration Document;
- (ii) a maximum amount of circa €2,300,000 of the net Bond Issue proceeds will be advanced by the Issuer to the respective Group companies to reduce the bank indebtedness of the Group through the refinancing of certain outstanding loans and bank overdraft and general banking facilities referred to in the table set out in section 5.2 (Ranking of the Bonds) below under the headings 'Loans' and 'Overdrafts and General Banking Facilities'; and
- (iii) the remaining balance of the net Bond Issue proceeds, amounting to approximately €2,500,000, will be applied by the Issuer to the following two uses, in the following order of priority:
 - a. a maximum amount of circa €1,200,000 of the remaining balance of net Bond Issue proceeds will be advanced by the Issuer to Dizz Manufacturing Limited for the purpose of part funding the construction and development of the Hub. Further information on the Hub development may be found in section 4.2.2 (Business Overview of the Dizz Group) of the Registration Document; and
 - b. a maximum amount of circa €1,300,000 of the remaining balance of net Bond Issue proceeds will be advanced by the Issuer to the respective Group companies for general corporate funding purposes.

In the event that the Bond Issue is not fully subscribed, the Issuer will proceed with the listing of the amount of Bonds subscribed for, provided that in the event that the amount of Bonds subscribed for does not exceed the amount specified in para (i) above, the Issuer reserves the right not to proceed with the Issue of the Bonds, and all Applicants shall be refunded accordingly (at zero interest).

In the event that the uses specified in this section 4.1 require funding in addition to that which shall be raised through the Bond Issue these shall be financed from the Group's operating cash flows. With particular reference to the use of proceeds identified in para (iii)(a) above, the cost of the development of the Hub shall be funded in part by Bond Issue proceeds as aforesaid and in part (estimated at €2,460,000) by the Group's cash flows as and when necessary.

4.2 Reasons for the Issue and Use of Proceeds

Professional fees, and costs related to publicity, advertising, printing, listing, registration, Sponsor, management, Registrar fees, selling commission, and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €300,000. There is no particular order of priority with respect to such expenses.

4.3 Issue Statistics

Amount:	€8,000,000;
Form:	The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at CSD;
Denomination:	Euro (€);
ISIN:	MT0001201202;
Minimum amount per subscription:	Minimum of €3,000 and multiples of €1,000 thereafter;
Redemption Date:	7 th October 2026;
Plan of Distribution:	The Bonds are open for subscription by all categories of investors;
Bond Issue Price:	At par (€100 per Bond);
Status of the Bonds:	The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer, guaranteed by the Guarantor, and shall at all times rank <i>pari passu</i> , without any priority or preference among themselves and with other unsecured debt of each of the Issuer and the Guarantor, if any;
Listing:	Application has been made to the Listing Authority for the admissibility of the Bonds to listing and to the MSE for the Bonds to be listed and traded on its Official List;
Application Forms available:	20 th September 2016;
Private Placing Agreements :	The Issuer has entered into a conditional private placing agreement with Financial Planning Services Limited dated 1 st September 2016 whereby a maximum amount of €1.6 million in value of Bonds has been made available for subscription by Financial Planning Services Limited. The Issuer reserves the right to enter into additional private placing agreements between the date of this Prospectus and the Private Placing Date (26 th September 2016);
Issue Period:	28 th September 2016 to 30 th September 2016, both days included;
Interest:	5% per annum;
Interest Payment Date(s):	Annually on 7 th October as from 7 th October 2017 (the first interest payment date);
Governing Law of Bonds:	The Bonds are governed by and shall be construed in accordance with Maltese law;
Jurisdiction:	The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds.

4.4 Interest of Natural and Legal Persons Involved in the Issue

Save for the possible subscription for Bonds by Authorised Financial Intermediaries (which includes Financial Planning Services Limited), and any fees payable in connection with the Bond Issue to Financial Planning Services Limited as Sponsor, so far as the Issuer is aware no person involved in the Issue has an interest material to the Issue.

05. Information Concerning The Securities to be Issued and Admitted to Trading

5.1 General

- 5.1.1 Each Bond forms part of a duly authorised issue of 5% unsecured Bonds 2026 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €8,000,000 (except as otherwise provided under clause 5.12 “Further Issues”).
- 5.1.2 The currency of the Bonds is Euro (€).
- 5.1.3 Subject to admission to listing of the Bonds to the Official List of the MSE, the Bonds are expected to be assigned ISIN MT0001201202.
- 5.1.4 All outstanding Bonds not previously purchased and cancelled shall be redeemed by the Issuer at par on the Redemption Date.
- 5.1.5 The issue of the Bonds is made in accordance with the requirements of the Listing Rules, the Act, and the Regulation.
- 5.1.6 The Issue Period of the Bonds is between 28th September 2016 and 30th September 2016, both days included.
- 5.1.7 The Bond Issue is not underwritten.

5.2 Ranking of the Bonds

The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer, guaranteed by the Guarantor, and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt of each of the Issuer and the Guarantor, if any. Furthermore, subject to the negative pledge clause (Section 5.7 of this Securities Note), third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect. As at the date of this Securities Note, the Issuer does not have any subordinated indebtedness.

The following table sets out a summary of Group indebtedness as at 30 June 2016, and includes details of security given in respect of guarantees, overdraft facilities, bank loans and other borrowings from related companies. The bank borrowings and facilities listed below are secured by privileges and hypothecs, and therefore, to the extent that such borrowings and/or facilities remain outstanding, the indebtedness being created by the Bonds would, specifically in respect of the assets constituting the said security, rank after all these borrowings and/or facilities. In addition, the Bonds would also rank after any future debts which may be secured by a cause of preference such as a privilege and/or a hypothec, in so far as the asset constituting the relevant security is concerned.

The loan facilities and bank overdrafts and general banking facilities forming part of the Group indebtedness set out in the table below (marked as “Loans” and “Overdrafts and General Banking Facilities”) shall be repaid out of part of the net proceeds of the Bond Issue. Save where indicated otherwise given the existence of bank guarantees in favour of particular Group companies, all security granted in favour of the respective banks as specified in the table below shall be released.

Borrower	Lender	Total amount of facility	Amount outstanding as at 30 June 2016	Principal Security
Loans				
DVA Limited	BOV	€189,231	€118,755	<i>Inter alia:</i> General hypothec over the assets of the company
Dizz Limited	BOV	€102,684	€ 79,445	<i>Inter alia:</i> <ul style="list-style-type: none"> - First and second general hypothec over the assets of Mr Karl & Mrs Diane Izzo; - First special hypothec over Terranova Shop, Triq il-Kappillan Mifsud, St Venera and Showroom on Old Railway Road, St Venera; - First special hypothec over Diane Garage, Carob Street, St Venera; - First and second special hypothec over Diane Garage, Carob Street, St Venera; - Second and Third special hypothec over Apartment 912, Tas-Sellum Residence, Tas-Sellum, Mellicha; - Second special hypothec over Apartment 2, Alexander Apartments, Church Street, St. Julians; - First and Second special hypothec over Maisonette 1, St Joseph, Carob Street, St Venera; - First general hypothec over the assets of Dizz Rentals Limited; - First special hypothec over Apartment 16, Block F, Savoy Gardens, Triq Il-Kapuccini, Gzira. <p>This security will not be released upon settlement of the outstanding balance indicated herein as it provides security in respect of a bank guarantee in the amount of €1,311,000.</p>
DK Fashion Co. Limited	BOV	€267,842	€ 252,232	<i>Inter alia:</i> <ul style="list-style-type: none"> - General hypothec over the assets of the company; - First special hypothec over Terranova Shop, Triq il-Kappillan Mifsud, St Venera; - First special hypothec over Showroom on Old Railway Road, St Venera; - First special hypothec over Diane Garage, Carob Street, St Venera; - First and Second special hypothec over Apartment 912, Tas-Sellum Residence, Tas-Sellum, Mellicha; - First special hypothec over Apartment 2, Alexander Apartments, Church Street, St. Julians; - First special hypothec over Maisonette 1, St Joseph, Carob Street, St Venera; and - First general hypothec over the assets of Dizz Rentals Limited. <p>This security will not be released upon settlement of the outstanding balance indicated herein as it provides security in respect of a bank guarantee in the amount of €435,000.</p>

DKM Limited	HSBC	€278,750	€ 245,385	<i>Inter alia:</i> - General hypothec over the assets of the company; - First special hypothec over Corner view Residence, Flat 2 and Garage 2, Triq il-Mizura, Swieqi, Ibragg.
Dal Café Limited	BOV	€85,000	€ 79,946	<i>Inter alia:</i> - First general hypothec over the assets of Dal Café Limited.
D3 Fashion Limited	BOV	€175,000	€158,263	Pledge over business insurance policy covering the outlet in Bisazza Street, Sliema.
Dizz Manufacturing Limited	HSBC	€450,000	€450,000	<i>Inter alia:</i> - First general hypothec over the assets of Dizz Manufacturing Limited; - First special hypothec over the site of the Hub.
Overdrafts and General Banking Facilities				
DKM Limited	HSBC	€50,000	€43,993	<i>Inter alia:</i> - General hypothec over the assets of the company; - first special hypothec over Cornerview Residence, Flat 2 and Garage 2, Triq il-Mizura, Swieqi, Ibragg.
D's Limited	BOV	€55,000	€29,177	<i>Inter alia:</i> - General hypothec over the assets of the company. - First special hypothec over Terranova Shop, Triq il-Kappillan Mifsud, St Venera and Showroom on Old Railway Road, St Venera.
DVA Limited	BOV	€45,000	€53,599	<i>Inter alia:</i> - Second general hypothec over the assets of the Company.
Dal Café Limited	BOV	€30,000	€35,466	<i>Inter alia:</i> - First general hypothec over the assets of Dal Café Limited.
D3 Fashion Limited	BOV	€50,000	€37,772	Pledge over business insurance policy covering the outlet in Bisazza Street, Sliema.

Dizz Limited	BOV	€450,000	€467,352	<p><i>Inter alia:</i></p> <ul style="list-style-type: none"> - First and second general hypothec over the assets of Mr Karl & Mrs Diane Izzo; - First special hypothec over Terranova Shop, Triq il-Kappillan Mifsud, St Venera and Showroom on Old Railway Road, St Venera; - First and second special hypothec over Diane Garage, Carob Street, St Venera; - First, second and third special hypothec over Apartment 912, Tas-Sellum Residence, Tas-Sellum, Mellicha; - First special hypothec over Apartment 2, Alexander Apartments, Church Street, St. Julians; - First special hypothec over Maisonette 1, St Joseph, Carob Street, St Venera; - First general hypothec over the assets of Dizz Rentals Limited; - First special hypothec over Apartment 16, Block F, Savoy Gardens, Triq Il-Kapuccini, Gzira. <p>This security will not be released upon settlement of the outstanding balance indicated herein as it provides security in respect of a bank guarantee in the amount of €1,311,000.</p>
DK Fashion Co. Limited	BOV	€220,000	€205,781	<p><i>Inter alia:</i></p> <ul style="list-style-type: none"> - General hypothec over the assets of the company; - First special hypothec over Terranova Shop, Triq il-Kappillan Mifsud, St Venera; - First special hypothec over Showroom on Old Railway Road, St Venera; - First special hypothec over Diane Garage, Carob Street, St Venera; - First and Second special hypothec over Apartment 912, Tas-Sellum Residence, Tas-Sellum, Mellicha; - First special hypothec over Apartment 2, Alexander Apartments, Church Street, St. Julians; - First special hypothec over Maisonette 1, St Joseph, Carob Street, St Venera; and - First general hypothec over the assets of Dizz Rentals Limited. <p>This security will not be released upon settlement of the outstanding balance indicated herein as it provides security in respect of a bank guarantee in the amount of €435,000.</p>

Further details on bank borrowings and/or facilities, including, *inter alia*, respective term, security and repayment schedule, are found in the audited consolidated financial statements of the Parent for the financial year ended 31 December 2015, which have been published and are available on the Issuer's website (www.dizz.com.mt) and at its registered office.

5.3 Rights Attached to the Bonds

There are no special rights attached to the Bonds other than the right of the Bondholders to:

- (i) the repayment of capital;
- (ii) the payment of interest;
- (iii) seek recourse from the Guarantor pursuant to the Guarantee, in case of failure by the Issuer to pay any sum payable by it to Bondholders pursuant to the terms of the Bonds detailed in this Securities Note;
- (iv) ranking with respect to other indebtedness of the Issuer in accordance with the provisions of section 5.2 hereof;
- (v) attend, participate in and vote at meetings of Bondholders in accordance with the terms and conditions of the Bond Issue; and
- (vi) enjoy all such other rights attached to the Bonds emanating from this Prospectus.

5.4 Interest

5.4.1 The Bonds shall bear interest from and including 7th October 2016 at the rate of 5% per annum on the nominal value there of, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 7th October 2017. Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. In terms of article 2156 of the Civil Code (Cap. 16 of the laws of Malta), the right of Bondholders to bring claims for payment of interest and repayment of the principal on the Bonds is barred by the lapse of five years.

5.4.2 When interest is required to be calculated for any period of less than a full year, it shall be calculated on the basis of a three hundred and sixty (360) day year consisting of twelve (12) months of thirty (30) days each, and in the case of an incomplete month, the number of days elapsed.

5.5 Yield

The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds at Redemption Date is 5%.

5.6 Registration, Form, Denomination and Title

5.6.1 Certificates will not be delivered to Bondholders in respect of the Bonds in virtue of the fact that the entitlement to Bonds will be represented in an uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer by the CSD. There will be entered in such electronic register the names, addresses, identity card numbers (in the case of natural persons), registration numbers (in the case of companies) and MSE account numbers of the Bondholders and particulars of the Bonds held by them respectively, and the Bondholders shall have, at all reasonable times during business hours, access to the register of bondholders held at the CSD for the purpose of inspecting information held on their respective account.

5.6.2 The CSD will issue, upon a request by a Bondholder, a statement of holdings to such Bondholder evidencing his/her/ its entitlement to Bonds held in the register kept by the CSD.

5.6.3 Upon submission of an Application Form, Bondholders who do not have an online e-portfolio account will be registered by the CSD for the online e-portfolio facility and will receive by mail at their registered address a handle code to activate the new e-portfolio login. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio

facility on <https://eportfolio.borzamalta.com.mt/>. Those Bondholders who opt not to avail themselves of this facility should indicate such on the Application Form. Further detail on the e-portfolio is found on <https://eportfolio.borzamalta.com.mt/Help>.

5.6.4 The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €1,000 provided that on subscription, the Bonds will be issued for a minimum of €3,000 per individual Bondholder. Authorised Financial Intermediaries subscribing for Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €3,000 to each underlying client.

5.6.5 Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Bond. Title to the Bonds may be transferred as provided below under the heading ‘Transferability of the Bonds’ in Section 5.11 of this Securities Note.

5.7 Negative Pledge

The Issuer and the Guarantor undertake, for as long as any principal or interest under the Bonds or any of the Bonds remains outstanding, not to create or permit to subsist any Security Interest (as defined below), other than a Permitted Security Interest (as defined below), upon the whole or any part of their respective present or future assets or revenues, to secure any Financial Indebtedness (as defined below) of the Issuer and/or the Guarantor, unless in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, the Issuer and/or the Guarantor, take any and all action necessary to ensure that:

- (i) all amounts payable by the Issuer under the Bonds are secured by a Security Interest equally and rateably with the Financial Indebtedness in question being so secured; or
- (ii) such other Security Interest is approved by a resolution duly passed by the Bondholders in accordance with Section 5.13 of this Securities Note.

“Financial Indebtedness” means any indebtedness in respect of: (A) monies borrowed; (B) any debenture, bond, note, loan stock or other security; (C) any acceptance credit; (D) the acquisition cost of any asset to the extent payable before or after the time of acquisition or possession by the party liable where the advance or deferred payment is arranged primarily as a method of raising finance for the acquisition of that asset; (E) leases entered into primarily as a method of raising finance for the acquisition of the asset leased; (F) amounts raised under any other transaction having the commercial effect of borrowing or raising of money; (G) any guarantee, indemnity or similar assurance against financial loss of any person;

“Security Interest” means any privilege, hypothec, pledge, lien, charge or other encumbrance or real right which grants rights of preference to a creditor over the assets of the Issuer or the Guarantor;

“Permitted Security Interest” means:

- a. any Security Interest arising by operation of law;
- b. any Security Interest securing temporary bank loans or overdrafts or guarantees (including those issued to the Group’s franchisors and suppliers) in the ordinary course of business;
- c. any Security Interest securing any indebtedness of the Issuer created for the sole purpose of financing or raising finance for the redemption of all the Bonds;
- d. any other Security Interest (in addition to (a), (b) and (c) above) securing Financial Indebtedness of the Issuer, in an

aggregate outstanding amount not exceeding 90% of the amount resulting after taking the Relevant Value and subtracting therefrom (i) the aggregate value of the liabilities of the Group secured by Security Interests referred to in (b) (c) and (d) above (the “Unencumbered Value”) and (ii) the aggregate principal amount of the Bonds still outstanding at the time. Provided that the aggregate Security Interests referred to in (b), (c) and (d) above do not result in the Unencumbered Value being less than the aggregate principal amount of the Bonds still outstanding together with one (1) year’s interest thereon;

“**Relevant Value**” means the market value of the total assets of the Group.

5.8 Payments

5.8.1 Payment of the principal amount of a Bond will be made in Euro by the Issuer to the person in whose name such Bonds are registered, with interest accrued up to the Redemption Date, by means of direct credit transfer into such bank account as the Bondholder may designate from time to time, provided such bank account is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven (7) days of the Redemption Date. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith. Upon payment of the Redemption Value the Bonds shall be redeemed and the appropriate entry made in the electronic register of the Bonds at the CSD.

In the case of Bonds held subject to usufruct, payment will be made against the joint instructions of all bare owners and usufructuaries. Before effecting payment, the Issuer and/or the CSD shall be entitled to request any legal documents deemed necessary concerning the entitlement of the bare owner/s and the usufructuary/ies to payment of the Bonds.

5.8.2 Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business fifteen (15) days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time, which is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven (7) days of the Interest Payment Date. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith.

5.8.3 All payments with respect to the Bonds are subject in all cases to any applicable fiscal or other laws and regulations prevailing in Malta. In particular, but without limitation, all payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made net of any amount which the Issuer is compelled by law to deduct or withhold for or on account of any present or future taxes, duties, assessments or other government charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within the Republic of Malta or any authority thereof or therein having power to tax.

5.8.4 No commissions or expenses shall be charged by the Issuer to Bondholders in respect of such payments.

5.9 Redemption and Purchase

5.9.1 Unless previously purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 7th October 2026.

5.9.2 Subject to the provisions of this section 5.9, the Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.

5.9.3 All Bonds so purchased will be cancelled forthwith and may not be re-issued or re-sold.

5.10 Events of Default

The Bonds shall become immediately due and repayable at their principal amount together with accrued interest, if any, if any of the following events (“**Events of Default**”) shall occur:

5.10.1 the Issuer shall fail to pay any interest on any Bond when due and such failure shall continue for thirty (30) days after written notice thereof shall have been given to the Issuer by any Bondholder; or

5.10.2 the Issuer shall fail duly to perform or shall otherwise be in breach of any other material obligation contained in the terms and conditions of the Bonds and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder; or

5.10.3 an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer and/or Guarantor; or

5.10.4 the Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or ceases or threatens to cease to carry on its business or a substantial part of its business; or

5.10.5 the Issuer is unable, or admits in writing its inability to pay its debts as they fall due or otherwise becomes insolvent; or

5.10.6 there shall have been entered against the Issuer and/or the Guarantor a final judgment by a court of competent jurisdiction from which no appeal may be or is made for the payment of money in excess of two million Euro (€2,000,000) or its equivalent and ninety (90) days shall have passed since the date of entry of such judgment without its having been satisfied or stayed; or

5.10.7 any default occurs and continues for ninety (90) days under any contract or document relating to any Financial Indebtedness (as defined above) of the Issuer and/or the Guarantor in excess of two million Euro (€2,000,000) or its equivalent at any time.

5.11 Transferability of the Bonds

5.11.1 The Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time.

5.11.2 Any person becoming entitled to a Bond in consequence of the death or bankruptcy of a Bondholder may, upon such evidence being produced as may from time to time properly be required by the Issuer or the CSD, elect either to be registered himself as holder of the Bond or to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the CSD a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered, he shall testify his election by transferring the Bond, or procuring the transfer of the Bond, in favour of that person.

5.11.3 All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations.

5.11.4 The cost and expenses of effecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Issuer shall so require, the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the transferee.

5.11.5 The Issuer will not register the transfer or transmission of Bonds for a period of fifteen (15) days preceding the due date for any payment of interest on the Bonds.

5.12 Further Issues

The Issuer may, from time to time, without the consent of the Bondholders, create and issue further debentures, debenture stock, bonds, loan notes, or any other debt securities, either having the same terms and conditions as any outstanding debt securities of any series (including the Bonds), and so that such further issue shall be consolidated and form a single series with the outstanding debt securities of the relevant series (including the Bonds) or upon such terms as the Issuer may determine at the time of their issue.

5.13 Meetings of Bondholders

5.13.1 The Issuer may from time to time call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of obtaining the consent of Bondholders on matters which in terms of the Prospectus require the approval of a Bondholders' meeting and to effect any change to the Terms and Conditions of the Bonds.

5.13.2 A meeting of Bondholders shall be called by the Directors by giving all Bondholders listed on the register of Bondholders as at a date being not more than thirty (30) days preceding the date scheduled for the meeting, not less than fourteen (14) days' notice in writing. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of the Prospectus that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval by the Bondholders in accordance with the provisions of this section 5.13 at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.

5.13.3 The amendment or waiver of any of the Terms and Conditions of the Bond Issue contained in this Securities Note may only be made with the approval of Bondholders at a meeting called and held for that purpose in accordance with the terms hereof.

5.13.4 A meeting of Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose at least two (2) Bondholders present, in person or by proxy, representing not less than 51% in nominal value of the Bonds then outstanding, shall constitute a quorum. If a quorum is not present within thirty (30) minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Directors to the Bondholders present at that meeting. The Issuer shall within two (2) days from the date of the original meeting publish by way of a company announcement the date, time and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than seven (7) days, and not later than fifteen (15) days, following the original meeting. At an adjourned meeting: the number of Bondholders present, in person or by proxy, shall constitute a quorum; and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at, the adjourned meeting.

5.13.5 Any person who in accordance with the M&As of the Issuer is to chair the annual general meetings of shareholders shall also chair meetings of Bondholders.

5.13.6 Once a quorum is declared present by the chairman of the meeting, the meeting may then proceed to business and address

the matters set out in the notice convening the meeting. In the event of decisions being required at the meeting the directors or their representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the other Bondholders present at the meeting. The meeting shall then put the matter as proposed by the Issuer to a vote of the Bondholders present at the time at which the vote is being taken, and any Bondholders taken into account for the purpose of constituting a quorum who are no longer present for the taking of the vote shall not be taken into account for the purpose of such vote.

5.13.7 The voting process shall be managed by the Company Secretary under the supervision and scrutiny of the auditors of the Issuer.

5.13.8 The proposal placed before a meeting of Bondholders shall only be considered approved if at least 75% in nominal value of the Bondholders present at the meeting at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal.

5.13.9 Save for the above, the rules generally applicable to proceedings at general meetings of shareholders of the Issuer shall *mutatis mutandis* apply to meetings of Bondholders.

5.14 Authorisations and Approvals

The Board of Directors of the Issuer authorised the Bond Issue pursuant to a Board of Directors' resolution passed on 18 July 2016.

The Guarantee being given by the Guarantor in respect of the Bonds was authorised by a resolution of the board of directors of the Guarantor dated 18 July 2016.

5.15 Notices

Notices will be mailed to Bondholders at their registered addresses and shall be deemed to have been served at the expiration of twenty four (24) hours after the letter containing the notice is posted, and in proving such service it shall be sufficient to prove that a prepaid letter containing such notice was properly addressed to such Bondholder at his registered address and posted.

06. Taxation

6.1. General

Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation which may be applicable to them in respect of the Bonds, including their acquisition, holding and disposal as well as any income/gains derived therefrom or made on their disposal. The following is a summary of the anticipated tax treatment applicable to Bondholders in so far as taxation in Malta is concerned. This information does not constitute legal or tax advice and does not purport to be exhaustive.

The information below is based on an interpretation of tax law and practice relative to the applicable legislation, as known to the Issuer at the date of the Prospectus, in respect of a subject on which no official guidelines exist. Investors are reminded that tax law and practice and their interpretation as well as the levels of tax on the subject matter referred to in the preceding paragraph, may change from time to time.

This information is being given solely for the general information of investors. The precise implications for investors will depend, among other things, on their particular circumstances and on the classification of the Bonds from a Maltese tax perspective, and professional advice in this respect should be sought accordingly.

6.2 Malta Tax on Interest

Since interest is payable in respect of a Bond which is the subject of a public issue, unless the Issuer is otherwise instructed by a Bondholder or if the Bondholder does not fall within the definition of “recipient” in terms of article 41(c) of the Income Tax Act, (Cap. 123 of the laws of Malta), interest shall be paid to such person net of a final withholding tax, currently at the rate of 15% of the gross amount of the interest, pursuant to article 33 of the Income Tax Act (Cap. 123 of the laws of Malta). Bondholders who do not fall within the definition of a “recipient” do not qualify for the said rate and should seek advice on the taxation of such income as special rules may apply.

This withholding tax is considered as a final tax and a Maltese resident individual Bondholder need not declare the interest so received in his Maltese income tax return. No person should be charged to further tax in respect of such income. Furthermore, such tax should not be available as a credit against the recipient’s tax liability or for a refund, as the case may be, for the relevant year of assessment.

In the case that a valid election is made by an eligible Bondholder resident in Malta to receive the interest due without the deduction of final tax, interest will be paid gross and such person will be obliged to declare the interest so received in his Maltese income tax return and be subject to tax on such interest at the standard rates applicable to that person at that time.

Additionally, in the case that an election has been made by the Bondholder to receive the interest gross of Maltese income tax, the Issuer will advise the Inland Revenue on an annual basis of the identity of all such recipients unless the beneficiary does not fall within the definition of a “recipient” as described above.

Any such election made by a resident Bondholder at the time of subscription may be subsequently changed by giving notice in writing to the Issuer. Such election or revocation will be effective within the time limit set out in the Income Tax Act.

In terms of article 12(1)(c) of the Income Tax Act, Bondholders who are not resident in Malta satisfying the applicable conditions set out in the Income Tax Act are exempt from Maltese tax on the interest received and will receive interest gross, subject to the requisite declaration/evidence being provided to the Issuer in terms of law.

6.3 European Union Directive on administrative cooperation in the field of taxation

Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Commissioner who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of EU Directive 2011/16/EU on administrative cooperation in the field of taxation.

6.4 Maltese taxation on capital gains on transfer of the Bonds

On the assumption that the Bonds would not fall within the definition of “securities” in terms of article 5(1)(b) of the Income Tax Act, that is, “shares and stocks and such like instrument that participate in any way in the profits of the company and whose return is not limited to a fixed rate of return”, no Maltese income tax on capital gains should be chargeable in respect of transfer of the Bonds.

6.5 Duty on documents and transfers:

In terms of article 50 of the Financial Markets Act (Cap. 345 of the laws of Malta) as the Bonds constitute financial instruments of a company quoted on a regulated market Exchange, as is the MSE, redemptions and transfers of the Bonds are exempt from Maltese duty.

INVESTORS AND PROSPECTIVE INVESTORS ARE URGED TO SEEK PROFESSIONAL ADVICE AS REGARDS BOTH MALTESE AND ANY FOREIGN TAX LEGISLATION APPLICABLE TO THE ACQUISITION, HOLDING AND DISPOSAL OF BONDS AS WELL AS INTEREST PAYMENTS MADE BY THE ISSUER. THE ABOVE IS A SUMMARY OF THE ANTICIPATED TAX TREATMENT APPLICABLE TO THE BONDS AND TO BONDHOLDERS. THIS INFORMATION, WHICH DOES NOT CONSTITUTE LEGAL OR TAX ADVICE, REFERS ONLY TO BONDHOLDERS WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY.

07. Terms and Conditions of the Bond Issue

7.1 Expected Timetable of the Bond Issue

1. Application Forms available to the general public	20 th September 2016
2. Private placing date	26 nd September 2016
3. Issue Period (Opening and closing of subscription lists, respectively)	28 th September to 30 th September 2016, both days included
4. Commencement of interest on the Bonds	7 th October 2016
5. Announcement of basis of acceptance	7 th October 2016
6. Refunds of unallocated monies	14 th October 2016
7. Expected dispatch of allotment advices	14 th October 2016
8. Expected date of admission of the Bonds to listing	17 th October 2016
9. Expected date of commencement of trading in the Bonds	18 th October 2016

The Issuer reserves the right to close the Bond Issue before 30th September 2016 in the event of over-subscription, in which case the events set out in steps 5 to 9 above shall be brought forward, although the number of workings days between the respective events shall not be altered.

7.2 General Terms and Conditions

7.2.1 The contract created by the acceptance of an Application shall be subject to the terms and conditions set out in this Securities Note and the M&As of the Issuer. It is the responsibility of investors wishing to apply for the Bonds to inform themselves as to the legal requirements of so applying including any requirements relating to external transaction requirements in Malta and any exchange control in the countries of their nationality, residence or domicile.

7.2.2 If the Application Form is signed on behalf of another party or on behalf of a corporation or corporate entity or association of persons, the person signing will be deemed to have bound his principal, or the relative corporation, corporate entity, or association of persons and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions on their behalf. Such intermediary may be requested to submit the relative power of attorney/resolution or a copy thereof duly certified by a lawyer or notary public if so required by the Registrar.

7.2.3 In the case of joint Applications, reference to the Applicant in these terms and conditions is a reference to each Applicant, and liability therefor is joint and several. In respect of a Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. The usufructuary shall, for all intents and purposes, be deemed, vis-à-vis the Issuer, to be the holder of the Bond/s so held and shall have the right to receive interest on the Bond/s and to vote at meetings of the Bondholders but shall not, during the continuance of the Bond/s, have the right to dispose of the Bond/s so

held without the consent of the bare owner.

7.2.4 The Bonds have not been and will not be registered under the Securities Act of 1933 of the United States of America and accordingly may not be offered or sold within the United States or to or for the account or benefit of a U.S. person.

7.2.5 No person receiving a copy of the Prospectus or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to such person nor should such person, in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or such Application Form could lawfully be used without contravention of any registration or other legal requirements.

7.2.6 It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself/herself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.

7.2.7 The Bonds will be issued in Euro (€). The aggregate principal amount of the Bond Issue is of €8,000,000.

7.2.8 The subscription lists during the Issue Period will open at 08.30 hours on 28th September 2016 and will close as soon thereafter as may be determined by the Issuer, but in any event no later than 16:00 hours on 30th September 2016. Any person, whether natural or legal, shall be eligible to submit an Application, and any one person, whether directly or indirectly, should not submit more than one Application Form. In the case of corporate Applicants or Applicants having separate legal personality, the Application Form must be signed by a person authorised to sign and bind such Applicant. It shall not be incumbent on the Issuer or Registrar to verify whether the person or persons purporting to bind such an Applicant is or are in fact authorised.

7.2.9 Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholders, with interest and redemption monies payable to the parents / legal guardian/s signing the Application Form until such time as the minor attains the age of 18 years, following which all interest and redemption monies shall be paid directly to the registered holder. Provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of 18 years. In the case of joint Applications, the joint holders shall nominate one of their number as their representative and his/her name will be entered in the register with such designation. The person whose name shall be inserted in the field entitled "Applicant" on the Application Form, or first named in the register of Bondholders shall, for all intents and purposes, be deemed to be such nominated person by all those joint holders whose names appear in the field entitled "Additional Applicants" in the Application Form or joint holders in the register as the case may be. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond/s so held.

7.2.10 Subject to all other terms and conditions set out in the Prospectus, the Issuer reserves the right to reject, in whole or in part, or to scale down any Application, including multiple or suspected multiple Applications and to present any cheques and/or drafts for payment upon receipt. The right is also reserved to refuse any Application which in the opinion of the Issuer is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents. Only original Application Forms will be accepted and photocopies/facsimile copies will not be accepted.

7.2.11 If any Application is not accepted, or if any Application is accepted for fewer Bonds than those applied for, the Application monies or the balance of the amount paid on Application will be returned without interest by direct credit into

the Bondholder's bank account as indicated by the Bondholder on the Application Form. The Issuer shall not be responsible for any charges, and any loss or delay in transmission.

7.2.12 The Bonds will be issued in multiples of €1,000. The minimum subscription amount of Bonds that can be subscribed for by Applicants is €3,000.

7.2.13 The issue and allotment of the Bonds is conditional upon the Bonds being admitted to the Official List of the MSE. In the event that the Bonds are not admitted to the Official List of the MSE, any Application monies received by the Issuer will be returned without interest by direct credit into the Applicant's bank account indicated by the Applicant on the relative Application Form.

7.2.14 All Application Forms must be accompanied by the full price of the Bonds applied for in Euro. Payment may be made either in cash or by cheque payable to "The Registrar – Dizz Finance plc Bonds". In the event that cheques accompanying Application Forms are not honoured on their first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application.

7.2.15 Within five (5) Business Days from closing of the subscription lists, the Issuer shall announce the result of the Issue and shall determine, and issue a company announcement setting out, the basis of acceptance of applications and allocation policy to be adopted.

7.2.16 For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations 2008, as amended from time to time, all appointed Authorised Financial Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in Articles 1.2(d) and 2.4 of the "Code of Conduct for Members of the Malta Stock Exchange" appended as Appendix IV to Chapter 3 of the MSE Bye-Laws, irrespective of whether the said appointed Authorised Financial Intermediaries are MSE Members or not. Such information shall be held and controlled by the MSE in terms of the Data Protection Act (Cap. 440 of the laws of Malta) for the purposes and within the terms of the MSE Data Protection Policy as published from time to time.

7.2.17 By completing and delivering an Application Form, the Applicant:

- a. agrees and acknowledges to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the Guarantor and the issue of the Bonds contained therein;
- b. warrants that the information submitted by the Applicant in the Application Form is true and correct in all respects and in the case where an MSE account number is indicated in the Application Form, such MSE account number is the correct account of the Applicant. In the event of a discrepancy between the personal details (including name and surname and the Applicant's address) appearing on the Application Form and those held by the MSE in relation to the MSE account number indicated on the Application Form, the details held by the MSE shall be deemed to be the correct details of the Applicant;
- c. authorises the Issuer and the MSE to process the personal data that the Applicant provides in the Application Form, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the Data Protection Act (Cap. 440 of the laws of Malta). The Applicant has the right to request access to and rectification of the personal data relating to him/her as processed by the Issuer and/or the MSE. Any such requests must be made in writing and sent to the Issuer at the address indicated in the Prospectus. The requests must further be signed by the Applicant to whom the personal data relates;

d. confirms that in making such Application no reliance was placed on any information or representation in relation to the Issuer and the Guarantor or the issue of the Bonds other than what is contained in the Prospectus and accordingly agree/s that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;

e. agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his/her remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the Laws of Malta) and regulations made thereunder, and that such monies will not bear interest;

f. agrees to provide the Registrar and/or the Issuer, as the case may be, with any information which it/they may request in connection with the Application;

g. warrants, in connection with the Application, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with his/her Application in any territory, and that the Applicant has not taken any action which will or may result in the Issuer or the Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bond or his/her Application;

h. warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;

i. represents that the Applicant is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) as well as not to be accepting the invitation set out in the Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the “United States”) or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;

j. agrees that Financial Planning Services Limited will not, in their capacity of Sponsor, treat the Applicant as their customer by virtue of such Applicant making an Application for the Bonds, and that Financial Planning Services Limited will owe the Applicant no duties or responsibilities concerning the price of the Bonds or their suitability for the Applicant;

k. agrees that all documents in connection with the issue of the Bonds will be sent at the Applicant’s own risk and may be sent by post at the address (or, in the case of joint Applications, the address of the first named Applicant) as set out in the Application Form; and

l. renounces to any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Issuer against any amount due under the terms of these Bonds.

7.3 Plan of Distribution and Allotment

The Bonds are open for subscription to all categories of investors. Applications for subscription to the Bonds may be made through the Sponsor or any of the other Authorised Financial Intermediaries. Investors are informed that in furtherance of the requirement that the Sponsor be independent from the Issuer, the Sponsor has set up appropriate procedures in order to ensure the necessary separation between officers of Financial Planning Services carrying out their function as Sponsor, and officers acting as Authorised Financial Intermediaries.

It is expected that an allotment advice will be dispatched to Applicants within five (5) Business Days of the announcement of the allocation policy. The registration advice and other documents and any monies returnable to Applicants may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the Laws of Malta) and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.

Dealings in the Bonds shall not commence prior to admission to trading of the Bonds by the MSE or prior to the said notification.

7.4 Private Placing Agreement

The Issuer entered into a conditional private placing agreement with Financial Planning Services Limited (C 3608) of 4, Marina Court, 1, Giuseppe Cali Street, Ta' Xbiex XBX1421, Malta on 1st September 2016, whereby the Issuer bound itself to allocate to Financial Planning Services Limited, which has bound itself to purchase, Bonds amounting to an aggregate value of €1.6 million. The Issuer reserves the right to enter into additional private placing agreements between the date of this Prospectus and the Private Placing Date (26th September 2016).

7.5 Pricing

The Bonds are being issued at par, that is, at €100 per Bond.

7.6 Admission to Trading

- 7.6.1 The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 16th September 2016.
- 7.6.2 Application has been made to the MSE for the Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List.
- 7.6.3 The Bonds are expected to be admitted to the MSE with effect from 17th October 2016 and trading is expected to commence on 18th October 2016.

Annex I. Authorised Financial Intermediaries

Aps Bank Ltd	17, Republic Street, Valletta VLT 1111	25671719
Calamatta Cuschieri & Co Ltd	Fifth Floor, Valletta Buildings, South Street, Valletta VLT 1103	25688688
Charts Investment Management Service Ltd	Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913	21224106
Curmi & Partners Ltd	Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102	23426000
Financial Planning Services Ltd	4, Marina Court No. 1, G. Cali Street, Ta' Xbiex XBX 1421	21344244
FINCO Treasury Management Ltd	Level 5, The Mall Complex, The Mall, Floriana FRN 1470	21220002
GlobalCapital Financial Management Ltd	Testaferrata Street, Ta'Xbiex XBX 1403	21342342
Growth Investments Ltd	Customer Service Centre, Pjazza Papa Giovanni XXIII, Floriana FRN 1420	25909000
Hogg Capital Investments Ltd	Ferris Building, Level 4, 1, St Luke's Road, Gwardamangia, Pietra PTA 1020	21322872
Jesmond Mizzi Financial Advisors Ltd	67/3, South Street, Valletta VLT 1105	23265690
Mediterranean Bank plc	10, St Barbara Bastion, Valletta VLT 1961	25574400
MFSP Financial Management Ltd	220, Immaculate Conception Street, Msida MSD 1838	21332200
MZ Investment Services Ltd	55, MZ House, St Rita Street, Rabat RBT 1523	21453739
Rizzo, Farrugia & Co (Stockbrokers) Ltd	Airways House, Third Floor, High Street, Sliema SLM 1549	22583000

Annex II. Specimen Application Form

€8 million 5% Bonds 2026

Application
Number:

Please read the notes overleaf before completing this Application Form. Mark 'X' if applicable. Unless otherwise indicated, each of the panels below is to be completed.

APPLICANT (see notes 2 to 7)

<input type="checkbox"/> Non-Resident	<input type="checkbox"/> CIS-Prescribed Fund	<input type="checkbox"/> Minor (under 18)	<input type="checkbox"/> Body Corporate/Body of Persons
Title (Mr/Mrs/Ms/....)		Full Name & Surname/Registered Name	
Address/Registered Office			Post Code
Mse A/C No. (If Applicable)	Id Card / Passport / Company Reg. No.	Tel. No.	Mobile No.
Already registered for e-Portfolio <input type="checkbox"/>		Please register me for e-Portfolio <input type="checkbox"/> Please do NOT register me for e-Portfolio <input type="checkbox"/>	

C ADDITIONAL (JOINT) APPLICANTS (see note 3) (please use additional Application Forms if space is not sufficient)

Title (Mr/Mrs/Ms/....)	Full Name & Surname	ID Card/Passport No.
Title (Mr/Mrs/Ms/....)	Full Name & Surname	ID Card/Passport No.

D MINOR'S PARENTS / LEGAL GUARDIAN/S (see note 4) (to be completed ONLY if the Applicant is a minor)

Title (Mr/Mrs/Ms/....)	Full Name & Surname	ID Card/Passport No.
Title (Mr/Mrs/Ms/....)	Full Name & Surname	ID Card/Passport No.

E I/WE APPLY TO PURCHASE AND ACQUIRE (see notes 8 and 9)

Amount In Figures €	Amount In Words
------------------------	-----------------

Dizz Finance p.l.c. 5% Bonds 2026 (minimum subscription of €3,000 and in multiples of €1,000 thereafter) at the Bond Issue Price (at par), as defined in the Prospectus dated 16 September 2016 (the "Prospectus"), payable in full upon application under the Terms and Conditions as defined in said Prospectus.

F RESIDENT - WITHHOLDING TAX ON DECLARATION (see note 10) (to be completed ONLY if the Applicant is a Resident of Malta)

☐ I/We elect to have Final Withholding Tax deducted from my/our interest.

☐ I/We elect to receive interest GROSS (i.e. without deduction of withholding tax).

G NON-RESIDENT - DECLARATION FOR TAX PURPOSES (see note 12) (to be completed ONLY if the Applicant is a Non-Resident)

Tax Country	City Of Birth	Tin (Tax Identification No.)	
National Id Card / Passport No.	Country Of Birth	Country Of Issue	Issue Date
<input type="checkbox"/> I/We am/are NOT Resident in Malta but I/we am/are Resident in the European Union.			
<input type="checkbox"/> I/We am/are NOT Resident in Malta and I/we am/are NOT Resident in the European Union.			

H INTEREST, REFUND & REDEMPTION MANDATE (see note 11) (completion of this panel is mandatory)

Bank	IBAN
------	------

I I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, and subject to its terms and conditions as contained therein which I/we fully accept.

Signature/s of Applicant/s
(both parents or legal guardian/s are/is to sign if Applicant is a minor)
(All parties are to sign in the case of a joint Application)

Date

Authorised Financial Intermediary's Stamp

Authorised Financial Intermediary's Code

Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Prospectus dated 16th September 2016

1. This Application is governed by the Terms and Conditions of Application contained in the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the same meaning ascribed to them in the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS.
3. Applicants are to insert full personal details in Panel B. In the case of an application by more than one person (including husband and wife) full details of all individuals – including I.D. Card Numbers – must be given in Panels B and C but the person whose name appears in Panel B shall, for all intents and purposes, be deemed to be the registered holder of the Bonds (vide note 7 below). Upon submission of an Application Form, Bondholders who do not have an online e-portfolio account will be registered by the CSD for the online e-portfolio facility and will receive by mail at their registered address a handle code to activate the new e-portfolio login. The Bondholder's statement of holdings evidencing entitlement to Secured Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Those Bondholders who opt not to avail themselves of this facility should indicate such on the Application Form. Further detail on the e-portfolio is found on <https://eportfolio.borzamalta.com.mt/Help>.
4. Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or by the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. The relative box in Panel A must also be marked appropriately. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption proceeds payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption proceeds shall be payable directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
5. Applicants who are Non-Resident in Malta for tax purposes must indicate their passport number in Panel B and complete Panel G. The relative box in Panel A must also be marked appropriately.
6. In the case of a body corporate, the name of the entity exactly as registered, and the registration number are to be inserted in Panel B. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
7. APPLICANTS WHO ALREADY HOLD SECURITIES ON THE MSE ARE TO INDICATE THEIR MSE ACCOUNT NUMBER IN PANEL B. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED IN THE MSE ACCOUNT NUMBER QUOTED ON THE APPLICATION FORM. IF DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE MSE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF, A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE WILL HAVE TO BE EFFECTED.
8. Application must be for a minimum of €3,000 and thereafter in multiples of €1,000.
9. Payment in Euro may be made in cash or by cheque payable to 'The Registrar – XYZ Finance p.l.c. Bond Issue'. In the event that the cheque accompanying an Application Form is not honoured on first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application.
10. Only Applicants who hold an official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have Final Withholding Tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of Final Withholding Tax), but he/she will be obliged to declare interest so received on his/her tax return. Authorised entities applying in the name of a Prescribed Fund (having indicated their status in the appropriate box in Panel A) will have Final Withholding Tax, currently 10%, deducted from interest payments. In terms of section 6.2 of the Securities Note, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of Article 41(c) of the Income Tax Act (Cap. 123 of the Laws of Malta), interest shall be paid to such person net of final withholding tax, currently at the rate of 15% of the gross amount of interest, pursuant to Article 33 of the Income Tax Act.
11. If any Application is not accepted after the closure of the subscription lists or is accepted for fewer Bonds than those applied for, the monies or the balance of the amount paid but not allocated, as the case may be, will be returned by direct credit into the bank account as indicated in Panel H. Interest and redemption proceeds will be credited to the account indicated in Panel H or as otherwise amended by the Bondholder/s during the term of the Bond.
12. European Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments requires all payors established in the EU which pay interest to an individual resident in another EU Member State, to report the interest payment to the tax authorities of the Member State in which the payor is established. If the Applicant's permanent residential address is in an EU Member State or in another country to which the said Directive applies (called a "specified territory") then the interest paid will be reported.
13. Subscription lists will open at 08:30 hours on 28th September 2016 and will close as soon thereafter as may be determined by the Issuer, but not later than 16:00 hours on 30th September 2016. The Issuer reserves the right to close the Bond Issue before 16:00 hours on 30th September 2016, in the event of over-subscription. The Issuer reserves the right to refuse any Application which appears to be in breach of the terms and conditions of the Bonds as contained in the Prospectus. Any Applications received by the Registrar after the subscription lists close will be rejected. Completed Application Forms are to be delivered to any of the Authorised Financial Intermediaries listed in Annex I of the Securities Note, during normal office hours. Remittances by post are made at the risk of the Applicant and the Issuer disclaims all responsibility for any such remittances not being received by the date of closing of the subscription lists.
14. By completing and delivering an Application Form you (as the Applicant(s)):
 - a. acknowledge that the Issuer may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 440 of the Laws of Malta);
 - b. acknowledge that the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
 - c. acknowledge that you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer. Any such requests must be made in writing and addressed to the Issuer. The request must be signed by yourself as the Applicant to whom the personal data relates.

The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds on offer will be repayable in full upon redemption. An investor should consult an independent financial advisor, licensed under the Investment Services Act (Cap. 370 of the Laws of Malta), for advice.

Annex III. Guarantee

The Guarantee

To All Bondholders:


Reference is made to the issue of the €8 million Bonds 2026 by Dizz Finance p.l.c. (the “Issuer”) pursuant to and subject to the terms and conditions contained in the Securities Note forming part of the Prospectus dated 16th September 2016 (the “Bonds”).

Now therefore by virtue hereof we, Dizz Group of Companies Limited (C64435), hereby stand surety jointly and severally with the Issuer and irrevocably and unconditionally guarantee the due and punctual performance of all the obligations undertaken by the Issuer under the Bonds and, without prejudice to the generality of the foregoing, undertake to pay all amounts of principal and interest which have become due and payable by the Issuer to Bondholders under the Bonds, within 60 days from the date such amount falls due and remains unpaid by the Issuer.

All terms used in this guarantee shall, unless the context otherwise requires, have the same meaning assigned to them in the Prospectus.

This guarantee shall be governed by the laws of Malta.

Signed and executed on this the 16th day of September 2016, after approval of the Board of Directors in its meeting of the 18th July 2016.



Director
Dizz Group of Companies Limited

Nature, Scope and Terms of the Guarantee

01. Nature of the Guarantee

The offering of Bonds that will be made by the Issuer pursuant to a prospectus published by the Issuer on 16th September 2016 (the “**Prospectus**”) will be made with the benefit of the joint and several corporate Guarantee of the Guarantor, the full terms of which are set out in clause 4 below.

02. Scope of the Guarantee

The Guarantee is unconditional and shall cover all payments that may be due to Bondholders pursuant to the Prospectus. The Guarantee binds the Guarantor to pay to Bondholders any amount of interest or capital under the Bonds that may have become due under the terms of issue of a Bond.

The Guarantor has the power to veto any changes to the Terms and Conditions of the Bonds which are issued with the benefit of its Guarantee.

03. Information about the Guarantee

Any information about the Guarantor which may be required pursuant to the Listing Rules and the Regulation may be found in the Registration Document.

04. Terms of the Guarantee

4.1. Guarantee

For the purposes of the Guarantee, the Guarantor irrevocably and unconditionally guarantees to each holder of the Bonds described in the Prospectus (“**Bondholder**”) that if for any reason the Issuer fails to pay any sum payable by it to such Bondholder pursuant to the terms of the Bonds detailed in the Securities Note as and when the same shall become due under any of the foregoing, the Guarantor will pay to such Bondholder on demand the amount payable by the Issuer to such Bondholder.

Such payment shall be made in the currency in force in Malta at the time the payment falls due.

This Guarantee shall apply to all Bonds issued on or after 16th September 2016 in accordance with the terms of the Securities Note.

4.1A Additional Undertaking

In addition to and in connection with the Guarantee provided pursuant to clause 4.1 above, the Guarantor undertakes that following issue of the Bonds, the Guarantor shall not declare dividends in excess of 35% of profits available for distribution until such time as the Guarantor shall have accumulated retained earnings equivalent to at least 50% of the outstanding Bond amount.

4.2. Guarantor as Joint and Several Surety

The Guarantor will be liable under this Guarantee as joint and several surety with the Issuer.

4.3. Guarantor’s Obligations Continuing

Save as otherwise specified in clause 4.1A above, the Guarantor’s obligations under this Guarantee are and will remain in full force and effect by way of continuing security until no sum remains payable to any Bondholder pursuant to the issue of the Bonds.

4.4. Repayment to the Issuer

If any payment received by a Bondholder is, on subsequent liquidation or insolvency of the Issuer, avoided under any laws relating to liquidation or insolvency, such payment will not be considered as having discharged or diminished the liability of the Guarantor, and this Guarantee will continue to apply as if such payment had at all times remained owing by the Issuer.

4.5. Indemnity

As a separate and alternative stipulation, the Guarantor unconditionally and irrevocably agrees that any sum expressed to be payable by the Issuer pursuant to the terms of the Bonds but which is for any reason (whether or not now known or becoming known to the Issuer, the Guarantor or any Bondholder) not recoverable from the Guarantor, will nevertheless be recoverable from it as if it were the sole principal debtor and will be paid by it to the Bondholder on demand. This indemnity constitutes a separate and independent obligation from the other obligations in this Guarantee, gives rise to a separate and independent obligation from the other obligations in this Guarantee and gives rise to a separate and independent cause of action.

4.6. Status of Guarantee

The obligation of the Guarantor under this Guarantee constitutes a general, direct and unsecured obligation of the Guarantor and ranks equally with all its other existing and future unsecured obligations, except for any debts for the time being preferred by law.

4.7. Power to execute

The Guarantor hereby warrants and represents with each Bondholder that it has all corporate power, and has taken all necessary corporate or other steps, to enable it to execute, deliver and perform this Guarantee, and that this Guarantee constitutes a legal, valid and binding obligation of the Guarantor in accordance with the terms laid out in this clause 4.

4.8. Deposit and Production of the Guarantee

The instrument creating this Guarantee shall be deposited with and held by the Issuer at its registered address for the benefit of the Bondholders until all obligations of the Guarantor have been discharged in full, and until such time, the Guarantor acknowledges the right of every Bondholder to obtain a copy of the instrument creating the Guarantee.

4.9. Subrogation

Until all amounts which may be payable under the terms of the Bonds have been irrevocably paid in full, the Guarantor shall not by virtue of this Guarantee be subrogated to any rights of any Bondholder or claim in competition with the Bondholders against the Issuer.

4.10. Governing Law and Jurisdiction

This Guarantee is governed by and shall be construed in accordance with Maltese Law, and any disputes which may arise out of in connection with this Guarantee are to be settled by the Courts of Malta, whose decision on the dispute shall be conclusive and binding.

Annex IV. Financial Analysis Summary

26 August 2016

The Directors
Dizz Finance plc
Dizz Buildings
Triq il-Harruba
Santa Venera
Malta

Dear Sirs

Dizz Finance plc – Financial analysis summary

In accordance with your instructions, and in line with the requirements of the Listing Authority, we have compiled the Financial Analysis Summary (the “Analysis”) set out on the following pages. A copy of this report is also attached to this letter.

The purpose of the Analysis is that of summarising key financial data appertaining to Dizz Finance plc (the “Issuer”) and Dizz Group of Companies Limited (the “Guarantor” or “Dizz Group” or “Group”). The information is derived from various sources, as disclosed, or is based on our own computation as follows:

1. Historical financial data for the period 24 June 2015 (date of incorporation) to 31 December 2015 were extracted from the audited financial statements of the Issuer;
2. Historical financial data for the three years ended 31 December 2013, 31 December 2014 and 31 December 2015 were extracted from audited financial statements of the Guarantor;
3. The forecast for the financial year ending 31 December 2016 and the projection for the year ending 31 December 2017 was prepared by management;
4. Our commentary on the result of the Issuer and Guarantor and on its financial position is based on the explanations provided by management;
5. The ratios quoted in the following pages are computed through the application of the definitions set out in Part 8 of the Analysis.

The Analysis is meant to assist potential investors by summarising the more important financial data set out in the Prospectus. The Analysis does not contain all data that is relevant to investors or potential investors. The Analysis does not constitute an endorsement by our firm of the proposed Bond Issue and should not be interpreted as a recommendation to invest in the Bonds. We shall not accept any liability for any loss or damage arising out of the use of the Analysis and no representation or warranty is provided in respect of the reliability of the information contained in the Prospectus. Prospective investors should seek professional advice before investing in the Bonds.

Yours faithfully,

Matthew Bonello
Director

Contents

Glossary	4
1 Information about the Issuer and Guarantor	5
1.1 Issuer's key activities	5
1.2 Shareholding of the Issuer	5
1.3 Principal assets and operations of the Issuer	5
1.3.1 Investment property	5
1.3.2 Improvements to properties	6
1.3.3 Amounts due by Group companies	6
1.4 Key activities and dependencies on the Group	6
1.4.1 Loans to Group companies	7
1.4.2 Rent	7
1.5 Material contracts and key clients	7
1.5.1 Investment property	7
1.5.2 Amounts owed to Group companies	7
1.6 Material contracts of the Group	7
1.6.1 Franchise agreements for existing brands	7
1.6.2 Franchise agreements for new brands	8
1.6.3 Development of the Hub	8
1.6.4 Lease agreements	9
1.7 Directors of the Issuer	9
1.8 Guarantor's key activities	9
1.9 Directors of the Guarantor	10
2 Dizz Group's organisational structure	11
2.1.1 Dizz Ltd – 100% shareholding	11
2.1.2 DKM Ltd – 51% shareholding	11
2.1.3 DAL Café Limited – 30.6% shareholding	11
2.1.4 DIJV Ltd – 30.6% shareholding	11
2.1.5 Dizz Franchises Ltd – 100% shareholding	12
2.1.6 Dizz Manufacturing Ltd – 100% shareholding	12
2.1.7 DKV & Co Ltd – 100% shareholding	12
2.1.8 DVA Ltd – 100% shareholding	12
2.1.9 DK Fashion Co. Ltd. – 100% shareholding	12
2.1.10 Dizz Labs Ltd – 60% shareholding	12
2.1.11 D3 Fashion Ltd – 60% shareholding	12
2.1.12 D's Ltd – 50% shareholding	12
2.1.13 DK Max Ltd – 100% shareholding	13
2.1.14 DK Guess Ltd – 100% shareholding	13
3 Proposed Bond Issue	13
4 Performance and financial position of the Issuer	13
4.1 Statement of comprehensive income	14

4.2	Statement of cash flows	15
4.3	Statement of financial position	16
4.4	Evaluation of performance and financial position	17
5	Financial Performance of the Guarantor	19
5.1	Statement of comprehensive income	20
5.2	Statement of cash flow position	22
5.3	Statement of financial position	23
5.4	Evaluation of performance and financial position	25
5.5	The retail apparel market in Malta	27
6	Risks underlying the proposed issue	27
7	Comparables	29
8	Explanatory definitions	30
9	Appendices	31
9.1	Issuer's statement of financial position	31
9.2	Guarantor's statement of financial position	32

Glossary

Analysis	Financial Analysis Summary
Bond Issue	The €8.0 million 5% unsecured bonds 2026
Company or Dizz Finance or Issuer	Dizz Finance plc
Dizz Group or Group or Guarantor	Dizz Group of Companies Limited
EBIT	Earnings Before Interest and Taxes
FY	Financial Year
Hub	Development of a site in Mriehel
ROA	Return on Assets
ROE	Return on Equity
ROCE	Return on Capital Employed

1 Information about the Issuer and Guarantor

1.1 Issuer's key activities

Dizz Finance plc (the "Issuer", the "Company" or "Dizz Finance") was originally registered as Dizz Rentals Ltd as a limited liability company under the laws of Malta on 24 June 2015. This company was transformed into a public limited company and re-named on 15 January 2016.

The principal activity of Dizz Finance is to act as the financing arm of the Dizz Group, by raising funds and lending them on to Group companies. The Company owns a portfolio of properties in Malta either for its own use or for rental to third parties.

1.2 Shareholding of the Issuer

The following are the shareholders of the Issuer as at the date of the Prospectus:

Names and addresses of shareholders	Number of shares and percentage paid up	Shareholding percentage
Dizz Group of Companies Limited C64435 Dizz Buildings Triq il-Harruba Santa Venera Malta	One million, nine hundred, nine thousand, nine hundred and ninety-nine Ordinary Shares (1,909,999) of one euro (€1) each fully paid up	99.99%
Diane Izzo 407077M Flat 13 Waterside apartments Qui-Si-Sana Place Sliema Malta	One (1) Ordinary Share of one euro (€1) each fully paid up	0.01%

1.3 Principal assets and operations of the Issuer

1.3.1 Investment property

As part of the Group's restructuring process, properties previously held by Dizz Limited (a Group company) and by its shareholders were in November 2015 transferred to Dizz Finance. All the respective rental agreements were assigned to the Company on 1 January 2016. These properties were revalued by an independent architect and as a result, an uplift in value (net of deferred tax) of €685k was recognised in the 2015 financial statements.

Furthermore, Dizz Finance has in 2015 directly acquired two properties in Swieqi and Gzira and entered into five 'promise of sale' agreements which result in a total cost of €1.16 million. This is expected to be paid in different instalments over three years; €0.13 million was paid as deposit in 2015 and the remaining amount of €1.03 million is expected to be paid over the next two years. In addition, in August 2016, Dizz Finance acquired two apartments on plan in Qui Si Sana, Sliema. These apartments are expected to be developed and transferred to the Issuer in shell form by 30 June 2017,

upon completion of construction works. The total consideration for this transaction is €1.0 million, of which €0.72 million has been paid to date whilst the remaining €0.24 million will become due once the construction works are complete. In connection with the transaction, the Issuer has incurred stamp duty and notarial fees of €50k in FY16.

1.3.1.1 St. Venera retail outlet and Head Office

The Issuer owns freehold title to the premises known as the Terranova retail outlet in St. Venera. The outlet measures 420sqm and was the first Terranova outlet in Malta. The outlet was valued at €567k on 31 December 2015. The Issuer also owns the Group's Head Office, which is also situated in St. Venera. The offices measure 114sqm and were valued at €255k on 31 December 2015.

It is management's intention to relocate its Head Office to the premises it is currently developing in Mriehel and plans to lease out the existing offices to third parties once vacated.

1.3.1.2 Other properties

The Issuer owns a portfolio of five properties which are held for leasing out to third parties. On the basis of contracts currently in place, rental income is expected to increase at 3% per annum over the term of the proposed bond.

In August 2016, the Issuer acquired two apartments on plan in Qui Si Sana, Sliema which are expected to be developed by 30 June 2017. The projections assume that €0.24 million will be paid in 2017, upon completion of construction works. The projections also assume that no rental income will be generated from these apartments.

The Issuer entered into five promise of sale agreements. However, one of these agreements was assigned to a third party for a profit of €5k (excluding agency costs, tax and stamp duty implications, if any). These properties (each measuring between 80sqm and 195sqm) were acquired for €1.2 million. A deposit of €132k was paid on these properties.

1.3.2 Improvements to properties

Improvements to properties primarily include the value of movables (equipment, furniture and fittings) within the investment properties owned by Dizz Finance, which were transferred as part of the initial transfer. The carrying amount of these movables is €409k as at 31 December 2015, and are depreciated over 5 years.

1.3.3 Amounts due by Group companies

As at 31 December 2015, Dizz Group of Companies Ltd owed Dizz Finance €32k, which are unsecured, interest free and repayable on demand.

1.4 Key activities and dependencies on the Group

The Issuer's principal business is to act as the main financing arm and property holding company of the Group. The Issuer is dependent on other entities within the Group and it is estimated that over 85% of its revenue in FY16 and FY17 will be generated by Group companies.

The following is an overview of the principal activities of the Issuer:

1.4.1 Loans to Group companies

Management plans to lend the funds raised through the issue of €8.0 million 5% unsecured bond (the Bond Issue) to Group companies in line with the planned use of bond proceeds and earn a margin on the interest cost.

1.4.2 Rent

The Issuer rents out the Terranova outlet and Head Office, both situated in St. Venera to Dizz Ltd.

1.5 Material contracts and key clients

On the basis of its core operations, other companies of the Group are expected to be the major counterparties or key clients the Issuer shall engage with in the ordinary course of its business. All material contracts defining key relations entered are listed below.

1.5.1 Investment property

1.5.1.1 *St. Venera retail outlet and Head Office*

Dizz Limited is the lessee of the St Venera outlet and head office, collectively measuring over 530sqm. The rental agreement came into effect on 1 January 2016 and expires on 31 December 2025. The initial three year term is on a *di fermo* basis whereas the subsequent 7 years are on a *di rispetto* basis.

Revenue is fixed at €5,000 (excl. VAT), payable quarterly in advance in equal instalments. Rent shall increase annually at 4% per annum. Lessee is responsible to pay for all running expenses over and above the rental cost.

1.5.1.2 *Other properties*

The Issuer is party to lease agreements in respect to its five other properties that expire in 2016. Whilst rents are payable one month in advance, the company expects to generate rental income amounting to €56k from these properties.

1.5.2 Amounts owed to Group companies

As at 31 December 2015, Dizz Finance owed Dizz Ltd €930k arising in connection with the initial transfer of properties during FY15. This loan bears no interest and has no fixed date of repayment.

1.6 Material contracts of the Group

The Group, through its subsidiaries, has entered into/is currently in the process of entering into the following material contracts:

1.6.1 Franchise agreements for existing brands

The Group's key brands are Terranova, Calliope, Liu Jo and Café Pascucci. The main commercial terms of these agreements is summarised below:

- Terranova franchise agreement: Dizz Ltd entered into five franchise agreements with Teddy S.p.A. for the operation of five Terranova outlets in Bay Street, Embassy, St. Venera, Paola and Tigne Mall. The contracts are renewed annually and are subject to minimum turnover levels per outlet. Dizz Ltd is in the process of signing a sales network contract agreement with reference to the Terranova Fgura and Iklin outlets. These contracts are expected to be signed in 2016 and will be valid for seven years but will be automatically renewed upon expiry.

- Calliope franchise agreement: Dizz Ltd entered into two franchise agreements with Teddy S.p.A. for the operation of two Calliope outlets in Bay Street and Tigne Mall. The contracts are renewed annually and are subject to minimum turnover levels.
- Café Pascucci franchise agreement: Dizz Ltd entered into three franchise agreements with Café Pascucci Torrefazione S.p.A. for the operation of three Café Pascucci cafeterias in Bay Street, Tigne Mall and St. Venera. The agreements have an initial duration of three years, after which they will be renewed for a further three years. Dizz Ltd was required to pay an entrance fee upon signing the agreement (which includes material and services), together with an annual fee thereafter.

1.6.2 Franchise agreements for new brands

The Group objective is to obtain the right to distribute and sell a number of new high-end brands. The main commercial terms of these agreements are summarised below:

- Dizz Group acquired the franchise of the following three brands, Guess, 7 Camicie and Brooks Brothers on 1 May 2016. This transfer was secured for a consideration of €1.0 million; €0.1 million will be paid in 2016 whilst the outstanding €0.9 million will be paid in five equal instalments thereafter.
- Management expect that by 31 July 2016 the Group will acquire the right to distribute and sell through exclusive stores three new high end brands in Malta. The transfer will be made for a total consideration of €1.4 million and is expected to be paid on transfer date. In addition, any stock held by the transferor as at transfer date will be valued and transferred to the Group along with any fixtures and fittings. The value of the stock shall be paid by Dizz Group within 30 days from the date of notification of the actual value.

1.6.3 Development of the Hub

The Group is currently in the process of developing the proposed site in Mriehel (referred to as the “Hub” or the “Hub project”), which is earmarked as a logistics centre for the Group’s retail operations, house its head office, serve as a manufacturing site and also the Group’s storage and distribution centre. A Café Pascucci outlet is also expected to be developed in the reception area. The Hub is expected to be complete by June 2018.

The Hub will be constructed on a proposed site of c. 1,245 sqm located in Mriehel. Currently the site is owned by the Government Property Department and thus will be granted to Dizz Manufacturing on a temporary emphyteusis of 65 years. This emphyteutical grant will be granted against a lump sum of €500k which is to be paid upon commencement of the grant and another €18k will be payable annually throughout the term of the grant. The ground rent is also subject to a revision every five years.

This project will be set on seven floors including two which will be used as a parking area. The other floors will be used to organise the storage and distribution hub for the Group’s retail operations. Part of the storage hub will be used for the assembly and packaging of garments. These operations will involve buttoning, zipping and packaging of Terranova clothing before these are distributed to various countries. These operations are expected to account for c. 41% of the proposed area. The remaining area will be used for the Group’s Head Office and the Café Pascucci cafeteria.

1.6.4 Lease agreements

The Group has a number of lease agreements in place. The main terms of these agreements are listed below:

- Embassy Management Ltd: Dizz limited has entered into a lease agreement with Embassy Management Ltd to operate the Terranova brand from the designated area. This agreement will expire in 2024. During this period the lessee is expected to pay a monthly concession fee in advance.
- Bay Street Holdings Ltd: the following four subsidiaries, Dizz Ltd, D's Ltd, DK Fashion Co. Ltd and DKM Ltd have signed separate lease agreements to operate Terranova, Calliope, Calliope (Kids), Liu Jo and Café Pascucci brands. All agreements with Bay Street Holdings Ltd are expected to expire by 2020. The lessees agreed to pay a one-time goodwill fee to the lessor and also an operator's fee and a service fee per square meterage of the designated area. The latter charges required to be paid on a monthly basis and in advance.
- Tigné Mall Ltd: Dizz Ltd, DK Fashion Co. Ltd and DKM Ltd signed a lease agreement with the lessor to operate the Terranova, Calliope, Liu Jo and Pascucci brands in an assigned space in Tigné Mall. The lease agreements are expected to expire between 2020 and 2030. During such tenure the Lessee is expected to make rental payments on a quarterly/monthly basis.

1.7 Directors of the Issuer

The Issuer is managed by a Board of seven directors who are entrusted with its overall direction and management. The members of the Board as at date of this report are included hereunder:

Directors	Position
Diane Izzo	Chairperson and Executive director
Karl Izzo	Executive director
Nigel Scerri	Executive director
Edwin Pisani	Executive director
Dr Laragh Cassar	Independent non-executive director
Francis Gouder	Independent non-executive director
Joseph C. Schembri	Independent non-executive director

1.8 Guarantor's key activities

The Dizz Group is an established business operator in Malta, which was set up in 2000 and currently employs 140 fulltime employees and around 45 part-time employees. The Group's core activities involve the retail of branded garments and apparel. The Group is the local franchisor of Terranova, Terranova Kids, Calliope, Liu Jo and Liu Jo, Uomo. The Group operates 19 outlets across Malta, which are concentrated in

the St. Julian's and Sliema area. One Terranova megastore was opened in Iklin in June 2016 and another one is planned to open in Fgura later on in the year whilst the Paola outlet will be closed in future.

The Group has recently acquired further high-end franchises, namely, Elisabetta Franchi and Max & Co. Whilst the Elisabetta Franchi store has recently commenced operations through an outlet situated in Bisazza Street, Sliema, the Group is still in the process of setting up the Max & Co store in Valletta. The Group is currently in the process of acquiring representation rights for a number of high-end brands.

The Group also operates a beauty product outlet at Tigne Point (The Make Up Store) and three cafeterias through the representation of the Italian franchise Café Pascucci. The Group is currently in the process of acquiring a commercial property in Gzira (currently under POS agreement) and converting this property into the fourth Café Pascucci outlet. The Group intends to add another outlet in future.

In addition, the Group, through Dizz Finance, manages a portfolio of investment properties held primarily for rental income and capital appreciation. The Group also sub-leases commercial properties held at The Point (Sliema) and The Embassy (Valletta) to a third party.

1.9 Directors of the Guarantor

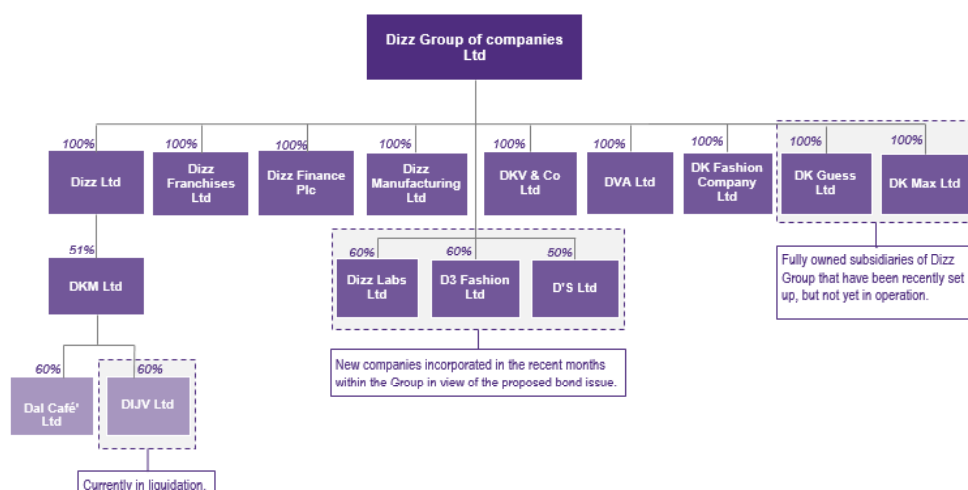
The Guarantor is managed by a Board of Directors who is entrusted with its overall direction and management. The members of the board as at the date of this report are included hereunder:

Directors	Position
Diane Izzo	Chief Executive and Executive Director
Denise Bonello	Operational Director
Daniela Bonello	Operational Director
Jean Paul Muscat	Finance Director
Edwin Pisani	Operational Director

2 Dizz Group's organisational structure

The authorised and issued share capital of Dizz Group as at the date of this Analysis is 3,290,000 ordinary shares at a nominal value of €1 per share. All issued shares are fully paid up. The shares are owned equally by Diane Izzo and Karl Izzo.

The diagram below illustrates the organisational structure of the Group.



2.1.1 Dizz Ltd – 100% shareholding

Dizz Ltd was set up on 16 August 2000. This was the first company of the Group and was incorporated with the objective of holding and operating the Terranova and Calliope franchises in Malta. More recently, Dizz Ltd entered into a franchise agreement for representation of the Italian franchise Café Pascucci.

2.1.2 DKM Ltd – 51% shareholding

DKM Ltd was set up on 5 December 2012 with the scope of holding and operating the food and beverage franchise Café Pascucci. Currently, this company operates three Café Pascucci cafeterias, including an outlet in St. Venera and two cubicles, situated in Bay Street and Tigne', but intends on opening a fourth outlet in Gzira shortly.

2.1.3 DAL Café Limited – 30.6% shareholding

DAL Café Limited was set up on 19 October 2015. This company is owned by DKM Ltd and operates a third party owned cafeteria in Cospicua under the Café Pascucci brand. The remaining shares in the company are owned by Denis Bonello, Matthew Zammit and Dr. Alicia Agius Gatt. This sub-franchise agreement was entered into in 2015 and is expected to last for a 10 year period.

2.1.4 DIJV Ltd – 30.6% shareholding

This company is currently in liquidation.

2.1.5 Dizz Franchises Ltd – 100% shareholding

Dizz Franchises Ltd was set up on 9 November 2015. The objective of this company is to act as the holding company for all of the Group's franchises. Rights on the franchise agreements will be assigned to the respective Group companies, who will be charged royalty fees. The company is still not operational.

2.1.6 Dizz Manufacturing Ltd – 100% shareholding

Dizz Manufacturing Ltd was set up on 19 November 2013 with the scope of developing the Hub project in Mriehel. The Hub is a multi-purpose complex which will serve as the logistics centre for the Group's retail operations and house its head office. The Hub will also serve as a manufacturing hub, as well as the Group's storage and distribution centre.

2.1.7 DKV & Co Ltd – 100% shareholding

DKV & Co Ltd was set up on 4 June 2015. The objective of this company is to hold and operate the three new franchises which are in the process of being acquired. The plan is for this company to operate four retail outlets, but at the date of this report the company is not operational yet.

2.1.8 DVA Ltd – 100% shareholding

DVA Ltd was set up on 7 September 2012. Whilst originally the Group held a 12.5% shareholding in this company, it acquired the remaining shareholding in 2015. DVA Ltd operates The Make Up Store outlet and designer sunglasses through You Vee Sunglasses outlet, both of which are situated at The Point. The company also sub-leases commercial premises situated at The Point and The Embassy to a third party.

2.1.9 DK Fashion Co. Ltd. – 100% shareholding

DK Fashion Company Ltd was set up on 14 July 2009. The objective of the company is to hold and operate the Liu Jo and Liu Jo Uomo franchises in Malta. There are currently four outlets representing this brand in Malta. The brand is also present at the Malta International Airport, and this is governed by an agreement with a third party retailer at the Departures Lounge. The company plans to open a fifth outlet in Sliema which is currently still under construction.

2.1.10 Dizz Labs Ltd – 60% shareholding

Dizz Labs Ltd was set up on 9 February 2016 but still not operational yet. The remaining 40% shareholding is owned by Edwin Pisani. Management plans to transfer the Group's administrative functions to Dizz Labs in 2016. Dizz Labs will, in turn, charge a management fee to the other Group companies for the administration services provided.

2.1.11 D3 Fashion Ltd – 60% shareholding

D3 Fashion was set up on 21 May 2015 with the objective of holding and operating the Elisabetta Franchi brand in Malta.

2.1.12 D's Ltd – 50% shareholding

D'S Ltd was set up on 30 April 2004 with the objective of holding and operating the Terranova Kids franchise in Malta. The company currently operates one outlet in St. Venera.

2.1.13 DK Max Ltd – 100% shareholding

DK Max Ltd was set up on 8 April 2016 with the aim of holding and operating the Max & Co brand. Although the company is not operational yet, management plans on converting the existing Brooks Brothers outlet in Valletta into a Max & Co outlet.

2.1.14 DK Guess Ltd – 100% shareholding

DK Guess Ltd was set up on 8 April 2016 with the aim of holding and operating the Guess and 7 Camicie franchises, which are in the process of being acquired. Although the company is expected to operate six retail outlets, with plans of adding an additional outlet further down the line, the company is not operational yet.

3 Proposed Bond Issue

The Company is proposing to issue an €8 million bond, with a nominal value of €100 each and which will be issued at par. The bond will have a term of ten years and will be redeemed in June 2026.

The forecasts and projections included in the Analysis are based on a coupon of 5%. Interest is expected to be paid annually in June with the initial interest payment made in June 2017.

The proposed Bond Issue is unsecured and not underwritten, but is guaranteed by the Guarantor.

The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to €7.7 million will be advanced to the other Group companies. These funds will be used for the following purposes:

- Partly finance the construction and development of a site in Mriehel (the Hub) which will be used as a logistics centre and will house the Group's storage and distribution operations along with its Head Office (€1.2 million);
- Refinance the Group's outstanding loans and bank overdraft (€2.3 million);
- Finance the acquisition of the representation rights and stocks in relation to new high-end brands, settlement of outstanding payments pertaining to the acquisition of the Guess, 7 Camicie and Brooks Brothers brands, and the refurbishment and roll-out of the Max & Co, Elisabetta Franchi outlets and the Terranova megastore in Iklin (€2.9 million); and
- General corporate funding purposes (€1.3 million).

4 Performance and financial position of the Issuer

This section makes reference to the financial statements of the Issuer for the financial year 24 June 2015 (being date of incorporation of the Company) up to 31 December 2015. These have been audited by SWK Certified Public Accountants & Auditors. The forecast financial information for the years ending 31 December 2016 to 2018 is provided by the Company's Management. The projected financial statements relate to events in the future and are based on assumptions which Management believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

4.1 Statement of comprehensive income

Issuer's statement of comprehensive income

	FY15 ⁽¹⁾	FY16	FY17	FY18
€000	Actual	Forecast	Projection	Projection
Revenue	15	412	702	745
Interest payable	-	(200)	(400)	(400)
Gross profit	15	212	302	345
Administrative expenses	(1)	(77)	(78)	(79)
Depreciation and amortisation	(8)	(92)	(103)	(103)
Fair value movement on property	-	-	532	-
Operating profit	5	43	653	163
Taxation	(5)	(23)	(174)	(51)
Net profit after tax	0	20	479	112
Other comprehensive income				
Property revaluation, net of deferred tax	685	-	-	-
Total comprehensive income for the period	686	20	479	112

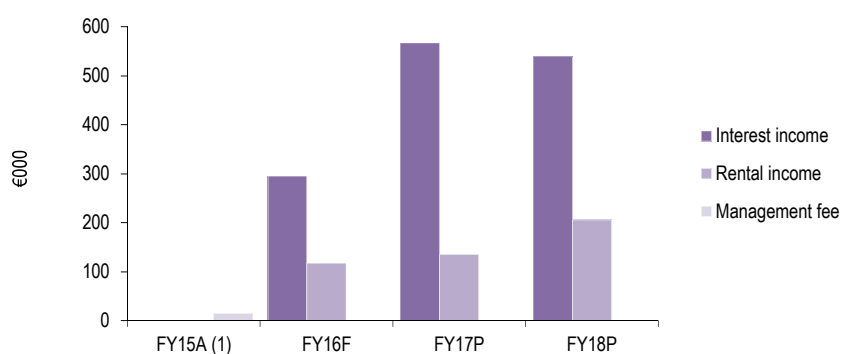
Source: Dizz Finance p.l.c. 2015 audited financial statements, Management projections and Due Diligence Report

Note (1): Period covers from 24 June 2015 to 31 December 2015

As set out in the above table, during FY15, the Company generated revenue of €15k, consisting of management fees charged to Dizz Limited as compensation for costs incurred by Dizz Finance in connection with the preparation for the proposed bond issue. Going forward, Management expects to achieve revenues of €745k in FY18 representing a stabilised year of performance. This growth in revenue is projected to accrue from:

- Interest receivable from loans to Group undertakings: The Company will enter into loan agreements with Group companies earning interest at the rate of 7.5% per annum;
- Rental income: The Company is expected to generate a stabilised annual rental income of €200k equally split between Group companies and third party lessees. The projections are based on the assumption that existing contracts will be automatically renewed on termination and that no revenue will be generated on the two apartments in Qui Si Sana, Sliema.

Issuer's revenue breakdown by product



Source: Dizz Finance p.l.c. 2015 audited financial statements, Management projections and Due Diligence Report

Note (1): Period covers from 24 June 2015 to 31 December 2015

Administrative expenses include Directors' emoluments, management fees charged by Group companies (including general administration costs and salaries, accountancy and professional fees), audit fees, MSE listing and registration fees. Directors' remuneration is expected to increase by 10% every three years whilst management fees, which mainly include general administrative costs and salaries, are expected to increase at the rate of 2% per annum, in line with general inflation.

Architect Kurt Vella's valuation report dated 18 August 2016 stated that based on a comparative method of assessment, the two apartments in Qui Si Sana shall have a market value in the region of €1.5 million upon completion of works, in FY17. Based on an acquisition price of €1.0 million (€0.72 million payments to date + €50k stamp duty and notary fees + €240k future payments), the Issuer is expected to recognise a fair value movement of €0.53 million in FY17 on these apartments.

The projected taxation has been assumed at 15% of rental income (Final Withholding Tax), with the remaining interest income from group advances and bank balances and fair value gains taxed at the corporate tax rate of 35%, after allowing for apportionment of costs between rental and group financing activities.

4.2 Statement of cash flows

Issuer's statement of cash flows

€000	FY15 ⁽¹⁾ Actual	FY16 Forecast	FY17 Projection	FY18 Projection
Cash flows from operating activities	15	333	601	616
Cash flows from investing activities	(1,832)	(6,493)	(1,221)	(449)
Cash flows from financing activities	1,798	9,397	(400)	(400)
Movement in cash and cash equivalents	(19)	3,237	(1,020)	(233)
Opening balance	-	(19)	3,218	2,198
Closing balance	(19)	3,218	2,198	1,965

Source: Dizz Finance p.l.c. 2015 audited financial statements, Management projections and Due Diligence Report

Note (1): Period covers from 24 June 2015 to 31 December 2015

The cash flow statement for the Company reflects the flows into and out of the company that relate to the raising, servicing and repayment of debt, in addition to the income derived from the rent and interest receivable.

During FY15, Dizz Finance acquired the Group's head office, the Terranova outlet in St. Venera together with other properties from Dizz Ltd at a cost of €1.8 million. The acquisition of these properties was funded through a shareholder's loan of €0.9 million which was subsequently capitalised into equity. The negative cash balance of €19k as at 31 December 2015 represents unrepresented cheques at year end.

The cash flow position of the Issuer is set to improve in FY16. Cash flow from operating activities represents the rental income generated on its property portfolio and interest income earned on intra-group loans.

An outflow from investing activities of €6.5 million is expected in FY16. This represents the net effect of:

- a) Advancement of the net bond proceeds: Net bond proceeds of €7.7 million will be advanced to Group companies in FY16 in line with the planned use of bond proceeds;

- b) Deposits received from Group companies: Any balances held by Group companies at year end are expected to be transferred to Dizz Finance (cash sweep mechanism) given that Dizz Finance is the financing arm of the Group. Consequently, through this mechanism, at any point in time, the Group's entire cash balances are expected to be held by Dizz Finance. The projections assume that such transfers will not bear interest;
- c) The acquisition of two apartments on plan in Qui Si Sana: The acquisition of these apartments in 2016 was funded through a shareholder's loan of €1.0 million which was subsequently capitalised into equity.

Going forward, cash flow from investing activities represents the monthly capital repayments on group loans and net amounts received through the cash sweep mechanism.

Net cash flows from financing activities of €9.4 million are expected to be generated in FY16, being the net bond proceeds of €7.7 million and shareholder loans of €1.6 million. Thereafter, net cash flows from financing activities represent the payment of interest.

4.3 Statement of financial position

Issuer's statement of financial position

€000	FY15 Actual	FY16 Forecast	FY17 Projection	FY18 Projection
Non-current assets	-	-	-	-
Investment property	2,118	3,208	4,825	4,825
Improvements to property	410	328	246	164
Payments on account	132	245	-	-
	2,660	3,781	5,071	4,989
Bond issue costs	-	202	181	160
Intra group loans	-	7,703	7,083	6,424
Deposits from group companies	-	(3,224)	(2,341)	(1,233)
Deferred tax liability	(151)	(151)	(274)	(274)
Accruals	(1)	(3)	(4)	(4)
Amounts owed by Group undertakings	32	32	32	32
Taxation	(5)	(23)	(51)	(51)
Capital employed	2,535	8,198	9,697	10,042
Net debt				
Amounts due to group undertakings	930	-	-	-
Bond issue	-	8,000	8,000	8,000
Accrued interest	-	200	200	200
Cash and cash equivalents	19	(3,218)	(2,198)	(1,965)
	949	4,982	6,002	6,235
Equity				
Share capital	900	1,910	1,910	1,910
Retained earnings	0	20	499	611
Revaluation reserve	685	685	685	685
Shareholders loans	-	600	600	600
Total equity	1,586	3,216	3,695	3,807
Total funding	2,535	8,198	9,697	10,042

Source: Dizz Finance p.l.c. 2015 audited financial statements, Management projections, Due Diligence Report

Note (1): Period covers from 24 June 2015 to 31 Dec 2015

Total capital employed is expected to increase from €2.5 million as at 31 December 2015 to €10.0 million by 31 December 2018. This increase is principally driven by bond proceeds which are advanced to Group companies net of cash surplus balance as at the end of the year. It is envisaged that the Company will gradually build up its cash reserves for the redemption of the Bond in June 2026.

Investment property is also expected to increase from €2.1 million as at 31 December 2015 to €4.8 million as at 31 December 2018, following the acquisition of two apartments on plan in Qui Si Sana in FY16 and expected fair value movement on the same apartments upon completion of construction in FY17, as well as the acquisition of properties currently held under promise of sale agreement.

As at 31 December 2015 total equity amounted to €1.6 million. During FY15, the Issuer recognised a revaluation of €685k (net of deferred tax), which represents the uplift in value of investment properties upon transfer to Dizz Finance. Shareholder's equity is projected to increase to €3.2 million as at 31 December 2018, reflecting the €1.0 million increase in share capital in FY16 following the capitalisation of the shareholders' loan and movement in projected profits.

4.4 Evaluation of performance and financial position

Issuer's evaluation of performance and financial position

	FY15 ⁽¹⁾ Actual	FY16 Forecast	FY17 Projection	FY18 Projection
Gross profit margin (Gross Profit / Revenue)	100.0%	51.5%	43.0%	46.3%
Operating profit margin (Operating Profit / Revenue)	34.7%	10.4%	93.0%	21.9%
Net profit margin (Profit for the year / Revenue)	3.3%	4.8%	68.2%	15.0%
Interest coverage ratio (Operating profit adding back depreciation, amortisation and interest payable / interest payable)	n/a	1.68x	2.89x	1.67x
Return on assets (Operating Profit / Total Assets)	0.2%	0.3%	4.5%	1.2%
Return on capital employed (Operating Profit / Capital Employed)	0.19%	0.38%	5.54%	1.37%
Return on equity (Profit attributable to owners / Average Equity attributable to owners)	0.03%	0.76%	15.48%	3.49%
Current ratio (Current Assets / Current Liabilities)	-3.20x	1.11x	1.10x	1.76x
Gearing Ratio ¹ (Borrowings / (Total Equity + Borrowings))	1.2%	65.6%	66.0%	66.0%
Gearing Ratio ² (Borrowings / Total Equity)	0.01x	1.90x	1.94x	1.94x

Source: Financial Services Planning Ltd

Note (1): Period covers from 24 June 2015 to 31 Dec 2015

The ratios for FY15 cover the period 24 June 2015 (date of incorporation) to 31 December 2015. Given that the Company's only source of income was management fees of €15k the ratios for FY15 are not reflective of the Company's operation.

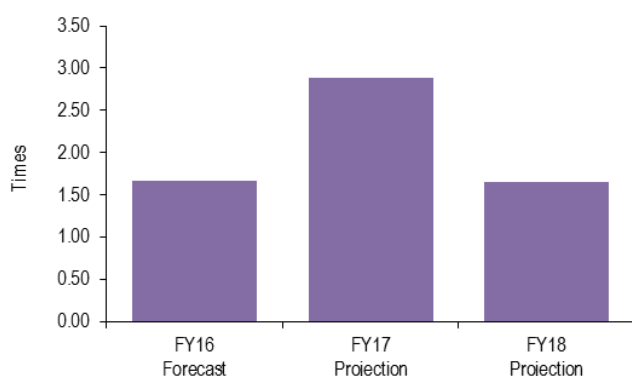
The profitability ratios for the period FY16 to FY18 display a considerable level of stability, reflecting its role as a holder of investment properties and finance arm of the Group. Rental and fixed interest income, in addition to fixed interest payable on the borrowings, drive operations and profits from FY16 onwards. Profitability ratios of FY17 are considerably higher than those expected for FY16 and FY18, given that the Issuer is expected to generate a fair value movement of €0.5 million, following an uplift on its two apartments in Qui Si Sana upon completion of construction.

A gross profit margin of over 40% is projected for the period FY16 to FY18. However, as the properties currently under promise of sale agreement will be acquired and leased out during the next two years, the gross profit margin is expected to stabilise in FY18 at 46%.

Return on Capital Employed (ROCE) and Return on Assets (ROA) were estimated on the basis of operating profit and are expected to improve throughout the years. Consequently, ROE is expected to increase to 3.49% by FY18, reflecting the increase in profits emanating principally from an increase in revenue in FY16. ROA is also expected to improve from 0.2% in FY15 to 1.2% in FY18.

Interest coverage would typically be calculated as the ratio of Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) to net finance costs. In the case of the Issuer, the core revenue of the Company consists of rental income and interest earned on loans advanced to Group companies. Therefore, in order to calculate the ability to service the bond borrowings, interest coverage is estimated as the ratio of this financial income (after adjusting for administrative expenses, and fair value movement on property but excluding depreciation and amortisation) to interest payable. Bond interest will accrue from the month following issue and interest cover is expected to be in excess of 1.6 times as from FY16 onwards.

Interest cover ratio analysis



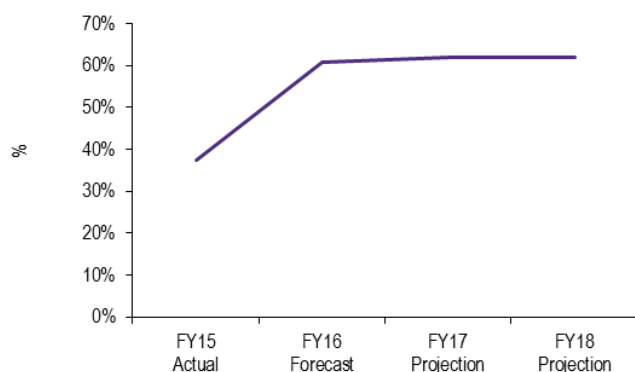
Source: Financial Services Planning Ltd

The Group loans have been classified between current and non-current assets, given that it is expected that these loans will be repaid over a 10 year period with fixed monthly repayments. Conversely, the deposits from Group companies, are classified as current liabilities, on the basis that any surplus cash at year end is transferred to Dizz Finance. Current ratio for FY16 and FY17 is expected to be c. 1:1, increasing to 1:1.8 by FY18.

For the purposes of the gearing calculation, borrowings are based on the bond amount and accrued bond interest net of cash balances held by the Company. Total equity includes the Company's issued equity share capital, its accumulated reserves, revaluation reserve and shareholders' loans that carry no

interest and have no fixed repayment date. Gearing is expected to increase over the three years, from 37.4% in FY15 to a peak of 62.1% in FY18. As from FY19 onwards, gearing is expected to decline in the projected period due to a gradual build up in cash reserves of Dizz Finance, as more cash is generated from Group companies and repaid to the Company, either in the form of interest and loan repayments, or interest-free deposits with the Issuer.

Gearing ratio analysis



Source: Financial Services Planning Ltd

5 Financial Performance of the Guarantor

As illustrated in previous sections, the Issuer is owned by Dizz Group of Companies Limited. As the Issuer's primary role is that of raising funds to finance the Group's operations, combined with the fact that the proposed Bond Issue is unsecured and not underwritten, but is guaranteed by the Dizz Group, an overview of the performance and financial position of the Group is set out below.

This section makes reference to the financial statements of the Guarantor for the financial years 31 December 2013, 31 December 2014 and 31 December 2015. As the Guarantor was set up on 28 March 2014, the period 1 January 2013 to 31 December 2013 is based on audited pro-forma results for the Group. All financial statements have been audited by SWK Certified Public Accountants & Auditors. The forecasted financial information for the years ending 31 December 2016 to 2018 was provided by management of the Company. The projected financial statements relate to events in the future and are based on assumptions which Management believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

5.1 Statement of comprehensive income

Guarantor's Statement of comprehensive income

	FY13 ⁽¹⁾	FY14	FY15	FY16	FY17	FY18
€000	Actual	Actual	Actual	Forecast	Projection	Projection
Revenue	4,741	5,118	6,270	11,204	16,571	17,357
Cost of material	(2,377)	(2,342)	(2,831)	(5,784)	(8,517)	(8,860)
Gross profit	2,364	2,776	3,439	5,420	8,054	8,497
Administrative costs	(2,034)	(2,313)	(2,855)	(4,168)	(5,928)	(6,352)
EBITDA	330	464	584	1,252	2,126	2,146
Depreciation and amortisation	(286)	(344)	(360)	(658)	(699)	(711)
Operating profit	44	120	224	594	1,427	1,435
Share of results from associate	(5)	-	-	-	-	-
Fair value movement on properties	-	-	-	-	532	-
Foreign exchange gains	-	2	-	-	-	-
Other income	45	39	30	103	119	140
Finance costs	(37)	(40)	(44)	(211)	(390)	(370)
Profit before tax	47	121	210	486	1,688	1,205
Taxation	(21)	(28)	(51)	(164)	(523)	(409)
Net profit	26	92	159	322	1,165	795
Other comprehensive income						
Property revaluation, net of deferred tax	-	-	207	-	-	-
Total comprehensive income	26	92	366	322	1,165	795

Source: Dizz Group of Companies Ltd 2013 to 2015 audited financial statements, Management projections and Due Diligence Report

Note 1: Based on Audited pro-forma results as Dizz Group of Companies Ltd as incorporated on 28 March 2014

The Group's revenue is principally generated through the sale of branded garments. Between FY13 and FY15 the Group generated over 90% of its revenue from the Terranova, Terranova Kids, Calliope, Liu Jo and Liu Jo Uomo brands. During this period, revenue from these brands increased by 23.1%, principally due to:

- The Terranova and Calliope brands, which further established themselves in the local market, generating a higher average revenue per outlet; and
- Opening of three additional outlets for Liu Jo and Liu Jo Uomo brands, a higher-end designer brand, which enables the Group to achieve a higher overall margin.

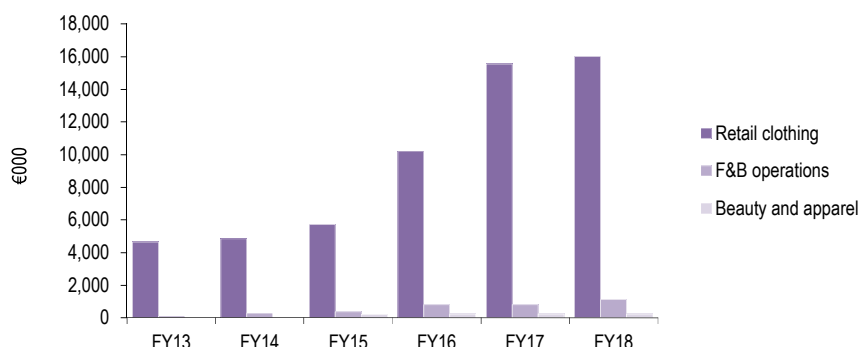
Going forward, as set out in the chart below, retail clothing revenue is expected to increase from €5.7 million in FY15 to €16.0 million in FY18, representing a compound annual growth rate of 41.1%. This projected increase in revenue is driven by:

- The acquisition of two high-end franchises, Elisabetta Franchi and Max & Co;
- The transfer agreements entered into by the Group during the first quarter of 2016, whereby the Group is currently in the process of acquiring representation rights for Guess, 7 Camicie, Brooks Brothers, and three other high-end brands. Although the latter transaction is still subject to franchisor approval, the projections assume that the Group will commence operations of these brands during the second half of 2016;
- Opening of two Terranova megastores in Iklin and Fgura in FY16. The Iklin megastore has already welcomed its first customers in June 2016. As the Group already operates a Terranova

outlet in Paola, upon commencement of the Figura megastore, the Terranova outlet in Paola will be closed down.

Notwithstanding the projected growth in revenues through the acquisition of these new brands, Management expects that the Terranova brand will still account for c. 50% of revenues in FY17 and FY18.

Group's revenue breakdown



Source: Dizz Group of Companies Ltd 2013 to 2015 audited financial statements, Management projections and Due Diligence Report

During FY14 the Group expanded its operations into catering, through the representation of the Italian franchise Café Pascucci. At present, the Group operates three Café Pascucci outlets, with plans to operate another two outlets in place. Although sales for F&B operations were minimal in FY14 and FY15, Management expects to increase sales by €754k between FY15 and FY18, representing a compound annual growth rate of 45.3%. This increase is primarily driven through the operation of a further two outlets.

The beauty operation started through the operation of an outlet in Tigne Mall, which sells products of the franchise Make Up store. Going forward, Management expects to generate revenue of €225k per annum, which is in line with the revenue generated during FY15.

Administration costs are managed by the Head Office and are then allocated on a company by company basis. Administrative costs increased from €2.0 million in FY13 to €2.9 million in FY15 and are expected to increase further to €6.4 million in FY18, principally due to an increase in rent and staff costs following the acquisition of the new brands.

The Group incurred c. €40k of interest costs per annum, between FY13 and FY15. This is expected to increase to €400k per annum as from June 2016 onwards, based on the coupon rate of 5%.

Net profits generated by the Group increased from €26k in FY13 to €159k in FY15, representing a compound annual growth rate of 147.29%. Based on the envisaged growth in revenue, net profit is expected to reach €795k by 2018. During FY15, the Group also recognised a revaluation gain of €207k (net of deferred tax) on its property portfolio held within Dizz Finance and is expected to recognise a fair value movement of €532k (prior to deferred tax) in FY17 following completion of construction of the two apartments in Qui Si Sana.

5.2 Statement of cash flow position

Guarantor's cash flow statement

	FY13 ⁽¹⁾	FY14	FY15	FY16	FY17	FY18
€000	Actual	Actual	Actual	Forecast	Projection	Projection
Cash flow operating activities	333	293	273	374	2,037	1,864
Cash flow used in investing activities	(467)	(580)	(2,006)	(4,915)	(2,656)	(1,697)
Cash flows from financing activities	142	351	1,109	8,410	(400)	(400)
Movements in cash and cash equivalents	8	65	(624)	3,869	(1,020)	(233)
Opening balance	(85)	(77)	(12)	(652)	3,218	2,198
Upon acquisition	-	-	(15)	-	-	-
Closing balance	(77)	(12)	(652)	3,218	2,198	1,965

Source: Dizz Group of Companies Ltd 2013 to 2015 audited financial statements, Management projections and Due Diligence Report

Note 1: Based on Audited pro-forma results as Dizz Group of Companies Ltd as incorporated on 28 March 2014

Between FY13 and FY15 the Group invested significantly in its operations, with a total investment cash outflow of €3.1 million. This involved the acquisition of investment property, furniture and fittings for its outlets and the purchase of goodwill/key money as the Group invested in the expansion of its outlets. Going forward, Management envisages that there will be a total investment outflow of €9.3 million between FY16 and FY18, which is principally driven by the acquisition of new brands, opening of the Terranova megastores and Café Pascucci outlets, development of the Hub, and acquisition of investment properties (the acquisition in FY16 of two apartments on plan in Qui Si Sana and other properties which are currently under promise of sale agreement).

The investment activities of the Group between FY13 and FY15 were mainly funded through cash flows generated from operations, bank finance and equity. It is expected that going forward, profits generated by the Group are re-invested in working capital as the Group's priority is to continually expand its operations.

The Group's investments between FY16 and FY18 are expected to be primarily financed through the proposed bond issue. Following the bond issue, the Group plans on refinancing its existing bank facilities. Despite this, Management plans on retaining its existing overdraft facilities and use such facilities to finance any short-term working capital requirements.

5.3 Statement of financial position

Guarantor's statement of financial position

€000	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Forecast	FY17 Projection	FY18 Projection
Non-current assets						
Property, plant and equipment	2,194	2,360	3,075	7,388	9,243	10,114
Investment property	-	-	1,297	2,187	2,839	2,839
Deposits on property	-	-	132	245	-	-
Goodwill	79	149	280	232	184	144
	2,273	2,509	4,784	10,051	12,266	13,097
Bond issue costs	-	-	-	202	181	160
Investment in associates	-	1	-	-	-	-
	2,273	2,510	4,784	10,253	12,447	13,257
Net working capital						
Inventories	141	471	565	1,793	1,883	1,977
Trade receivables	-	4	16	77	84	89
Trade payables	(269)	(557)	(457)	(560)	(588)	(617)
Trade working capital	(128)	(82)	123	1,311	1,380	1,449
Prepayments and other receivables	40	51	136	86	90	94
Accruals and other payables	(377)	(179)	(201)	(391)	(411)	(431)
Net working capital	(466)	(210)	58	1,005	1,059	1,112
Capital creditors	-	-	-	(1,000)	(704)	(528)
Taxation	(41)	(84)	(34)	(164)	(399)	(409)
Deferred tax	(15)	3	(137)	(137)	(261)	(261)
Capital employed	1,752	2,219	4,671	9,957	12,142	13,171
Net debt						
Bond issue	-	-	-	8,000	8,000	8,000
Accrued interest	-	-	-	200	200	200
Bank loans	513	605	976	-	-	-
Shareholder loans	400	739	-	-	-	-
Bank overdraft	83	146	659	-	-	-
Cash and cash equivalents	(6)	(134)	(8)	(3,218)	(2,198)	(1,965)
	990	1,356	1,628	4,982	6,002	6,235
Equity						
Share capital	468	468	2,280	3,290	3,290	3,290
Retained earnings	(210)	(93)	24	301	1,420	2,162
Revaluation reserve	478	478	685	685	685	685
Shareholders loan	-	-	-	600	600	600
	736	853	2,989	4,876	5,995	6,737
Non-controlling interest	26	10	54	98	146	199
Total equity	762	863	3,043	4,975	6,140	6,936
Total funding	1,752	2,219	4,671	9,957	12,142	13,171

Source: Dizz Group of Companies Ltd 2013 to 2015 audited financial statements, Management projections and Due Diligence Report

Note 1: Based on Audited pro-forma results as Dizz Group of Companies Ltd as incorporated on 28 March 2014

During the historical period the Group's total capital employed increased from €1.8 million as at 31 December 2013 to €4.7 million as at 31 December 2015. This increase was principally driven by an increase in share capital of €1.8 million and bank borrowings of €1.0 million. This capital was allocated towards the increased funding requirement of property, plant and equipment, investment properties and inventories.

The Terranova and Calliope stocks are acquired on a consignment basis and therefore, although the cost of material from the franchisor includes a premium for this arrangement, inventory as at the end of the year does not include any stock on these brands. Consequently, between FY13 and FY15 the Group's inventories consisted of stocks of Liu Jo, Liu Jo Uomo, The Make Up Store and You Vee Sunglasses.

Going forward, total capital employed is expected to reach €13.2 million by 31 December 2018. The principal increase in total capital employed is due to the proceeds of the bond issue.

As at 31 December 2015 the Group was principally funded through equity of €3.0 million, bank facilities of €1.6 million and trade payables of €0.7 million. As at 31 December 2015, the Group also had off balance sheet financing of €1.8 million, relating to bank guarantees to stock suppliers. These guarantees are secured, *inter alia*, by the Group's properties, including the investment property portfolio held by Dizz Finance.

Trade and other payables are expected to increase to €1.8 million as at 31 December 2018, principally due to an increase in capital creditors, representing the acquisition of the new brands which will be paid over a period of time as stipulated in the agreements currently being entered into by Management.

During 2016, the shareholder's injected €1.6 million by way of a shareholder's loan, of which €1.0 million has been capitalised to date. The shareholder's loan does not carry interest and does not have a fixed repayment date. Shareholder's equity is projected to increase from €3.0 million as at 31 December 2015 to €6.9 million as at 31 December 2018, reflecting the €1.0 million increase in share capital in FY16 and movement in projected profits.

5.4 Evaluation of performance and financial position

Guarantor's evaluation of performance and financial position

	FY13 ⁽¹⁾	FY14	FY15	FY16	FY17	FY18
	Actual	Actual	Actual	Forecast	Projection	Projection
Gross profit margin (Gross Profit / Revenue)	49.9%	54.2%	54.8%	48.4%	48.6%	49.0%
Operating profit margin (Operating Profit / Revenue)	0.9%	2.3%	3.6%	5.3%	8.6%	8.3%
Net profit margin (Profit for the year / Revenue)	0.5%	1.8%	2.5%	2.9%	7.0%	4.6%
Interest coverage ratio (EBITDA / interest payable)	8.92x	11.59x	13.26x	5.93x	5.45x	5.80x
Return on assets (Operating Profit / Total Assets)	1.8%	3.8%	4.1%	3.9%	8.7%	8.4%
Return on capital employed (ROCE) (Operating Profit / Capital Employed)	2.5%	5.4%	4.8%	6.0%	11.8%	10.9%
Return on equity (Profit attributable to owners / Equity attributable to owners)	3.4%	10.7%	12.0%	7.4%	21.0%	12.5%
Current ratio (Current Assets / Current Liabilities)	0.27x	0.54x	0.45x	2.23x	1.85x	1.89x
Quick Ratio (Current Assets less Inventories / Current Liabilities)	0.07x	0.16x	0.10x	1.46x	1.03x	0.98x
Gearing ratio (Net Debt/ Total Funding)	56.5%	61.1%	34.8%	50.0%	49.4%	47.3%

Source: Financial Services Planning Ltd

Note 1: Based on Audited pro-forma results as Dizz Group of Companies Ltd as incorporated on 28 March 2014

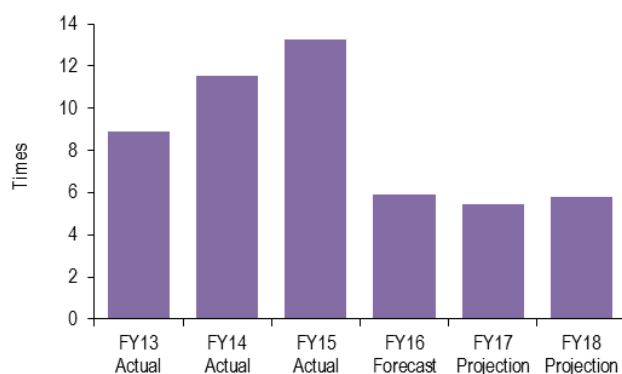
The table above sets out an evaluation of the performance of the Group between FY13 and FY18. As illustrated above, the Group's performance improved between FY13 and FY15, and is expected to improve further in the projected period, through the acquisition of new brands and opening of new outlets on its existing brands. However, Management expects that FY18 will represent a stabilised year, given that in FY17, Management expects to generate an uplift of €0.5 million on its apartments in Qui Si Sana.

Although the Group added two new lines of business between FY13 and FY15, a consistent gross profit margin of c. 50% was maintained during this period. From FY16 onwards, Management is expecting to continue to achieve a gross profit margin of over 48%.

The overall operating performance after administrative costs, depreciation and amortisation increased from 0.9% in FY13 to 3.6% in FY15. Such thin margins reflect the high rental costs paid by the Group given that the majority of the Group's outlets are all situated in prime locations around Malta and the wages and salaries paid by the Group in order to support its organisational structure. Management is expecting operating profit to reach 8.3% by FY18. Likewise, net profit margin has also increased in the historical period, and is expected to increase further to 4.6% by FY18.

Interest cover ratio increased from 8.92x in FY13 to 13.26x in FY15. A drop in the interest cover ratio is expected from FY16 onwards, due to the increased interest cost arising on the proposed bond. Despite this, the Group is still projecting that the interest cover ratio will be over 5.4x in the projected period.

Interest coverage ratio analysis



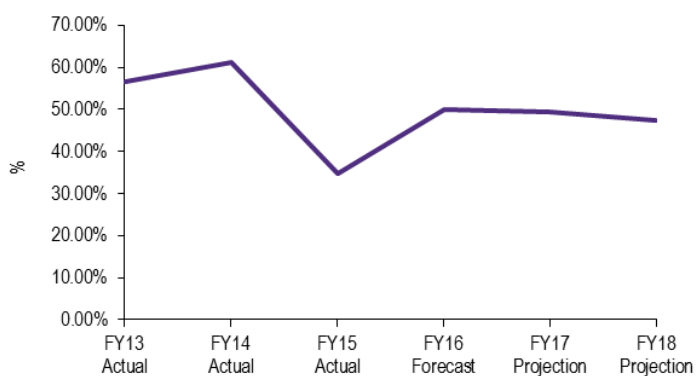
Source: Financial Services Planning Ltd

ROCE and ROA have recorded significant increases between FY13 and FY15. Likewise, given the projected increase in net profit, the projections result in ROCE and ROA increases, reaching 10.9% and 8.4% respectively by FY18.

The current ratio for the historical period FY13 to FY15 was less than 0.5x, indicating that current liabilities exceeded current assets. As the increase in inventory and cash is expected to increase at a higher rate than the increase in trade and other payables, the current ratio is expected to turn positive as from FY16.

The Group's gearing has been relatively stable at around 60% between FY13 and FY14, and decreased to 35% as at 31 December 2015 due to a net equity injection of €1.8 million. Going forward, the Group's gearing is expected to peak at 50.0% in FY16 following the bond issue and gradually decreasing thereafter.

Gearing ratio analysis



Source: Financial Services Planning Ltd

5.5 The retail apparel market in Malta

Marked growth in retail sales in Malta: retail apparel sales, excluding footwear and leather goods, increased at a CAGR of 3.6% between 2008 and 2013. The rate of growth is well above the European CAGR in the same period.

Significant volatility in sales levels: the recent sales trend evidences a marked volatility with sales increasing by 13% in 2010, contracting by 1% in 2011, increasing by 9% in 2012 and 1% in 2013.

Retail outlets in Malta are becoming larger: although the total number of outlets has remained relatively unchanged (FY08: 725 outlets; FY13: 712 outlets), there have been decreases in the number of smaller outlets (less than 10 employees) and increases in larger outlets (for example, outlets employing more than 50 employees have doubled between FY08 and FY13).

Spend is shifting towards larger outlets: sales by outlets employing more than 50 employees increased at CAGR of 12.4% in FY08 to FY13, as opposed to an annual decrease of 5.5% in the sales of outlets employing less than ten employees.

Dizz Group's market share is estimated at c. 2.5% in FY13: The Group's retail clothing sales in FY13 amounted to €4.6 million, which approximate to c.2.5% of the total market.

6 Risks underlying the proposed issue

The Issuer's cash flow generation is highly dependent on the performance of the Group. Thus the proposed bond issue is also subject to the risk pertaining to the Group's operations as identified below.

Achieving significant growth: the Group's projections indicate that there will be significant growth in profits and cash flows in the coming years. Group's EBITDA is expected to increase from €0.6 in FY15 to €2.1 million in FY18. The ability to repay the proposed bond is highly dependent on these targeted figures. In the meantime, this growth will initiate a transition from a family run business focusing on one main brand (Terranova) to a public company managing a portfolio of brands. This will bring along a change in the management, control and governance of the Group. The ability to adapt to these changes will also have a significant bearing on the achievement of the growth targets.

Highly leveraged capital structure and limited asset cover: As the gearing levels indicate both the Issuer's and the Group's capital structure are expected to remain highly leveraged through the initial five years of the projections. This will give rise to numerous risks mainly due to the fact that such a capital structure will absorb a large portion of the cash flows generated. The high gearing level indicates that the Group and the Company have limited asset cover. Moreover, one must note that these gearing figures exclude off-balance sheet financing and guarantees which are expected to increase in the near future in line with the projected growth in operations.

Development of the Hub: A portion of the proposed bond proceeds will be allocated to the acquisition and construction of the Hub. This Hub will allow the Group to step up the effectiveness of the logistic functions which will be critical to support the projected growth in retail operations. The permit for the development of this project was issued on 15 July 2016. Moreover, the project still needs to be approved by the Government's Property Division.

Assembly operations: the projections assume that once the development of the Hub is completed in FY18, the Group will start generating revenue from operations of the assembly of garments of Terranova. The scope and scale of these operations are still fluid and hence the level of uncertainty with this business plan heightens the level of execution risk on the projected cash flows.

Exposure to the retail apparel market: the European retail apparel market is expected to grow at a CAGR of 2% between FY15 and FY19. Turnover from fashion retail operations for the Group is projected to increase at an average growth rate of 3% per annum as from FY17. This would be in line with the European market. Recent statistics for the local market also indicate a high level of volatility with substantial shifts in overall sales levels. Moreover, one also needs to consider the increasing competition that local fashion retailers are facing from e-commerce and online sales.

Newly acquired brands: The Group expects EBITDA to increase from €0.6 million in FY15 to €2.1 million in FY18. This increase is subject to the assumption that the Group will complete the acquisition of a number of new retail fashion brands in Malta. These agreements were verbally agreed but no formal consent from the franchisors was obtained. One must note that negotiations are in place but if the Group is not appointed as franchisor for one or more of these brands, its projected cash flows are likely to be adversely affected.

The new Terranova megastores: The two new megastores are expected to contribute substantially to the Group's operating results. However, the projections do not factor in the possibility of sales shifting from one store to another. The only loss which was factored in is the closure of the Paola outlet.

Over reliance on Terranova and Calliope: The Group's existing retail operations are highly concentrated on the Terranova and Calliope brand. Sales for these two brands represented c.86% of total retail fashion turnover in FY15. The franchise agreements for the majority of the Terranova and Calliope outlets are currently based on a tacit annual renewal but can be rescinded by both parties subject to three months' notice. Non-renewal of these franchise agreements would materially influence the projected cash flows of the Group.

Renewal of lease agreements: The projections assume that the lease for all retail outlets will be renewed at the existing terms upon expiry of the current lease term. If the Group fails to renew any of the agreements or renews at rates that are materially different than current rates, this could have a material effect on the Group's operating results and projected cash flows.

Renewal of rental agreements: Only a minimal portion of the projected rental income is covered by rental agreements, as most of these agreements expire within one year. The projections assume that these rental agreements will be renewed on similar terms upon expiry. Thus, the projected stream of rental income is based on the Company's ability to secure an agreement on similar terms to those currently being achieved.

7 Comparables

The table below compares the Dizz Group and the Issuer's proposed bond issue to other debt issuers which are listed on the Malta Stock Exchange. The list includes most of the issuers (excluding financial institutions) which have listed bonds maturing in the medium term, i.e. between eight to ten years. This is in line with the term of the bond of the Issuer. Although one might argue that there are significant and material differences between the risks and operations of Dizz Group and that of the comparables, the comparative analysis highlighted below provides an indication of the financial performance and strength of the Group.

Comparative analysis

	Maturity date	Nominal value (€000)	Coupon	Yield to maturity ¹	Interest cover	Total assets (€000)	Net asset value (€000)	Gearing
Tumas Investments plc	2024	25,000	5.0%	3.8%	4.5x	274,893	98,839	49.1%
Mariner Finance plc	2024	35,000	5.3%	3.7%	2.8x	67,669	25,823	58.2%
AXI plc	2024	40,000	6.0%	4.3%	2.8x	188,378	102,171	38.3%
Hal Mann Vella plc	2024	30,000	5.0%	3.7%	0.0x	81,841	31,150	55.5%
PTL Holdings plc	2024	36,000	5.1%	4.1%	2.2x	70,543	6,592	86.8%
6PM Holdings plc	2025	13,000	5.1%	3.7%	10.0x	12,546	5,660	36.6%
Medserv plc	2026	21,982	4.5%	3.9%	6.8x	81,141	11,122	69.3%
Dizz Finance plc ²	2026	8,000	5.0%	5.0%	5.8x	17,112	6,336	47.3%

Source: Data was extracted from the FY15 audited financial statements for Mariner Finance plc, Hal Mann Vella plc, PTL Holdings plc, Medserv plc and Corinthia Finance plc

Data was extracted from the FY14 audited financial statements for Tumas Investment plc, AXI plc and 6PM Holdings plc

Note 1: Yield to maturity as at 22 June 2016

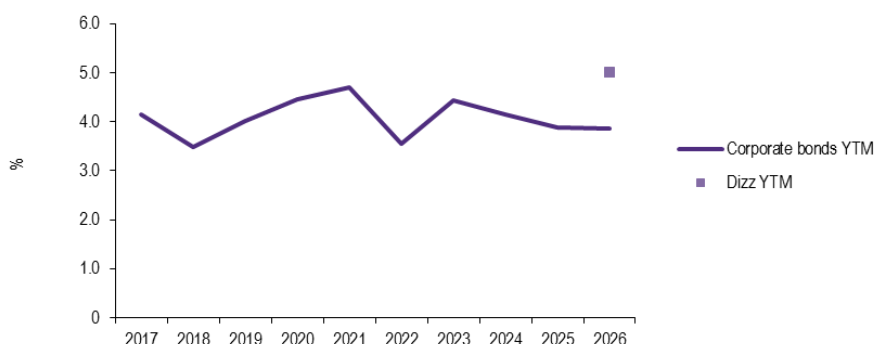
Note 2: Data for Dizz Finance is based on FY18 for the Guarantor

The interest cover ratio determines the ability of the company to meet its interest obligations on the outstanding borrowings. The table above is based on FY18 data (the stabilised year) for Dizz Group to reflect the impact of the bond issue on the company's interest cover ratio. The Group can cover the interest costs by 5.8 times.

The gearing ratio indicates what level of funding is being generated by external borrowings as compared to shareholders' funding. The gearing level for the Group stands at 47.3%. The higher the gearing level the more vulnerable the company tends to be to an economic slowdown.

The chart below depicts the yield to maturity of the proposed bond when compared to other corporate bonds listed on the Malta Stock Exchange. The yield to maturity in 2026 for the Issuer's Bond is 5%; higher than the weighted average yield to maturity for Malta's corporate bonds as at the same date.

Bond yield to maturity



Source: Malta Stock Exchange and Dizz Group information

8 Explanatory definitions

Statement of comprehensive income	
Revenue	Total revenue generated by the Group from its business activities during the financial year, including retail income and rental income.
Direct costs	Direct costs include costs which are incurred in the production of revenue.
Gross profit	Gross profit is the difference between revenue and direct costs. It refers to the profit made by the Group before deducting operating costs, depreciation and amortisation, finance costs, impairment provisions, share of profits from associate and affiliate companies and other operating costs.
Operating costs	Operating costs include all operating expenses other than direct costs and include general and administration expenses.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. EBITDA can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
Fair value of investment property	Fair value of investment property is an accounting adjustment to change the book value of the Group's investment property to its estimated market value.
Profit after tax	Profit after tax is the profit made by the Group during the financial year both from its operating as well as non-operating activities.
Profitability ratios	
Gross profit margin	Gross profit margin is the difference between revenue and direct costs expressed as a percentage of total revenue.
Operating profit margin	Operating profit margin is operating income or EBITDA as a percentage of total revenue.
Net profit margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.
Efficiency ratios	
Return on equity	Return on equity (ROE) measures the rate of return on the shareholders' equity, computed by dividing profit after tax by shareholders' equity.
Return on capital employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on Assets	Return on assets (ROA) is computed by dividing profit after tax by total assets.
Cash Flow Statement	
Cash flow from operating activities	Cash generated from the principal revenue-producing activities of the Group.

9 Appendices

9.1 Issuer's statement of financial position

Issuer's statement of financial position

€000	FY15 ⁽¹⁾ Actual	FY16 Forecast	FY17 Projection	FY18 Projection
ASSETS				
Non-current assets				
Investment property	2,118	3,208	4,825	4,825
Property, plant and equipment	410	328	246	164
Trade and other receivables	164	7,360	6,456	5,797
Total non-current assets	2,692	10,896	11,527	10,786
Current assets				
Trade and other receivables	-	620	659	659
Cash and cash equivalents	(19)	3,218	2,198	1,965
Total current assets	(19)	3,838	2,857	2,624
Total assets	2,673	14,734	14,384	13,410
EQUITY AND LIABILITIES				
Equity				
Share capital	900	1,910	1,910	1,910
Retained earnings	0	20	499	611
Revaluation reserve	685	685	685	685
Total equity	1,586	2,615	3,094	3,206
Non-current liabilities				
Borrowings	-	7,798	7,819	7,840
Trade and other payables	930	720	600	600
Deferred tax liability	151	151	274	274
Total non-current liabilities	1,081	8,669	8,693	8,714
Current liabilities				
Trade and other payables	1	3,427	2,545	1,438
Current taxation	5	23	51	51
Total current liabilities	6	3,450	2,596	1,489
Total liabilities	1,087	12,119	11,289	10,204
Total equity and liabilities	2,673	14,734	14,383	13,410

Source: Dizz Finance p.l.c. 2015 audited financial statements, Management projections and Due Diligence Report

Note (1): Period covers from 24 June 2015 to 31 Dec 2015

9.2 Guarantor's statement of financial position

Guarantor's statement of financial position

€000	FY13 ⁽¹⁾ Actual	FY14 Actual	FY15 Actual	FY16 Forecast	FY17 Projection	FY18 Projection
ASSETS						
Non-current assets						
Intangible asset	79	149	280	232	184	144
Property, plant and equipment	2,194	2,360	3,075	7,388	9,243	10,114
Investment property	-	-	1,297	2,187	2,839	2,839
Trade and other receivables	-	-	132	245	-	-
Investment in associates	-	1	-	-	-	-
Deferred tax asset	-	3	14	14	(110)	(110)
Total non-current assets	2,273	2,513	4,798	10,065	12,156	12,987
Current assets						
Inventories	141	471	565	1,793	1,883	1,977
Trade and other receivables	40	55	152	163	174	183
Cash and cash equivalents	6	134	8	3,218	2,198	1,965
Total current assets	187	660	725	5,174	4,256	4,125
Total Assets	2,460	3,173	5,523	15,239	16,411	17,112
EQUITY AND LIABILITIES						
Equity						
Share capital	468	468	2,280	3,290	3,290	3,290
Retained earnings	(210)	(93)	24	301	1,420	2,162
Revaluation reserve	478	478	685	685	685	685
	736	853	2,989	4,276	5,395	6,137
Non-controlling interest	26	10	54	98	146	199
Total equity	762	863	3,043	4,375	5,541	6,336
Non-current liabilities						
Borrowings ⁽²⁾	996	1,093	723	8,398	8,419	8,440
Deferred tax liability	15	-	151	151	151	151
Total non-current liabilities	1,011	1,093	874	8,549	8,570	8,591
Current liabilities						
Borrowings ⁽²⁾	-	397	912	-	-	-
Trade and other payables	646	736	659	2,151	1,902	1,776
Current taxation	41	84	34	164	399	409
Total current liabilities	687	1,217	1,605	2,315	2,301	2,185
Total liabilities	1,698	2,310	2,479	10,864	10,871	10,776
Total Equity and liabilities	2,460	3,173	5,522	15,239	16,412	17,112

Source: Dizz Group of Companies Ltd 2013 to 2015 audited financial statements, Management projections and Due Diligence Report

Note 1: Based on Audited pro-forma results as Dizz Group of Companies Ltd as incorporated on 28 March 2014

Note 2: A split between current and non current borrowings was not made available for FY2013

Issuer

Dizz Finance p.l.c.
Dizz Building,
Carob Street,
Santa Venera, SVR1700
Malta

Legal Counsel

Camilleri Preziosi
Level 3, Valletta Buildings,
South Street
Valletta VLT 1103
Malta

Registrar and Manager

Malta Stock Exchange p.l.c.
Garrison Chapel,
Castille Place
Valletta VLT 1063
Malta

Sponsor

Financial Planning Services Limited
4, Marina Court,
G. Cali Street,
Ta' Xbiex XBX 1412
Matla