

BASE PROSPECTUS

Dated 26 November 2014

Innovation Financial Solutions (IFS) p.l.c.

a public limited liability company registered under the laws of Malta with company registration number C 65522 and having its registered office at 171, Old Bakery Street, Valletta VLT 1455, Malta

€50,000,000 7% Asset Backed Note Programme

THE LISTING AUTHORITY HAS AUTHORISED THE ADMISSIBILITY OF THE NOTES TO LISTING ON THE EUROPEAN WHOLESALE SECURITIES MARKET, WHICH MEANS THAT THIS BASE PROSPECTUS HAS BEEN APPROVED BY THE LISTING AUTHORITY AS A BASE PROSPECTUS IN TERMS OF THE PROSPECTUS DIRECTIVE AND THAT THE NOTES ARE IN COMPLIANCE WITH THE LISTING RULES FOR THE EUROPEAN WHOLESALE SECURITIES MARKET.

APPLICATION WILL ALSO BE MADE TO THE EUROPEAN WHOLESALE SECURITIES MARKET FOR EACH TRANCHE OF NOTES ISSUED UNDER THE PROGRAMME TO BE ADMITTED TO LISTING AND TRADING ON THE EUROPEAN WHOLESALE SECURITIES MARKET.

Legal Counsel



Agent



Trustee



Important Information

This Base Prospectus (together with any Supplement published from time to time) constitutes a base prospectus for the purposes of Article 5.4 of the Prospectus Directive in respect of all Notes issued under the Programme.

This Base Prospectus has been filed with the Listing Authority and will be published in electronic form on the website of the Listing Authority and is also available, in printed form, free of charge, from the registered office of the Issuer and the Agent.

This Base Prospectus is to be read and construed in conjunction with any Supplement hereto and all documents which are deemed to be incorporated herein by reference (see Section 7 – *Reference Documents*). This Base Prospectus shall therefore be read and construed on the basis that all Reference Documents are incorporated in and form part of this Base Prospectus.

The Issuer confirms that (i) this Base Prospectus contains all information with respect to the Issuer and the Notes that is material in the context of the Programme and the issue and offering of the Notes; (ii) the information contained herein in respect of the Issuer and the Notes is accurate in all material respects and is not misleading; (iii) any opinions and intentions expressed herein are honestly held and based on reasonable assumptions; (iv) there are no other facts, the omission of which would make any statement, whether fact or opinion, in this Base Prospectus misleading in any material respect; (v) and that all reasonable enquiries have been made to ascertain all facts and to verify the accuracy of all statements contained herein.

No person has been authorised to give any information, issue any advertisement or make any representation which is not contained or consistent with this Base Prospectus or any other document produced in relation to the Programme and, if given or made, such information, advertisement or representation must not be relied upon as having been authorised by the Issuer.

All of the Directors whose names appear under Section 4.3.1 of this Base Prospectus are the persons responsible for the information contained in this Base Prospectus. To the best of the knowledge and belief of the Directors the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect its import, and the Directors have taken all reasonable care to ensure that this is the case. The Directors accept responsibility accordingly.

None of the advisers or any person mentioned in this Base Prospectus, other than the Issuer and its directors, shall be responsible for the information contained in this Base Prospectus and any Supplement, Reference Documents or Final Terms, and accordingly, to the extent permitted by the laws of any relevant jurisdiction, none of these persons accepts any responsibility as to the accuracy and completeness of the information contained in any of these documents.

All the advisers to the Issuer have acted and are acting exclusively for the Issuer in relation to this Base Prospectus and have no contractual, fiduciary or other obligation or responsibility towards any other person and will accordingly not be responsible to any investor or any other person whomsoever in relation to the contents of and any information contained in the Base Prospectus, its completeness or accuracy or any other statement made in connection therewith. Each person receiving this Base Prospectus acknowledges that such person has not relied on any of the advisers in connection with its investigation of the accuracy of such information or its investment decision and each person must rely on its own evaluation of the Programme and the merits and risks involved in the Programme.

The Issuer confirms that information included in this Base Prospectus in respect of undertakings or obligors that are not involved in the issue has been accurately reproduced from information published by or sourced from the relevant undertaking/obligor. The Issuer further confirms that such information has been accurately reproduced, and as far as the Issuer is aware and is able to ascertain

from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

It is the responsibility of any person in possession of this document to inform themselves of and to observe and comply with, all applicable law and regulations of any relevant jurisdiction. Prospective Applicants for any Notes that may be issued under the Programme should inform themselves as to the legal, tax and investment requirements of applying for any such Notes and any applicable exchange control requirements and taxes in the countries of their nationality, residence or domicile. Applicants must rely on their own legal advisers, accountants and other financial advisers as to legal, tax, investment or any other related matters concerning the Programme.

This Base Prospectus, together with all Supplements, Reference Documents and the relevant Final Terms, should be read in their entirety before deciding whether to acquire any Notes. This Base Prospectus is valid for twelve (12) months from the date of publication. This Base Prospectus, any Supplement and any Final Terms reflect their status as at their respective dates of issue.

The Base Prospectus, the Final Terms and/or the offering, sale or delivery of any Notes may not be taken as an implication that (i) the information contained in such documents is accurate and complete subsequent to their respective dates of issue, (ii) there has been no adverse change in the financial condition of the Issuer since such dates or (iii) any other information supplied in connection with the Programme is accurate at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

This Base Prospectus and/or the Final Terms do not constitute, and may not be used for the purposes of an offer, invitation or solicitation to any person (i) in any jurisdiction in which such offer, invitation or solicitation is not authorised, (ii) in any jurisdiction in which any person making such offer, invitation or solicitation is not qualified to do so or (iii) to whom it is unlawful to make such offer, invitation or solicitation. The distribution of this Base Prospectus and/or the Final Terms in certain jurisdictions may be restricted and accordingly, persons into whose possession it is received are required to inform themselves about, and to observe, such restrictions.

The Notes will not be registered under the United States Securities Act of 1933, as amended. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended). The Notes may only be offered, sold or delivered to, and accepted by, 'qualified investors' (as such term is defined in the Prospectus Directive).

The Notes issued under the Programme will be listed and admitted to trading on European Wholesale Securities Market. The European Wholesale Securities Market is a 'regulated market' for the purposes of MiFID that is authorised and supervised by the Listing Authority.

The value of investments can rise or fall and past performance is not necessarily indicative of future performance. If you need advice with respect to the Programme, you should consult a licensed investment adviser.

The Notes, all the rights and obligations of the Noteholders and the Issuer, and any non-contractual obligations arising out of or in connection with the Notes, shall be governed by and construed in accordance with Maltese law. The Courts of Malta shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes, all the rights and obligations of the Noteholders and/or the Issuer, and any non-contractual obligations arising out of or in connection with the Notes. Statements made in this document are (except where otherwise stated) based on the law and practice currently in force in Malta and are subject to changes thereto.

This Prospectus can only be used for the purposes for which it has been published.

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Definitions

The following words and expressions shall bear the following meanings, except where the context otherwise requires:

Account Bank	Sparkasse Bank Malta plc, an MFSA licensed credit institution in terms of the Banking Act, Chapter 371 of the laws of Malta;
Agency Agreement	the agreement between the Issuer and the Agent dated on or around the date of this Base Prospectus pursuant to which the Agent is appointed as the Issuer's subscription agent and paying agent in respect of the Notes;
Agent	Calamatta Cuschieri & Co Ltd of 5th Floor, Valletta Buildings, South Street, Valletta, Malta, in its capacity as the Issuer's subscription agent and paying agent;
Applicant	a person whose name, or persons whose names in the case of joint applicants, appear in the registration details of an Application Form;
Approved Investors	Applicants whose Application Forms have been accepted and approved by the Issuer or the Agent on behalf of the Issuer;
Application Form	the application for subscription of the Notes, copies of which are available from the Issuer or the Agent upon request;
Asset Pool	the Issuer's actively managed pool of assets that will back issue of the Notes, which pool shall be comprised of the Eligible Assets and all payments due to the Issuer in respect of the Eligible Assets;
Base Prospectus	this document in its entirety, including all Reference Documents;
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;
Board	the board of directors of the Issuer;
Central Securities Depository or CSD	the central registration system for dematerialised financial instruments in Malta operated by the MSE and authorised in terms of the Financial Markets Act;
Clearstream	Clearstream Banking AG of 60485 Frankfurt am Main, Germany;
Companies Act	the Companies Act, Chapter 386 of the laws of Malta;
Credit Institution	means a credit institution which is, or whose head office or parent company is, licensed, regulated, registered or based in an Eligible State;
Debt Securities	means debt instruments in whatever form with a determinable maturity or redemption date;

Directors	the directors of the Issuer;
Eligible Assets	the Italian Notes and the Other Eligible Securities;
Eligible Asset Obligor	the obligors of the Issuer in respect of the Eligible Assets acquired and held by the Issuer from time to time;
Eligible Investors	persons who are ‘qualified investors’ (as that term is defined in Article 2 of the Prospectus Directive) and that are not ‘U.S. persons’ (as such that term is defined in Regulation S of the U.S. Securities Act of 1933, as amended);
EUR, Euro or €	means the lawful currency of the Eurozone, being the region comprised of Member States of the European Union that have and continue to adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union and by the Treaty of Amsterdam;
Eligible State	means any member state of the European Union (excluding Malta) and any member state of the Organisation for Economic Co-operation and Development;
Eligible State Issuer	means (i) an Eligible State, (ii) any local authorities situated in an Eligible State and (iii) any public international body of which one or more Eligible States are members;
Event of Default	each event specified as an event of default in Section 10.12.1;
EWSM	the European Wholesale Securities Market, a ‘regulated market’ for the purposes of MiFID that is authorised and supervised by the Listing Authority;
Nominal Value	means, in respect of each Note, EUR 100,000;
Final Terms	the final terms applicable to a Tranche that will published by the Issuer from time to time in the form set out in Section 11 to this Base Prospectus;
Financial Markets Act	the Financial Markets Act, Chapter 345 of the laws of Malta;
Equity Securities	shares and other securities that are equivalent to shares in companies and that are issued by issuers whose registered office or main place of business is located in an Eligible State;
Income Tax Act	the Income Tax Act, Chapter 123 of the laws of Malta;
Interest Payment Date	the two (2) dates of each year (between and including the years 2015 and 2019, or if any such day is not a Business Day, the next following day that is a Business Day) on which interest payable on the Notes shall be paid, which Interest Payment Dates shall be the same for, and indicated in the Final Terms of, each Tranche;
Interest Rate	seven percent (7%) per annum;

Investment Services Act	the Investment Services Act, Chapter 370 of the laws of Malta;
Interest Commencement Date	means the Issue Date;
Issue Date	the issue date of a Tranche, which shall be indicated in the Final Terms for that Tranche;
Issue Price	the issue price of a Tranche, which shall be indicated in the Final Terms for that Tranche;
Issuer	Innovation Financial Solutions (IFS) p.l.c., a public limited liability company registered under the laws of Malta with company registration number C 65522 and having its registered office at 171, Old Bakery Street, Valletta VLT 1455, Malta;
Italian Notes	senior asset backed notes issued by the Italian SPV in respect of the Italian Notes Segregated Patrimony, which notes will be backed by the Underlying Claims that are transferred or assigned to the Italian SPV in respect of the Italian Notes Segregated Patrimony;
Italian Notes Segregated Patrimony	the segregated patrimony of the Italian SPV comprised of the Italian Notes, the Underlying Claims and the proceeds of the Underlying Claims;
Italian Securitisation Law	means Italian Law No. 130 of 30 April 1999, as amended and supplemented from time to time;
Italian SPV	Solvendi Causa 130 S.r.l., a private limited liability company incorporated in Italy as a special purpose vehicle subject to the provisions of the Italian Securitisation Law with company registration number 3267371205;
Italian SPV Arranger	OIB Open Innovation & Business S.p.A, with company registration number 3305291209 and its registered office at 41, Via Dell' Indipendenza, Bologna, Italy;
Italian SPV Servicer	Centrotrenta Servicing S.p.A., with company registration number 7524870966 and its registered office at 4, Via San Prospero, 20121 Milan, Italy;
Laws of Malta	the laws of Malta;
Listing Agent	ISE Listing Services of 28 Anglesea Street, Dublin 2, Ireland;

Listing Authority	the MFSA, appointed as Listing Authority for the EWSM for the purposes of the Financial Markets Act;
Listing Rules	the Listing Rules for the EWSM issued by the Listing Authority and the Guidelines for Listing and Trading on the European Wholesale Securities Market issued by the EWSM;
MSE	Malta Stock Exchange p.l.c., as originally constituted by the Financial Markets Act, bearing company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
Maturity Date	the maturity date of all the Notes issued under the Programme, which maturity date shall be the same for, and indicated in the Final Terms of, each Tranche;
Memorandum and/or Articles of Association	the memorandum and articles of association of the Issuer in force at the time of publication of this Base Prospectus;
MiFID	Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC;
MFSA	Malta Financial Services Authority as established under the Malta Financial Services Authority Act (Chapter 330 of the Laws of Malta;
Money Market Instruments	means any securities that at the time of acquisition by the Issuer have an initial or remaining maturity which does not exceed 397 days.
Non-Performing Loans	a portfolio of unsecured commercial and consumer loans originated by Italian credit institutions and acquired by the Italian SPV;
Noteholder/s	any holder/s of the Notes from time to time, as evidenced by an electronic entry in the register of Notes held by the CSD;
Notes	the asset backed notes issued by the Issuer under the Programme in terms of this Base Prospectus and the relevant Final Terms;
Operating Account	the Issuer's operating account with the Account Bank;
Other Eligible Securities	the Eligible Assets (other than the Italian Notes) in which the Issuer is permitted to invest in accordance with Section 5.5 of this Base Prospectus;
Parent	EIP p.l.c., a public limited company registered in Malta under company registration number C 65310 with its registered office address at 171, Old Bakery Street Valletta;

Programme	the €50,000,000 7% asset backed note programme to which this Base Prospectus relates and under which the Notes will be issued;
Prospectus	this Base Prospectus in its entirety, together with any Supplements and the relevant Final Terms for each issue of Notes;
Prospectus Directive	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 and amending Directive 2001/34/EC, and as amended by Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010;
Prospectus Regulation	Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive as amended by Commission Delegated Regulation (EU) No 486/2012 of 30 March 2012 and as further amended by Commission Regulation (EU) No 862/2012;
Reference Documents	The documents listed in Section 7 under the heading “Reference Documents”;
Regulated Market	means any stock exchange or other regulated market which operates regularly and which is recognised and is open to the public, and which is located in an Eligible State;
Securities Account	the Issuer’s securities account with the Account Bank as may be specified in the Securities Account Pledge Agreement;
Securities Account Assets	the Securities Account, including all assets in held in the Securities Account from time to time (including all Eligible Assets), as may be further specified in the Securities Account Pledge Agreement;
Securities Account Pledge	a pledge over the Securities Account Assets granted by the Issuer in favour of the Trustee for the benefit of the Noteholders pursuant and subject to the terms of the Securities Account Pledge Agreement;
Securities Account Pledge Agreement	the pledge agreement dated on or around the date of this Prospectus, whereby the Issuer shall create the Securities Account Pledge;
Series	the single series of Notes to be issued by the Issuer under the Programme, which shall be made up of one or more Tranches;
Subscription Account	the Issuer’s subscription account with the Account Bank;
Supplement	any supplement to this Base Prospectus which may be issued from time to time by the Issuer;
Supplemental Trust Deed	the supplemental trust deed constituting each Tranche that shall incorporate the Terms and Conditions of the Notes set out in the Trust Deed as well as those Terms and Conditions set out in the Final Terms for that Tranche;

Tax Credits	tax credits of natural or legal persons against and claimable directly from the Italian Government, primarily the tax credits of Italian companies that are in liquidation/bankruptcy;
Terms and Conditions	the terms and conditions applicable to each Tranche that are described in Section 10, as completed or supplemented by the Final Terms for the relevant Tranche;
Tranche	each tranche of the single Series of Notes to be issued by the Issuer under the Programme in accordance with the provisions of this Base Prospectus (as may be amended, supplemented and updated from time to time) and the applicable Final Terms, each tranche being identical in all respects, except for the Issue Date, Interest Commencement Date and/or Issue Price;
Trust Deed	the trust deed constituting the Notes to be entered into by the Issuer and the Trustee on or prior to the Issue Date of the first Tranche;
Trustee	Equity Wealth Solutions Limited, a private limited liability company, with company registration number C 31987 and its registered office at 176, Old Bakery Street Valletta;
Underlying Claims	a pool of monetary claims comprised of, and other connected rights arising from, the Tax Credits and the Non-Performing Loans;
Underlying Debtors	the debtors of the Italian SPV in respect of the Underlying Claims, namely the Italian Government in respect of the Tax Credits and the borrowers in respect of the Non-Performing Loans, as applicable;

1. Risk Factors

1.1 General

An investment in the Notes to be issued by the Issuer involves certain risks, including but not limited to those risks described in this Section. The following risks are those identified by the Issuer as at the date of this Base Prospectus. Prospective investors should carefully consider, together with their independent financial and other professional advisers, the following risk factors (not listed in order of priority) and other investment considerations as well as all the other information contained in the Prospectus before deciding to make an investment in the Issuer and the Notes.

Some of these risks are subject to contingencies that may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingencies occurring. The sequence in which the risks below are listed is not intended to be indicative of any order of probability of a particular cause of loss arising or of the extent of that loss should it arise.

Should any of the risks described below materialise, they could have a serious adverse effect on the Issuer's financial results and trading prospects and the ability of the Issuer to fulfil its obligations under the Notes.

The risks and uncertainties discussed below may not be the only ones that the Issuer faces. Additional risks and uncertainties, including those the Directors of the Issuer may not currently be aware of, could well result in a material impact on the financial condition and operational performance of the Issuer. Accordingly, prospective investors should make their own independent evaluation of all risk factors, and should carefully read, consider and understand the Prospectus as a whole before investing in the Notes. In addition, prospective investors ought to be aware that risk may be amplified due to a combination of risk factors.

1.2 Forward Looking Statements

This document includes statements that are or may be deemed to be "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will", or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements are based purely on the intentions, beliefs or current expectations of the Issuer and/or the Directors. There can be no assurance that the results and events contemplated by the forward-looking statements contained in this Base Prospectus will occur.

Forward-looking statements, by their very nature, involve substantial uncertainties because they relate to events and depend on circumstances that may or may not occur in the future, many of which are beyond the Issuer's control. Forward-looking statements are not guarantees of future performance and should therefore not be construed as such. The Issuer's actual results of operations and financial condition may, as a result of many different factors, differ materially from the impression created by the forward-looking statements contained in this document. In addition, even if the results of operations and financial condition of the Issuer are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods.

Subject to its legal and regulatory obligations (including those under the Listing Rules), the Issuer and its Directors expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

1.3 Risks Relating to the Issuer

1.3.1 Limited Source of Funds for Payments to Noteholders

The Issuer will have no assets other than the Eligible Assets and any payments received by the Issuer in respect of the Eligible Assets. While the expected returns on the Eligible Assets are discussed herein, there can be no assurance that there will be sufficient funds in the Asset Pool to enable the Issuer to pay interest when due on the Notes and/or to repay the principal on the Notes on the Maturity Date, in whole or in part.

1.3.2 No Current Income

The Issuer's investment policies should be considered speculative as there can be no assurance that the assessment of the prospectus of the Issuer's investments, some of which have not yet been identified, will generate a return sufficient for the Issuer to meet its obligations to Noteholders.

1.3.3 Credit Risk

The Issuer is subject to the credit risk of the Eligible Asset Obligors defaulting on their obligations to the Issuer. Any default or inability of the Eligible Asset Obligors to pay the Issuer amounts due in respect of the Eligible Assets may result in the inability of the Issuer to meet its obligations, in whole or in part, to Noteholders under the Notes. The Issuer is principally subject to the credit risk of the Italian SPV, as the Italian notes are expected to constitute a substantial portion of the Asset Pool.

1.3.4 Liquidity Risk

The Issuer is also subject to liquidity risk, which is the risk that the Issuer may be unable to meet its obligations as they become due. The ability of the Issuer to meet its obligations in respect of the Notes will be dependent on, *inter alia*, the timely payment of any amounts due under the Eligible Assets. The Issuer is subject to the risk of delay arising between the scheduled payment dates for interest, dividends or other distributions owed to the Issuer in respect of the Eligible Assets and the date of actual receipt of those payments, dividends or other distributions. Any delay in payments due to the Issuer in respect of the Eligible Assets could result in a delay in payments due by the Issuer to Noteholders under the Notes.

1.3.5 Special Purpose Vehicle / Lack of Operating History

The Issuer is a special purpose vehicle established for the purpose of issuing asset backed securities such as the Notes. The Issuer was incorporated on the 6th June 2014 and has no operating history that can be evaluated as a basis for the Issuer's potential performance.

1.3.6 Dependence on the Board of Directors

In addition to being responsible for the general management of the Issuer's affairs, the Board will be responsible for the selection of Eligible Assets that are to comprise the Asset Pool. The Issuer will not be appointing a collateral manager or other outside service provider to manage the Asset Pool. The selection of assets for the Asset Pool by the directors will therefore have a significant effect on the ability of the Issuer to meet its obligations to Noteholders under the Notes.

1.3.7 Market Risk

The Eligible Assets are subject to normal market fluctuations and the risks inherent in investment in the international securities markets. There can be no assurance that the Eligible Assets will appreciate

in value or will not depreciate in value or produce the expected returns necessary for the Issuer to meet its obligations to the Noteholders.

1.3.8 Concentration Risk

Concentration risk may arise because of lack of diversification in the Issuer's business that may lead to excessive exposure or concentration in one counterparty or group of connected counterparties. The Issuer is a special purpose vehicle and the Issuer's business is therefore, by definition, not diversified. Moreover, the Italian Notes are expected to constitute a substantial portion of the Eligible Assets, which means that the Issuer's financial position and its ability to meet its obligations to Noteholders will be heavily dependent on the Italian SPV's ability to meet its obligations to the Issuer under the Italian Notes.

1.3.9 Currency Risk

The investments of the Issuer will be denominated predominantly in the same currency as the Notes i.e. in Euro. Should the Issuer invest in Eligible Assets that are denominated in a currency other than Euro, the Issuer may be subject to, and its ability to meet its obligations in respect of the Notes affected adversely by, exchange rate movements.

1.4 Risks Relating to the Italian SPV

1.4.1 The Italian Securitisation Law

The Italian SPV was established to undertake securitisation transactions in accordance with the Italian Securitisation Law. As at the date of this Prospectus, limited interpretation of the application of the Securitisation Law has been issued by any Italian governmental or regulatory authority. Consequently, it is possible that such authorities may issue further regulations relating to the Securitisation Law or to the interpretation thereof, the impact of which cannot be predicted by the Issuer or any other party as at the date of this Prospectus.

1.4.2 Credit Risk

The Italian SPV is subject to the risk of default in payment by the Underlying Debtors, including any failure by the Italian SPV Servicer to collect or recover sufficient funds in respect of the Underlying Claims for the Italian SPV to discharge all amounts payable under the Italian Notes. The Issuer is therefore, albeit indirectly, also subject to the credit risk of the Underlying Debtors defaulting on their obligations in respect of the Underlying Claims.

1.4.3 Liquidity Risk

Liquidity risk is the risk that the Issuer may be unable to meet its obligations as they become due. The Italian SPV is subject to the risk of delay arising between the scheduled payment dates for the Underlying Claims and actual receipt of payments due from Underlying Debtors. As the Italian Notes constitute a substantial portion of the Asset Pool, any delay in payments due by the Underlying Debtors to the Italian SPV in respect of the Underlying Claims could result in a delay in payments due by the Italian SPV to the Issuer under the Italian Notes, which could in turn result in a delay in payments due by the Issuer to Noteholders under the Notes.

1.4.4 Concentration and Counterparty Risk

The Italian SPV's obligations to the Issuer under the Italian Notes will be backed and funded by a large portfolio of Underlying Claims. However, the Underlying Claims will be concentrated in a two very narrow market segments, namely the Tax Credits and the Non-Performing Loans, which are

further concentrated by geography. The lack of diversification in terms of the type of Underlying Claims means that the materialisation of any number of risks adversely affecting those markets as a whole (including but not limited to a severe or extended economic downturn of Italy's economy) will impact the financial condition of both the Underlying Debtors and the Italian SPV and the ability of the Italian SPV to meet its obligations to the Issuer in respect of the Italian Notes.

Moreover, there will only be one underlying obligor in respect of the Tax Credits, namely the Italian Government, which exposes the Italian SPV to significant counterparty risk in respect of those particular Underlying Claims.

1.4.5 No Independent Investigation of the Underlying Claims

The ability of the Italian SPV to satisfy its obligations to the Issuer will be dependent on the proceeds received by the Italian SPV in respect of the Underlying Claims. None of the Issuer, the Directors, the Trustee and the Agent, will carry out or be obliged to carry out any due diligence in respect of any of the Underlying Claims assigned and transferred to the Italian SPV that will back the issue of the Italian Notes, nor will any of them undertake any investigation, search or other action to verify the details of the Underlying Claims or to establish the creditworthiness of the Underlying Debtors. There can be no assurance that the assumptions used by the Italian SPV and/or its service providers in modelling the cash flows of the Underlying Claims will accurately reflect the status of the Underlying Claims.

1.4.6 Non-Performing Loans

A portion of the Underlying Claims backing the issue of the Italian Notes will be in respect of the Non-Performing Loans. Investing in Non-performing loans is inherently risky. Non-performing loans are, by definition, loans that are in default or at least close to default. There can be no guarantee that the Underlying Debtors will not default under the Non-Performing Loans and/or that they will continue to perform thereunder. In fact, it is highly likely that one or more Underlying Debtors could fail to make payments in respect of the Non-Performing Loans. Adverse changes in economic conditions, in particular, may affect the ability of the Underlying Debtors to repay the Non-Performing Loans.

The recovery of overdue amounts in respect of the Non-Performing Loans will be affected by the length of enforcement proceedings in respect of the Non-Performing Loans, which in the Republic of Italy can take a considerable amount of time depending on the type of action required and where such action is taken. Certain courts may take longer than the national average to enforce the Non-Performing Loans and more proceedings may be further protracted a payment injunction is required or if the Underlying Debtor raises a defence or counterclaim to the proceedings.

1.4.7 Competition

The Italian SPV may encounter competition in the market for purchasing the Underlying Claims. This competition may influence the price paid by the Italian SPV for the Underlying Claims and may also impact the Italian SPV's ability to acquire enough policies to meet its investment objective, and in turn, its obligations to the Issuer in respect of the Italian Notes.

1.4.8 Changes in Applicable Law and Regulation

The Italian SPV is subject to the Italian Securitisation Law and all other applicable Italian laws. Any change in Italian law or regulation may make it more difficult to purchase and/or make collections on the Underlying Claims, which adverse change could cause the Italian SPV severe problems in its attempt to implement its investment objectives, including impairment of its expected recoveries and its ability to meet its obligations to the Issuer in respect of the Italian Notes. Any adverse change in

Italian law or regulation may also have a material and adverse effect on the Italian SPV's ability to sell the Underlying Claims in the secondary market should it need to do so.

1.4.9 Failure of Service Providers

The Italian SPV is entirely reliant on its service providers (including the Italian SPV Arranger and the Italian SPV Servicer). Failure of any service provider to carry out its obligations to the Italian SPV could have a materially detrimental effect on the operations of the Italian SPV and potentially its ability to meet its obligations to the Issuer in respect of the Italian Notes.

1.4.10 Italian Withholding and Other Taxes

No disclosure is made in this Base Prospectus is made in respect of taxation in Italy, whether in relation to payments made in respect of the Italian Notes, in respect of the Underlying Claims or in respect of the Italian SPV generally. There can be no assurance that the Italian SPV and/or payments to the Issuer in respect of the Italian Notes will not be subject to withholding or other taxes, which could materially affect the ability of the Italian SPV to meet its obligations to the Issuer in respect of the Italian Notes.

1.5 Risks Relating to the Notes

1.5.1 No Assurance of Active Secondary Market for the Notes

Prior to the admission of the Notes to trading on the EWSM, no securities of the Issuer will have been listed on any stock or other recognised or regulated investment exchange or otherwise publically (or even privately) traded. The existence of an orderly and liquid market for the Notes will depend on a number of factors, including the presence of willing buyers and sellers of the Notes at any given time and over whom the Issuer has no control. Accordingly, it will be impossible to guarantee a liquid or any secondary market for the Notes after their admission to trading or that such a market, should it develop, will subsist. Illiquidity can have a severe adverse effect on the market value of the Notes and the price quoted by Noteholders for Notes already admitted to trading on the EWSM may be at a significant discount to the original purchase price of those Notes. There can be no assurance that Noteholders will be able to sell the Notes at or above the price at which the Issuer issued the Notes or at all.

1.5.2 No Rating

The Issuer does not intend to request any rating of the Notes, whether by an internationally recognised rating agency or otherwise. The lack of a rating may adversely affect the transfer of the Notes by the Noteholders.

1.5.3 Risks Relating to Fixed Rate Debt Securities

The Notes are fixed rate notes. Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the market value of the Notes. Investors should be aware that because of the way yield is typically calculated by market participants, the price of fixed income securities tends to move in a way that is inversely proportional to changes in interest rates. Accordingly, when prevailing market interest rates are rising, the prices that market participants will generally be willing to pay for the Notes can be expected to decline. Conversely, if market interest rates are declining, secondary market prices for the Notes will tend to rise. Moreover, fixed rate debt securities with a longer period to maturity will tend to reflect a greater degree of secondary market price volatility relative to movements in market interest rates when compared to fixed rate debt securities with a shorter remaining life.

1.5.4 Discontinuation of Listing

Even after the Notes are admitted to trading on the EWSM, the Issuer is required to remain in compliance with certain requirements relating, *inter alia*, to the free transferability, clearance and settlement of the Notes in order to remain a listed company in good standing. Moreover, the Listing Authority has the authority to suspend trading or listing of the Notes if, *inter alia*, it determines that such action is required for the protection of investors or of the integrity or reputation of the market. The Listing Authority may also discontinue the listing of the Notes on the EWSM. Any trading suspension or listing discontinuation described above could have a material adverse effect on the liquidity and value of the Notes.

1.5.5 Change of Law

The Terms and Conditions of Notes offered by pursuant to this Base Prospectus are based on Maltese law in effect as at the date hereof. No assurance can be given as to the impact of any possible judicial decision or change in Maltese law or administrative practice after the date of this Prospectus.

1.5.6 Liability for the Notes and Limited Enforcement Rights

The Notes are an obligation of the Issuer only and do not establish any liability or other obligation of any other person mentioned in this Base Prospectus including but limited to the Trustee, the Agent, the Account Bank and/or any of the Issuer's other service providers. Moreover, the protection and exercise of the Noteholders' rights against the Issuer and the enforcement of the security or other claims under the Notes must be exercised through the Trustee as specified in the Trust Deed, which therefore limit the Noteholders from enforcing their rights against the Issuer through individual actions (or even collectively without the involvement of the Trustee).

THE FOREGOING RISK FACTORS ARE NOT EXHAUSTIVE AND DO NOT PURPORT TO BE A COMPLETE LIST OF ALL OF THE RISKS AND CONSIDERATIONS INVOLVED IN INVESTING IN THE NOTES. IN PARTICULAR, THE ISSUER'S PERFORMANCE MAY BE AFFECTED BY CHANGES IN MARKET OR ECONOMIC CONDITIONS AS WELL AS LEGAL, REGULATORY AND TAX REQUIREMENTS APPLICABLE TO THE ISSUER, THE ITALIAN SPV AND/OR THE NOTES.

2. PERSONS RESPONSIBLE

All of the Directors whose names appear under Section 4.3.1 of this Base Prospectus are the persons responsible for the information contained in this Base Prospectus. To the best of the knowledge and belief of the Directors the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect its import, and the Directors have taken all reasonable care to ensure that this is the case. The Directors accept responsibility accordingly.

3. ADVISORS AND STATUTORY AUDITORS

3.1 Advisors

Legal Counsel	GANADO Advocates 171, Old Bakery Street Valletta, VLT 1455 Malta
Tax Advisors	PricewaterhouseCoopers 78, Mill Street Qormi QRM 3101 Malta
Listing Agent	ISE Listing Services 28 Anglesea Street Dublin 2 Ireland

The services of the Issuer's legal counsel in respect of this Base Prospectus are limited to those specific matters upon which it has been consulted. There may be other matters that would have a bearing on the Issuer or an investment in the Notes upon which the Issuer's legal counsel has not been consulted. The Issuer's legal counsel does not undertake to monitor the compliance by the Issuer with its obligations as described in this Base Prospectus, nor does it monitor the Issuer's activities for compliance with applicable laws. Additionally the Issuer's legal counsel has relied and continues to rely upon information furnished to it by the Issuer and the Directors, and has not investigated or verified nor will it investigate or verify the accuracy and completeness of information set out herein concerning the Issuer, the Agent, the Trustee, the Italian SPV, the Italian SPV Arranger, the Italian SPV Servicer or any other service providers to the Issuer or the Italian SPV or any other parties involved in the issue of the Notes (including all of their respective affiliates, directors, officers, employees and agents). Moreover, the Issuer's legal counsel accepts no responsibility for any description of matters in this Base Prospectus that relate to (and any issues arising from) any applicable law that is not Maltese law.

3.2 Statutory Auditors

PricewaterhouseCoopers of 78, Mill Street, Qormi, QRM 3101, Malta, have been appointed as the Issuer's statutory auditors until the next general meeting of the Issuer.

PricewaterhouseCoopers, is a firm of certified public accountants, holding a warrant to practice the profession of accountant and a practising certificate to act as auditors in terms of the Accountancy Profession Act (Chapter 281 of the laws of Malta). PricewaterhouseCoopers is a registered audit firm with the Accountancy Board of Malta with registration number AB/26/84/38.

4. THE ISSUER

4.1 Information about the Issuer

Legal & Commercial Name: Innovation Financial Solutions (IFS) p.l.c.

Company Registration Number: C 65522

Legal Form: public limited company established under the Companies Act

Place of Registration & Domicile: Malta

Date of Registration: 6 June 2014

Registered Office Address: 171, Old Bakery Street, Malta

Telephone Number: +356 25688688

Fax Number: +356 25688256

E-mail Address: ipo@cc.com.mt

4.2 Business Overview

The Issuer was established as special purpose vehicle for the purpose of issuing asset backed securities such as the Notes.

The Issuer's business is limited to the acquisition of the Eligible Assets, the management of the Asset Pool and the financing of its activities through the issuance of asset backed securities. The Issuer does not carry on any other business.

4.3 Administrative, Management and Supervisory Bodies

4.3.1 The Board

As at the date of this Base Prospectus, the Board is composed of the following persons, whose *curricula vitae* can be found in Section 4.3.2 below.

Prof. Paolo Catalfamo

Dr. John Kozup

Dr. William Zappaterra

Mr. Nicholas Calamatta

The Chairman of the Board is Prof. Paolo Catalfamo. The business address of the Directors is that of the Issuer.

4.3.2 Curriculum Vitae of the Directors

Prof. Paolo Catalfamo is a founder and Chairman of the merchant banking group Investar, based in Italy, US, Mauritius and India and Professor at the Villanova School of Business in Philadelphia. He serves as Managing Director of IKF Spa, a holding company listed at the Italian Stock Exchange, as Managing Director and CEO of Milliora Finanzia Spa, a factoring company regulated by the Central Bank of Italy and as an Advisor to Equinox Partners, a private equity fund in Luxembourg. He is the Honorary Consul General of the Republic of Mauritius to Italy and he has been Advisor of the Government of Mauritius and the President of Madagascar. He is also a Board Member of the National Italian American Foundation in Washington D.C. (the association which represents the 26 million Italian-Americans) and Chairman of NIAF Italia. Prof. Catalfamo is also the Chairman of the Advisory Board of the American University of Rome, Board Member of the Advisory Board of the Villanova School of Business in Philadelphia and he was previously also a Board Member of the Advisory Board of Bocconi University in Milan. From 1991 to 2010 he taught Economics of International Financial Intermediaries at the University of Turin, the University of Miami and the

Florida Atlantic University. From 1994 to 2000 he served as Founder, Deputy Chairman and CEO for Italy and Southern Europe of Franklin Templeton, the world third largest independent asset management group. In 2000, he founded Realty Investments and Investclub, two asset management companies regulated by the Bank of Italy, which launch and manage mutual, private equity and hedge funds. In 1992 he was Founder and President of Cruise Finance in Miami, a leading arranger of financing to the cruise industry. Prof. Catalfamo holds a Master Degree in Economic and Social Sciences (DES) from Bocconi University in Milano, with a major in International Finance.

Dr. John Kozup is an Associate Professor of Marketing at Villanova University and Founding Director of the Villanova University Center for Marketing and Public Policy Research. Dr. Kozup's research interests lie in the areas of brand building through innovative practice, cyber security, the marketing of place, financial communication, private equity and venture capital, foreign direct investment, regulatory and political analysis as well as food and supplement marketing. Dr. Kozup also serves as visiting faculty at the Sapienza University of Rome, the LUISS Business School, the University of Klagenfurt, Dayananda Sagar Institutions (India), ISM (Lithuania) and the American University of Rome. Dr. Kozup is also the Founding Director of the Institute for Business, Government and Culture, headquartered at the American University of Rome. Dr. Kozup is President of Investar LLC, an international financial advisory firm with offices in Italy, Mauritius, India and the US. Dr. Kozup serves on the Boards of a variety of financial institutions including Equinox, a private equity fund headquartered in Luxembourg and Lugano, Switzerland and IKF Spa, a SME holding company based in Milan, Italy. Dr. Kozup is also Managing Partner of Trilateral Advisory Group U.S., an international policy and trade consultancy headquartered in London.

Mr. Nicholas Calamatta is the Director of Investment Services of the Agent (i.e. Calamatta Cuschieri & Co Ltd). Mr. Calamatta joined the Agent in 2004 and was appointed as a director in 2007. Mr. Calamatta manages the Agent's investment services operation and sits on the Agent's Investment Committee. Mr. Calamatta graduated from the University of Bournemouth (UK) in 2004 and holds a Bachelor of Arts (Hons) in Financial Services.

Dr. William Zappaterra is and has been an independent consultant in economics, finance and company law since 1985. William obtained a degree in Economics at the University of Guglielmo Marconi and a Diploma in Accounting and Business. He is admitted to the Register of Auditors at the Italian Ministry of Justice and to the Register of Chartered Accountants in the jurisdiction of the Court in Ferrara. Dr Zappaterra is also a member of the Order of Chartered Accountants and Tax Advisors, District Court, Ferrara and he acts as a professional mediator, technical consultant and arbitrator. In 2011 he was included on the list of arbitrators and conciliators, with CONSOB. He holds a certificate of specialization in microfinance and is also specialised in listing processes. He has acted as Chairman of the Board Auditors of Cooperative Warranty CONFIDI-PROF S.C., Bologna and with Arner Bank (Italy) S.p.A., Milan. Dr. Zappaterra acts as adviser to Adenium SGR S.p.A., Milan.

4.3.3 No Audit Committee

The primary purpose of an audit committee is to protect the interests of the company's shareholders and assist the Directors in conducting their role effectively. As the Issuer's shareholders are private stakeholders (and not investors in the Notes being offered pursuant to the Prospectus) and also given the size, nature and (lack of) complexity of the Issuer's business, the Directors have determined that it is not necessary, appropriate or feasible to establish an audit committee.

4.4 Capital Structure and Major Shareholder

The Issuer's authorised share capital is EUR 500,001, divided into 500,000 Ordinary A Shares and 1 Ordinary B Share, all having a nominal value of EUR 1 each. The Issuer's issued share capital is EUR 50,001, divided into 50,000 Ordinary A Shares and 1 Ordinary B Share, all fully paid up.

The holders of the Ordinary A Shares shall have the right to vote, appoint directors, participate in any dividend distributions, and to any surplus profits and a return of capital upon the Issuer's winding up. The holder of the Ordinary B Share shall have not have the right to vote, appoint directors or participate in any dividend distributions of the Issuer and shall only be entitled to a return of the nominal value of the Ordinary B Share upon the Issuer's winding up.

All of the Ordinary A Shares in issue are held by the Parent, EIP p.l.c., which is also a recently incorporated entity. The Ordinary B Share is held by Mr. Andrea Zitelli of Via Innerio 9 SC, P2 APP.TO, 40126 Bologna, Italy.

The directors of the Parent are Prof. Catalfamo and Mr. Zitelli. Prof. Catalfamo holds one hundred percent (100%) of the Parent's voting share capital and therefore has the exclusive right to vote at the Parent's general meetings and appoint the Parent's directors. Prof. Catalfamo also holds ten percent (10%) of the Parent's participating share capital, with ninety percent (90%) of the Parent's participating share capital is held by Mr. Zitelli. Mr. Zitelli is also a director of the Italian SPV Arranger.

4.5 Interests of Persons Involved in the Issue

As at the date of this Base Prospectus, Prof. Catalfamo is a director of the Parent and holds one hundred percent (100%) of the Parent's voting share capital, giving him indirect control over the Issuer in addition to his role as Chairman of the Board. The Parent intends to subscribe zero coupon junior notes to be issued by the Italian SPV, which will be subordinated to the Italian Notes to be issued to and acquired by the Issuer. However, the Parent does not intend to subscribe any of the Notes and it is not otherwise involved in the issue of the Notes.

The interests of Prof. Catalfamo as an indirect shareholder of the Issuer are aligned with his duty as a Director of the Issuer to act in the best interests of the Issuer and its shareholders, the only shareholder of the Company being the Parent. Other than the economic interest that the Parent (and accordingly, Prof. Catalfamo) has in ensuring the success of the Italian SPV's activities through its subscription of zero coupon junior notes issued by the Italian SPV (which junior notes are subordinated to the Italian Notes and will therefore only be repaid by the Italian SPV if all obligations under the Italian Notes are satisfied in full), the Parent has no understanding or arrangement with the Issuer or the Italian SPV, whether related to the issue of the Notes or otherwise.

Dr. Kozup, Dr. Zappaterra and Mr. Calamatta do not hold any shares or share options in the Issuer, directly or indirectly.

The Agent is a MFSA licensed investment services firm and Mr. Calamatta is a director of the Agent and its Director of Advisory Services. The Agent's brokerage business could also be used for the purchase and/or sale of certain Eligible Assets. As a measure to protect against the conflict of interest between Mr. Calamatta's role as a Director and his involvement with the Agent as a service provider to the Issuer, the Board have agreed that Mr. Calamatta shall abstain from voting on any matter relating to the Agent. At a meeting of the Board held on the 25th November 2014, the Board, excluding Mr. Calamatta who abstained from voting, concluded that the Agency Agreement and Agent's fees were negotiated at arm's length and are representative of prevailing market rates for the services provided, and subsequently approved the Agency Agreement. The Board has further undertaken that it will continue to review any fees or commissions charged by the Agent on an ongoing basis.

Other than as stated in the immediately preceding paragraph, there are no potential conflicts of interest between the duties to the Issuer of its directors and their private interests and/or other duties. Potential conflicts of interest situations regarding Board members are specifically regulated by the Companies Act and by Article 100 of the Articles of Association, pursuant to which a Director is

required to declare his interest in any contract or arrangement which is being discussed by the Board, even though he shall not be precluded from voting on that contract or arrangement at the meeting. Moreover, the minutes of Board meetings will invariably include a suitable record of such declaration and of the action taken by the individual Director concerned. Given the nature of the potential conflicts of interest described in the preceding paragraphs, there are no other measures in place to manage conflicts of interest (at board level or otherwise) or to ensure that the control of the Parent is not abused, as none have been deemed necessary by the Issuer.

4.6 Financial Information

As at the date of this Base Prospectus, the Issuer has not yet commenced operations and accordingly, no financial statements have been made up for the short period since its incorporation.

4.7 Legal and arbitration proceedings

There have not been any governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the Issuer is aware) during the period since the Issuer's incorporation in June 2014, which may have or have had significant effects on the Issuer's financial position or profitability.

5. THE ASSET POOL

5.1 Management of the Asset Pool

The Notes will be backed by an actively managed pool of assets. The Board will be responsible for the selection of Eligible Assets that are to comprise the Asset Pool. The Issuer will not be appointing a collateral manager or other outside service provider to manage the Asset Pool. The members of the Board and their collective experience in relation to their management of the Asset Pool are set out in Sections 4.3.1 and 4.3.2 above. Members of the Board are appointed and removed by ordinary resolution of the Issuer's shareholders in general meeting pursuant to Articles 81 and 84 of the Articles of Association, respectively. Any relationship of the Directors with the other parties involved in the issue of Notes is set out in Section 4.5 above.

5.2 Eligible Assets

The Issuer shall be permitted to acquire only Eligible Assets. Moreover, the Board will ensure that all Eligible Assets acquired by the Issuer will (unless acquired for cash management purposes) have characteristics that demonstrate the capacity to produce funds to service any payments due and payable on the Notes. The Issuer intends to invest primarily in the Italian Notes, which the Issuer has already identified as having characteristics that demonstrate the capacity to produce funds to service any payments due and payable on the Notes.

The Issuer may, solely for liquidity and cash management purposes, also acquire certain Eligible Assets that (when considered on their own and not as part of the Asset Pool) do not necessarily have the capacity to produce funds to service payments due and payable on the Notes.

The Issuer shall have the right to substitute Eligible Assets within the Asset Pool with other Eligible Assets, provided that in the Board's opinion, it is expected that the new Eligible Assets substituting the existing Eligible Assets will provide the Issuer with a return at least equivalent to the existing Eligible Assets being substituted (always with a view to ensuring that the Asset Pool has the ability to produce sufficient funds to service all payments due and payable on the Notes). The Issuer shall not substitute any Eligible Assets with assets that are not Eligible Assets.

5.3 No Segregation of Eligible Assets

Applicants should understand that further Eligible Assets may be added to the Asset Pool from time to time using the proceeds of each Tranche.

Applicants should also carefully consider that all Eligible Assets, once acquired by the Issuer, will form part of the same Asset Pool and the payment of interest and repayment of principal on all Tranches will be backed by all Eligible Assets comprising the Asset Pool from time to time. In other words, there will not be any segregation of Eligible Assets on a Tranche-by-Tranche basis. While the proceeds of the issue of a particular Tranche will be used to acquire particular Eligible Assets, the payment of interest and repayment of principal on that Tranche will not necessarily be funded by the returns from those Eligible Assets only but from the returns of all Eligible Assets within the Asset Pool from time to time, whether acquired by the Issuer prior to or following the issue of that Tranche. Conversely, funds produced by those particular Eligible Assets acquired from the proceeds of that Tranche will be available for the payment of interest and repayment of principal of other Tranches.

Moreover, although the Issuer's obligations to Noteholders will be secured (as set out in further detail in Section 10.3 below) all Noteholders will be secured by the same Asset Pool.

5.4 The Italian Notes

The Asset Pool will be composed primarily of the Italian Notes and the Issuer will be the only subscriber of the Italian Notes.

The Italian Notes will be denominated in Euro and with a denomination per unit of EUR 10,000. The Italian Notes will pay a fixed rate of interest of ten percent (10%) per annum, payable semi-annually. The Italian Notes will be governed by Italian law and will be fully dematerialised through *Monte Titoli* (the Italian central securities depository for Italian financial instruments).

The Italian Notes will have short to medium term maturities and will not be redeemable prior to their maturity date. The specific maturity of the Italian Notes acquired by the Issuer from time to time will vary but will in no event be more than five (5) years. Unless the proceeds of a particular Tranche will, exceptionally, not be used to acquire Italian Notes, the Final Terms for that Tranche will include the specific maturity of the Italian Notes.

The Italian Notes will be debt instruments that constitute limited recourse obligations of the Italian SPV. The Italian Notes will be backed by the Underlying Claims which, for various reasons, the Italian SPV is able to acquire at a significant discount to the actual value of the Underlying Claims. Pursuant to the Italian Securitisation Law the Italian Notes will constitute (together with the Underlying Claims and any proceeds collected from the Underlying Claims) a segregated patrimony of the Italian SPV and the obligations of the Italian SPV to the Issuer in respect of the Italian Notes will be secured by the assets of this Italian Notes Segregated Patrimony. The Italian Notes Segregated Patrimony will be segregated from all other assets (and liabilities) of the Italian SPV and any cash-flow deriving from the Underlying Claims will only be available, both prior to and following a winding up of the Italian SPV, to satisfy the obligations of the Italian SPV to the creditors of Italian Notes Segregated Patrimony, primarily the Issuer, and other creditors in respect of any costs, fees and expenses of the Italian SPV's securitisation operations in respect of Italian Notes Segregated Patrimony.

Since commencing operations the Italian SPV has issued and it will continue to issue debt instruments (other than the Italian Notes) in respect of different portfolios of securitisation assets, with each securitisation transaction (each issue of debt instruments backed by a specific portfolio of assets and/or receivables) undertaken through its own segregated patrimony. The creditors of these segregated patrimonies (i.e. the holders of any debt instruments relating to other securitisation

transactions of the Italian SPV) will not have any claim against assets or cash-flow of the Italian Notes Segregated Patrimony and conversely, the Issuer (and any other creditors of the Italian Notes Segregated Patrimony) will not have any claim against the assets of the other segregated patrimonies of the Italian SPV.

5.5 Other Eligible Securities

Although the Asset Pool will be comprised primarily of the Italian Notes, the Issuer may also invest a portion of the proceeds from the issue of each Tranche in Other Eligible Securities. The Issuer will acquire Other Eligible Securities from time to time should the Board identify good investment opportunities, as well as for diversification purposes. In this regard, unless the Eligible Assets are acquired for liquidity and cash management purposes, the Issuer generally expects the Other Eligible Securities acquired to consist of high yield Debt Securities and high dividend yield Equity Securities (or Equity Securities that at least demonstrate high dividend yield potential).

The Board shall only be permitted to invest in the following categories of Other Eligible Securities:

- (i) Debt Securities (of short or medium term maturity) issued or guaranteed by an Eligible State Issuer or by issuers whose registered office or main place of business is located in an Eligible State;
- (ii) Equity Securities that are listed on a Regulated Market;
- (iii) Unlisted Equity Securities provided that (when aggregated with all other Equity Securities previously acquired by the Issuer) they represent minority interests in, and do not confer legal or management control of, the issuer of those Equity Securities;
- (iv) Money Market Instruments issued or guaranteed by an Eligible State Issuer or by issuers whose registered office or main place of business is located in an Eligible State; and
- (v) Deposits with Credit Institutions.

At no time will the Debt Securities of a single Eligible Asset Obligor (other than the Italian SPV) or the Equity Securities of a single Eligible Asset Obligor account for more than twenty percent (20%) and ten percent (10%) of the Asset Pool, respectively.

The Issuer will not acquire futures, options or other derivatives to leverage its position nor shall it underwrite securities.

6. The Italian SPV

6.1 General Information about the Italian SPV

The legal and commercial name of the Italian SPV is '*Solvendi Causa 130 S.r.l.*'. The Italian SPV was incorporated in Italy on 28 January 2013 as a special purpose vehicle subject to the provisions of the Italian Securitisation Law and established solely for the purpose of carrying on securitisation activities. The Italian SPV commenced its activities on 13 June 2013. The Italian SPV is established for a limited duration until 31 December 2050. The Italian SPV's registered office address is 4, Via San Prospero, 20121 Milan, Italy and its telephone number is +39 02 45472239. There are no recent events particular to the Italian SPV that are to material extent relevant to an evaluation of the Italian SPV's solvency.

6.2 Business Overview of the Italian SPV

As indicated above, the Italian SPV was established solely for the purpose of carrying on, and does not carry on any activities other than, securitisation activities. See also Section 5.4 above in relation

to the securitisation activities undertaken by the Italian SPV in respect of segregated patrimonies other than the Italian Notes Segregated Patrimony.

The Italian SPV is registered with the Bank of Italy and is required to inform the Bank of Italy within seven (7) days from the acquisition of each portfolio of assets it securitises. The Italian SPV is subject to the supervision of the Bank of Italy to whom it must send periodic statistical information for each securitisation transaction it undertakes. Therefore, the acquisition of the portfolio of Underlying Claims (that will be financed by the issue of the Italian Notes) will be reported to the Bank of Italy. Thereafter, the Italian SPV will be required to submit periodic statistical reports to the Bank of Italy.

6.3 Management of the Italian SPV

The sole director of the Italian SPV is Mr. Vincenzo Melodia, whose business address is the same as that of the Italian SPV. Mr. Melodia is a certified public accountant (auditor) and Chief Executive Officer of Cofid S.p.A, a financial investment holding company registered with the Bank of Italy. He has also served as Managing Director of a number of Companies namely: Marineland SA between 2009 and 2011, Zoomarine Italy-Rome S.p.A. between 2000 and 2009, and Trustees Fidintra SA Lugano (CH) between 1996 and 2001 (in which period he was registered and approved as a Swiss Trustee). Mr. Melodia was also the Executive Administrative and Financial Director of the Elefer Holding S.p.A. between 1989 and 1995, a holding company controlling about twenty (20) entities, where he was responsible for group forecast planning, coordination of management control and administrative management, and investment strategy. Between 1985 and 1989, he was the Administrative, Control and Financial Director of Lisital Group, a leading Italian holding company in para-banking activities. Mr. Melodia possesses a degree in Economics from the University of Bari in 1983 and was later awarded a MBA with distinction from Bocconi University (Milan) in 1984.

Mr. Melodia holds ninety-nine point ninety eight percent (99.98%) of the shares of Cofid S.p.A. which in turn holds twenty percent (20%) of the shares of the Italian SPV Arranger, which in turn wholly owns the Italian SPV. As the Italian SPV Arranger is a service provider of the Italian SPV, there is a potential conflict of interest between Mr. Melodia's role as director of the Italian SPV and his role as an indirect shareholder of the Italian SPV Arranger. However, the primary interest of Mr. Melodia as an indirect shareholder of the Italian SPV is in ensuring the success of the Italian SPV, which interest should be aligned with his duty as a director of the Italian SPV to act in the interests of the Italian SPV and its shareholder. Accordingly, there are no measures in place at the level of the Italian SPV to deal with this potential conflict of interest. There are no other potential conflicts of interest between Mr. Melodia's duties as sole director of the Italian SPV and his other private interests or duties.

Although Mr. Melodia is the sole director of the Italian SPV, the management and administration of all of the Italian SPV's activities is outsourced to the Italian SPV's service providers, as described in the following Section 6.4.

6.4 Service Providers of the Italian SPV

The promotion and setting up of the Italian SPV's securitisation operations are undertaken by the Italian SPV Arranger, whose functions include locating the originators of the Underlying Claims, locating potential investors such as the Issuer and negotiating contracts with the Italian SPV's other service providers. The Italian SPV Arranger is a company experienced in the issuance and management of asset backed securities guaranteed by receivables and/or other movable and property assets.

The Italian SPV has appointed the Italian Servicer to make payments and calculations in relation to the Italian Notes as well as administer and service the Underlying Claims (which includes the

collection of all payments on the Underlying Claims) on its behalf. The Italian SPV Servicer is authorised by and subject to the supervision of the Bank of Italy and is required to provide periodic statistical and other reports to the Bank of Italy in relation the Italian SPV's portfolio of securitised assets.

6.5 Major Shareholders of the Italian SPV

The Italian SPV is wholly owned by the Italian SPV Arranger and is not a part of any group. There are presently no arrangements known to the Issuer or the Italian SPV, the operation of which may result in a change of ownership or control of the Italian SPV. There are no measures to ensure that control of the Italian SPV over the Arranger is not abused as none are legally required or deemed necessary by the Italian SPV. See also Section 6.3 above. As a special purpose vehicle, the Italian SPV relies on the Italian SPV Arranger to perform the functions described in Section 6.4 above, which effectively give the Italian SPV Arranger control over the Italian SPV's activities over and above any control it may have as sole shareholder of the Italian SPV.

6.6 No Statutory Auditors or Audited Financial Information

The Italian SPV is not required to appoint an auditor under Italian law nor are its financial statements required to be reviewed by an auditor. Accordingly, the Italian SPV has no statutory auditor and has no historical audited financial information.

However, investors should note that the Italian SPV was established exclusively for the purpose of carrying on securitisation activities and each prior securitisation transaction undertaken by the Italian SPV was (and each future securitisation transaction to be undertaken by the SPV will be) undertaken through a distinct segregated patrimony of the Italian SPV. In accordance with the Italian Securitisation Law, the assets or cash-flow of a segregated patrimony of the Italian SPV will only be available to satisfy the obligations of the creditors of that segregated patrimony and conversely, those creditors will not have any claim against the assets or cash-flow of the Italian SPV's other segregated patrimonies. As described in Section 5.4 above, the Italian Notes to be acquired by the Issuer will constitute their own segregated patrimony of the Italian SPV, the Italian Notes Segregated Patrimony.

For this reason, any audited financial information of the Italian SPV would, even if it were available, only relate to securitisation transactions undertaken by the Italian SPV in respect to segregated patrimonies of the Italian SPV other than the Italian Notes Segregated Patrimony, which would have no bearing on the Issuer's evaluation (as an investor in the Italian Notes) of the securitisation transactions to be undertaken by (and the financial position of) the Italian SPV in respect of the Italian Notes Segregated Patrimony, which segregated patrimony has not yet been constituted.

As the Italian SPV has no published historical audited financial information, the Italian SPV (and the Issuer) cannot provide any trend information, including any statement regarding the Italian SPV's financial position, trading position or prospects on the basis of (or in relation to) any historical audited financial information. In any event, the Issuer cannot offer any statement on the financial position of the Italian Notes Segregated Patrimony (which as described above should be the only segregated patrimony of the Italian SPV relevant to the assessment by an investor such as the Issuer in the Italian Notes) as this has not yet been constituted.

Although the Italian SPV does not publish any audited financial information, the Italian SPV Servicer is required to provide the periodic statistical and other reports to the Bank of Italy in relation the Italian SPV's portfolio of securitised assets. Once the Italian SPV Servicer commences reporting to the Bank of Italy in respect of the assets comprising the Italian Segregated Notes Patrimony, the Issuer will endeavour to procure these reports and make them available to prospective Applicants and Noteholders upon request.

6.7 Miscellaneous

So far as the Issuer is aware or able to ascertain, there have not been any governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the Issuer is aware) during the period since the Italian SPV's incorporation, which may have or have had significant effects on the Italian SPV's financial position or profitability.

To the best of the Issuer's knowledge, the Italian SPV has not entered into any material contract other than contracts that were entered into in the ordinary course of the Italian SPV's business.

7. REFERENCE DOCUMENTS

The following Reference Documents are incorporated by reference into this Base Prospectus and are available for physical inspection at the Issuer's registered office for the duration of the validity of the Base Prospectus:

- a. The Memorandum and Articles of Association of the Issuer;
- b. Statute of the Italian SPV;
- c. Securities Account Pledge Agreement;
- d. The Agency Agreement;
- e. The Trust Deed.

8. STRUCTURE OF THE TRANSACTION

8.1 Overview of the Parties to the Transaction

The main parties to the transaction are the Issuer, the Italian SPV, the Agent, the Trustee and the Account Bank. Substantial detail on the Issuer and the Italian SPV is set out elsewhere in this Base Prospectus.

8.1.1 The Agent

The Agent is an MFSA authorised investment services firm in terms of the Investment Services Act (Chapter 330 of the Laws of Malta). The Agent's primary business is investment brokerage. The Agent has no relationship with the Italian SPV nor will it have any relationship with any of the other Eligible Asset Obligors. The Agent has been appointed as the Issuer's subscription agent and paying agent pursuant to the Agency Agreement. The main responsibilities of the Agent are (as the Issuer's agent) the collection and processing of Application Forms and subscription monies from Applicants, ensuring that the Notes are constituted and registered by the CSD Approved Investors' names, and payment of all amounts due and payable to Noteholders in accordance with the Terms and Conditions of the Notes.

The Agency Agreement (and the Agent's appointment pursuant to the Agency Agreement) shall terminate automatically on the date following the Maturity Date on which the Agent has fully performed its duties under this agreement in respect of the final and full redemption of the Notes. The Agency Agreement may also be terminated at any time by notice in writing by either the Issuer or the Agent upon the occurrence of certain specified events (as set out in further detail in the Agency Agreement) including a material breach of the other party's obligations under the Agency Agreement. If the Agent's appointment is terminated prior to the Maturity Date, the Issuer will, as soon as reasonably practicable appoint a replacement agent to perform the functions of the Agent on substantially the same terms of the Agency Agreement other than those relating to remuneration.

8.1.2 The Trustee

The Trustee is an MFSA authorised Trustee in terms of the Trusts and Trustees Act (Chapter 331 of the Laws of Malta). The Trustee shall represent the interests of the holders of the Securities in accordance with the terms of the Trust Deed and shall have right of access to appropriate and relevant information relating to the Eligible Assets comprising the Asset Pool from time to time. Specifically, the Trustee will (always pursuant to and subject to the terms of the Trust Deed), act as representative of the Noteholders, hold certain covenants of the Issuer for the benefit of the Noteholders and hold the Securities Account Pledge for the benefit of the Noteholders.

The Issuer shall not be entitled to remove the Trustee. The Trustee may be removed by means of a resolution passed by a resolution in writing of Noteholders holding not less than seventy-five percent (75%) of the outstanding Notes, provided a replacement trustee has also been identified and approved by the Noteholders, also by means of resolution in writing of Noteholders holding not less than seventy-five percent (75%) of the outstanding Notes. The replacement trustee selected by the Noteholders will be appointed by the Issuer as soon as reasonably practicable following the removal of the Trustee at the aforementioned meeting.

8.1.3 The Account Bank

The Account Bank will provide the Issuer with bank accounts as may be required in order for the Issuer to conduct its affairs. The Securities Account will also be held with the Account Bank. Sparkasse Bank Malta plc is a public limited company registered under the laws of Malta, with registration number C 27152 and with registered office at 101 Town Square, Ix-Xatt Ta' Qui-Si-Sana, Sliema SLM 3112, Malta. Sparkasse Bank Malta plc forms part of a larger Austrian Banking network; its parent bank, Sparkasse Schwaz AG, is a member of the Austrian Savings Bank Group. The Account Bank is licensed to carry on the business of banking as a credit institution in terms of the Banking Act (Chapter 371 of the Laws of Malta), and is a licensed custodian for collective investment schemes under the Investment Services Act (Chapter 370 of the Laws of Malta). The Account Bank assumes no responsibility for the contents of this Base Prospectus. The Account Bank has no duty to monitor or oversee the operations of the Issuer or any of the service providers to, or counterparties of, the Issuer. The Account Bank shall be bound to comply with all the duties and obligations arising from the Investment Services Act (Control of Assets) Regulations (Subsidiary Legislation 370.05) issued under the Investment Services Act (Chapter 370 of the Laws of Malta) insofar as the Securities Account is concerned, as these may be supplemented or amended by the Account Bank's terms and conditions for the opening of securities accounts.

8.2 Transaction Structure and Cash Flow

8.2.1 Subscription

Subscription monies from Applicants shall be paid to into the Subscription Account and shall be held in the Subscription Account under the control of the Agent for the Applicants' benefit until the Notes are constituted and registered by the CSD the Applicants' names, at which point the subscription monies will be transferred to the Operating Account. The Issuer expects that eighty percent (80%) to ninety percent (90%) of the proceeds from the issue of each Tranche will be invested in Eligible Assets within two (2) weeks from the date those proceeds are received in the Operating Account.

The Issuer expects to keep between approximately ten percent (10%) and twenty percent (20%) of the proceeds from the each issue of each Tranche in the Operating Account for liquidity and cash management purposes and to pay the Issuer's ongoing costs and expenses (including in respect of the issue of each Tranche). Accordingly, the level of collateralisation in respect of the Notes is expected to be approximately eighty percent (80%) to ninety percent (90%).

8.2.2 Payments to Noteholders

Payments to the Issuer in respect of the Eligible Assets will be used to fund the Issuer's obligations to the Noteholders. There are no other arrangements upon which payment of interest and the repayment of principal to the Noteholders will be dependent.

The Issuer shall not procure any insurance in connection with the Eligible Assets. There will be no credit enhancement, liquidity supports, or subordinate debt finance (in relation to the issue of Notes or otherwise) nor will the Issuer make any provision to cover principal shortfall risks.

As the Asset Pool will be composed primarily of the Italian Notes with a coupon of 10% per annum, as well as Other Eligible Securities that the Board identifies from time to time as having a sufficiently high yield or return, the Issuer expects that there will sufficient funds to service all payments due and payable on the Notes (on which the interest rate is seven percent (7%) per annum) and meet all of the Issuer's ongoing costs and expenses.

All amounts due and payable to the Issuer by the Eligible Asset Obligor in respect of the Eligible Assets will be paid to and received by the Issuer in its Operating Account. In the event that any payments to the Issuer in respect of the Eligible Assets are made into the Issuer's Securities Account, the Agent shall promptly arrange for the transfer of such amounts into the Issuer's Operating Account. All payments of interest and the repayment of principal on the Notes will effected by the Agent on behalf of the Issuer (as the Issuer's paying agent) from the Operating Account. The Agent will, on behalf of the Issuer, discharge these payment obligations under the Notes by making payments to the CSD for onward distribution (through Clearstream, if necessary) to the accounts of the respective Noteholders indicated in the CSD's electronic register of Noteholders.

Both in the event that the Issuer is unable to make payments to all of its creditors and on an ongoing basis prior to any Event of Default, the Agent shall cause the Account Bank to make payments (of any amounts that are due and payable) from the Operating Account in accordance with the following order of priority of:

1. All taxes owed by the Issuer, whether to the Maltese tax authorities or otherwise;
2. Fees and expenses of the Trustee;
3. Fees and expenses of the Agent;
4. Fees and expenses of the Account Bank;
5. Fees and expenses of the Issuer's other service providers;
6. Payment of accrued and unpaid interest on the Notes; and
7. Repayment of principal of the Notes.

8.2.3 No Post-Issuance Reporting

The Issuer does not intend to provide post-issuance transaction reporting regarding the Notes and/or the performance of the Asset Pool.

9. THE OFFERING PROGRAMME

9.1 General Description of the Programme

The following general description does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and the Final Terms applicable to the relevant Tranche. This information constitutes a general description of the Programme for the purposes of Article 22(5)(3) of the Prospectus Regulation. The Programme and this Base Prospectus were authorised by the Issuer's board of directors at a meeting of the board held on the 25th November 2014.

Under this EUR 50,000,000 Asset Backed Note Programme, the Issuer may from time to time issue Notes. The maximum aggregate principal amount of the Notes from time to time outstanding under the Programme will not exceed EUR 50,000,000 (or its equivalent in any other currency). Notes will be issued on a continuous basis in Tranches. All Notes will have a minimum denomination of EUR 100,000 and accordingly, no Tranche issued under the Programme shall constitute an 'offer of securities to the public' within the meaning of the Companies Act. Application will be made for each Tranche of the Notes to be admitted to listing and trading on the EWSM. Notes may be issued at an Issue Price which is at par or at a discount to or a premium over par.

Each Tranche will consist of Notes that are identical in all respects except for the Issue Date, Issue Price and/or Interest Commencement Date. The Issuer will be issuing only one Series of Notes under the Programme. Accordingly, each Tranche issued under the Programme will be consolidated and form part of the same Series and will be fungible with all other Tranches issued.

The specific terms governing each Tranche will be set forth in the applicable Final Terms, which shall be published by the Issuer in the form set out in Section 11. The Issuer shall make the Final Terms available to the public by means of electronic publication on the website of the Listing Authority (www.mfsa.com.mt). Any notice so given will be deemed to have been validly given on the date of such publication. The Final Terms for each Tranche may also be obtained free of charge from the registered office of the Issuer or the Agent.

9.2 Application for and Issue of the Notes

Notes will be offered and issued from time to time (each as a separate Tranche) when the Board, in its sole discretion, has identified for acquisition a sufficient amount of Eligible Assets of the quality described in Section 5.2 above. The issue of each Tranche will be authorised by a separate written resolution of the Board.

The allotment of each Tranche will be conditional upon the admission to trading of the Notes to the EWSM. In the event that such condition is not met, the issue of a Tranche will be revoked unilaterally by the Issuer and, within five (5) Business Days of the revocation taking effect, the Application monies will be returned by the Issuer, without interest, by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form. The Issuer has not established an aggregate minimum subscription level as a condition for the issue of each Tranche and, subject to the admission to trading of a Tranche on the EWSM (and the aggregate maximum amount of Notes that may be issued under the Programme), the Issuer shall issue Notes to each Applicant in the respective amount subscribed to by each of them.

Application Forms for each Tranche will be available from the Issuer or the Agent upon request following the publication of the relevant Final Terms. Unless an exception is made by the Issuer, all Application Forms must be received by the Agent by no later than two (2) Business Days prior to the Issue Date.

The Agent shall verify on behalf of the Issuer that all Applicants qualify as Eligible Investors. In addition to any information or documentation required pursuant to the Application Form, the Agent and the Issuer reserve the right to request any further documentation from an Applicant that may be required in order to verify that such investor qualifies as an Eligible Investor or generally to complete or approve an Application Form.

The Agent shall direct Approved Investors to deposit in cleared funds subscription monies in the Subscription Account. The Issuer agrees that it will, through the Agent, issue Notes to Approved Investors who have provided proof of payment in respect of all of the Notes that are the subject of the relevant Application Form by no later than 10:00 am on the relevant Issue Date for those Notes.

The Issuer reserves the right to withdraw any offer of Notes prior to the Issue Date for reasons beyond its control, such as extraordinary events, substantial change of the political, financial, economic, legal, monetary or market conditions at national or international level and/or adverse events regarding the financial or commercial position of the Issuer or the Italian SPV and/or other relevant events that in the reasonable discretion of the Issuer may be prejudicial to the offer. In such case, Approved Investors who have already paid or delivered subscription monies for Notes will be entitled to reimbursement (without any interest) of such amounts.

9.3 Expenses of Issue and Admission to Trading; Introducer Fees

An estimate of the total expenses relating to the issue of each Tranche and its admission to trading on the EWSM (including the Issuer's *pro rata* initial and ongoing fees and expenses payable to the Agent, the Trustee and the Issuer's advisers and other service providers) will be indicated in the relevant Final Terms for each Tranche.

The Issuer also expects to pay introducer fees (to introducers of Eligible Investors to the Issuer) of up to four percent (4%) of the subscription amount of each Approved Investor upon subscription and up to one percent (1%) of the subscription amount of each Approved Investor per annum on each anniversary of that Approved Investor's subscription date.

All of the Issuer's fees and expenses, including any introducer fees, will be payable out of the proceeds of the issue of each Tranche. No fees or expenses will be charged directly to Investors.

10. TERMS AND CONDITIONS OF THE NOTES

10.1 General

The Terms and Conditions set out in this Section 10 must be read together with the provisions of the Final Terms of a Tranche for a full description of the Terms and Conditions of that Tranche. These Terms and Conditions will therefore apply to the Notes as completed or supplemented by the applicable Final Terms. Any blanks in the provisions of these Terms and Conditions (or in the definitions of any terms used in these Terms and Conditions) that are applicable to the Notes shall be deemed to be completed by the information contained in the Final Terms as if such information were inserted in the blanks of such provisions.

References in these Terms and Conditions to Notes or Noteholder are to the Notes or Noteholder of all Notes that may be issued under the Programme. References to Final Terms are to the Final Terms published by the Issuer in respect of the Tranche to be issued pursuant to those Final Terms.

10.2 Constitution, Currency and Denomination, Form and Title

10.2.1 Constitution of Notes

The Notes shall be constituted by the Trust Deed, which shall contain all of the Terms and Conditions of the Notes. Each Tranche shall be constituted by the execution of a Supplemental Trust Deed that shall incorporate the Terms and Conditions of the Notes set out in the Trust Deed as well as those Terms and Conditions set out in the Final Terms for that Tranche.

The provisions of this Section 10.2.1 are merely a description of the Terms and Conditions of the Notes and should be read together with the Trust Deed constituting the Notes and the relevant Supplemental Trust Deed, as it is the Trust Deed and the relevant Supplemental Trust Deed that will define the rights of the Noteholders and the obligations of the Issuer with respect to any given Tranche. The Trust Deed is, and the Supplemental Trust Deed constituting each Tranche will be, available for inspection in the manner described under Section 7.

Upon a confirmation in writing to the Agent that a Supplemental Trust Deed has been executed by the Trustee and the Issuer, the Agent will instruct the CSD (on the Issuer's behalf) to (i) make the appropriate book-entries in the electronic register held at the CSD and (ii) issue the corresponding registration advice to the Noteholder.

10.2.2 Currency and Denomination

The Notes will be issued in EURO. The Nominal Value of each Note (or denomination per unit) will be EUR 100,000. The aggregate principal amount of Notes that the Issuer may issue under the Programme is EUR 50,000,000, divided into 500 Notes of EUR 100,000 each.

10.2.3 Form and Title

The Notes are issued in fully registered and dematerialised form without coupons and are represented in uncertificated form by the appropriate entry in the electronic register maintained by the CSD on behalf of the Issuer. There will be entered in such electronic register, the names, addresses, identity card numbers (or details of some other official document in the case of natural persons), registration numbers (or details of some other official document in the case of companies) and account details of the Noteholders and the particulars of the Notes held by them respectively. Noteholders will also have, at all reasonable times during business hours, access to the register of Noteholders held at the CSD for purposes of inspecting information held on their respective accounts.

Title to the Notes shall be evidenced by an entry in the electronic register of Notes held by the CSD. The CSD will issue, upon a request by a Noteholder, a statement of holdings to a Noteholder evidencing that Noteholder's entitlement to Notes held in the register kept by the CSD. Except as ordered by a court of competent jurisdiction or as required by law, the Issuer shall be entitled to treat the person in whose name a Note shall be registered at the CSD as the absolute owner thereof for the purpose of making payment and for all other purposes, regardless of any notice of any nominee relationship or trust.

10.3 Status

Repayment of the Notes and the payment of interest thereon shall at all times constitute the direct and unconditional payment obligations of the Issuer. These obligations to Noteholders shall be secured by the Securities Account Pledge in accordance with the terms of the Securities Account Pledge Agreement, pursuant to which the Noteholders shall enjoy privileged ranking status (and shall therefore rank above other creditors of the Issuer) in relation to the Securities Account Assets. The Noteholders shall rank *pari passu* (without any priority or preference) with other unsecured creditors of the Issuer in relation to all assets of the Issuer other than the Securities Account Assets.

10.4 Interest

10.4.1 Interest Rate and Interest Payment Dates

Each Note bears interest on its outstanding principal amount at the Interest Rate from (and including) the Interest Commencement Date up to (but excluding) the Maturity Date. Interest shall be payable in arrear in EURO on each Interest Payment Date. The first payment of interest shall be made on the first Interest Payment Date. In the event that any Interest Payment Date falls on a day other than a Business Day, the relevant Interest Payment Date will be the first following day which is a Business Day.

10.4.2 Accrual of Interest

Interest on the Notes will accrue on a daily basis from the date of issue on the basis of a three hundred and sixty (360) day year divided into twelve (12) months of thirty (30) days each, and in the case of an incomplete month, the number of days elapsed. Interest shall cease to accrue on each Note on the day preceding the Maturity Date unless payment of principal is improperly withheld or refused or unless the Issuer defaults in respect of payment, in which event, interest shall continue to accrue at the Interest Rate until the date of payment thereof.

10.5 Payments

10.5.1 Noteholders must rely on the procedures of the CSD to receive payments under the Notes. The Issuer will discharge all of its payment obligations under the Notes by making payments to the CSD for onward distribution (through Clearstream, if necessary) to the accounts of the respective Noteholders indicated in the CSD's electronic register of Noteholders. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, holdings of Notes through the CSD.

10.5.2 Repayment of the principal amount of the Notes will be made in EURO on the Maturity Date by the Issuer to the person in whose name such Notes are registered as at the close of business on the Maturity Date, together with interest accrued up to (but excluding) the Maturity Date. The Issuer shall not be responsible for any loss or delay in transmission. Upon repayment of the principal the Notes shall be redeemed and the appropriate entry made in the electronic register of the Notes at the CSD.

- 10.5.3** In the case of Notes held subject to usufruct, payment will be made against the joint instructions of all bare owners and usufructuaries. Before effecting payment, 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 Notes.
- 10.5.4** Payment of any instalment of interest on a Note will be made to the person in whose name such Note is registered at the close of business fifteen (15) days prior to the relevant Interest Payment Date.
- 10.5.5** All payments with respect to the Notes are subject in all cases to any pledge (duly constituted) of the Notes and to any applicable fiscal or other laws and regulations. In particular, but without limitation, all payments by the Issuer in respect of the Notes may be made gross of any amount to be deducted or withheld for or on account of any present or future taxes, duties, assessments or other government charges of whatsoever nature imposed or levied by or on behalf of the Government of Malta or any other authority thereof or therein having power to tax.
- 10.5.6** No commissions or expenses shall be charged by the Issuer to Noteholder in respect of such payments. The Issuer shall not be liable for charges, expenses and commissions levied by parties other than the Issuer.
- 10.5.7** Any claim against the Issuer by Noteholders in connection with all payments due to them in respect of the Notes shall be prescribed (time-barred) upon the lapse of five (5) years from the day on which an action in relation to the same can be exercised.

10.6 Redemption

- 10.6.1** Unless previously redeemed or purchased and cancelled, the Notes shall be redeemed at their Nominal Value on the Maturity Date.
- 10.6.2** The Issuer reserves the right to redeem all or some of the Notes on any day between 1 January 2017 and the Maturity Date on giving not less than thirty (30) Business Days prior written notice to the relevant Noteholders specifying the date when such redemption shall be effected. Any partial redemption of the Notes held by a Noteholder shall only be made in multiples of EUR 100,000. Any early redemption of the Notes shall take place by payment of all principal together with interest accrued on the Notes being redeemed until the date of redemption. The notice of redemption shall be effective only on actual receipt by the relevant Noteholder, shall be irrevocable and oblige the Issuer to make, and the Noteholder to accept, such redemption on the date specified in the notice.

10.7 Purchase and Cancellation

To the extent allowed by law, the Issuer may at any time purchase Notes in the open market or otherwise and at any price. All Notes purchased by or on behalf of the Issuer may, at the option of the Issuer, be surrendered for cancellation. Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

10.8 Transferability of the Notes

- 10.8.1** The Notes are feely transferable in accordance with applicable laws and the rules and regulations of the EWSM.
- 10.8.2** Any person becoming entitled to a Note in consequence of the death or bankruptcy of a Noteholder may, upon such evidence being produced as may from time to time properly be

required by the CSD, elect either to be registered himself as holder of the Note 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 executing to that person a transfer of the Note.

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

10.8.4 The cost and expenses of effecting any trading or transfer in the Notes on the EWSM shall be at the charge of the Noteholder or at the charge of such person as the rules and regulations of the EWSM may from time to time determine.

10.8.5 Because the Notes will be held at the CSD, investors will have to rely on its procedures for transfers. The CSD will not register the transfer or transmission of Notes for a period of fifteen (15) days preceding the due date for any payment of principal or interest on the Notes.

10.9 Further Issues

The Issuer may from time to time, without the consent of any existing Noteholders, constitute and issue further Tranches identical to earlier issued Tranches in all respects (provided that the Issuer may only issue up to EUR 50,000,000 of Notes under the Programme) except for the Issue Date, Issue Price and/or Interest Commencement Date. Each Tranche issued under the Programme will be consolidated and form part of the same Series and will be fungible with all other outstanding Tranches. Although the amount of Notes that may be issued under the Programme is limited to EUR 50,000,000, there is no other restriction on the amount of debt which the Issuer may issue. Accordingly, the Issuer may incur additional indebtedness (other than the indebtedness incurred in relation to the issue of the Notes) without the consent of the Noteholders.

10.10 Meetings of the Noteholders

For all intents and purposes any meeting of Noteholders, including but not limited to meetings held for the purposes set out in Section 10.11 below, shall be held in accordance with the provisions of the Trust Deed and the procedure set out therein.

10.11 Amendments to Terms and Conditions

10.11.1 The provisions of the Terms and Conditions of the Notes (by means of an amendment to the Trust Deed any Supplemental Trust Deeds) may be amended with the approval of the Note Holders at a meeting called for that purpose by the Trustee in accordance with the terms of the Trust Deed or by written instructions of Noteholders holding not less than seventy-five percent (75%) of the outstanding Notes.

10.11.2 In the event that the Issuer wishes to amend any of the provisions set out in the Terms and Conditions, it must send a request to the Trustee in writing seeking its consent to such amendment or amendments. The Trustee, prior to granting or refusing such consent, shall call a meeting of Noteholders, by giving such Noteholders not less than fourteen (14) days notice in writing, setting out in the notice the time, place and date set for the meeting and the matters to be discussed thereat, including sufficient information on any amendment of the Terms and Conditions that is proposed to be voted upon at the meeting and seeking the approval of the Noteholders as aforesaid. Following a meeting of Noteholders held in accordance with the provisions contained in the Trust Deed, the Trustee shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Issuer whether its consent to a request of the Issuer is granted or withheld. Subject to having obtained the necessary approval by the

said Noteholders in accordance with the terms set out in the Trust Deed at a meeting called for that purpose as aforesaid, any such proposed amendment or amendments to the provisions set out in the Terms and Conditions shall subsequently be given effect to by the Issuer in and the Trustee.

10.12 Events of Default and Enforcement

10.12.1 The Trustee may, at its discretion, and shall, upon the request in writing by Noteholders holding not less than seventy-five percent (75%) of the outstanding Notes, give notice to the Issuer that the Notes are, and shall accordingly immediately become, due and payable at their Nominal Value together with interest accrued on the occurrence of any of the following events (each an Event of Default) and without the need of any authorisation and/or confirmation from a competent court:

- a) the Issuer fails to pay any interest on any Note when due and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by the Trustee; or
- b) the Issuer fails to repay any principal on any Note when due and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by the Trustee; or
- c) the Issuer fails to perform or observe any material covenant, material condition or material provision contained in these Terms and Conditions, the Trust Deed, any Supplemental Trust Deed, the Prospectus or the Securities Account Pledge Agreement (other than any obligation for the payment of principal or interest in respect of the Notes) and such failure is incapable of remedy or is not remedied within forty-five (45) days after notice of such default shall have been given to the Issuer by the Trustee; or
- d) the Issuer is deemed unable or admits its inability to pay its debts as they fall due within the meaning of Article 214(5) of the Companies Act; or
- e) the Issuer stops or suspends payments (whether of principal or interest) with respect to the Notes 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
- f) the Issuer is adjudicated or found bankrupt or insolvent, or an order is made by any competent court, or a resolution is passed by the Issuer or any other action is taken for the dissolution, liquidation, or winding-up of the Issuer.

10.12.2 Any notice, including any notice declaring Notes due shall be made by means of a written declaration delivered by hand or registered mail to the registered office of the Issuer.

10.12.3 At any time after notice has been given to the Issuer by the Trustee that the Notes shall have become immediately due and payable in accordance with Section 10.12.1 above, the Trustee may, in its sole discretion, institute such proceedings as it may think fit against the Issuer to enforce repayment of the principal together with accrued but unpaid interest, including the enforcement of the Securities Account Pledge; PROVIDED THAT the Trustee shall not be bound to do so unless:

- a) it shall have been so requested in writing by Noteholders holding not less than seventy-five percent (75%) of the outstanding Notes; and
- b) it shall have been indemnified by the Noteholders to its satisfaction.

10.12.4 Only the Trustee may enforce the provisions of the Trust Deed and any Supplemental Trust Deed (constituting the Notes and their Terms and Conditions as described in the Prospectus) as well as the obligations of the Issuer to pay principal and interest due in respect of the Notes, and no Noteholder shall be entitled to enforce performance of any such provisions unless the Trustee, having become bound to proceed as described in Section 10.12.3 above, fails to do so within a period of sixty (60) days after becoming so bound.

10.13 Covenants of the Issuer

10.13.1 The Issuer covenants in favour of the Trustee, for the benefit of the Noteholders, that at all times during which any of the Notes shall remain outstanding, it shall:

- a) pay interest to the Noteholders at the rate of seven per cent (7%) per annum on each Interest Payment Date and the principal amount of the Notes on the Maturity Date;
- b) Maintain its corporate existence as a public limited liability company duly organised, existing and in good standing under Maltese law;
- c) promptly notify the Trustee upon the occurrence of an Event of Default;
- d) duly and punctually pay, perform and observe all rents, rates, taxes, stamp duties, covenants and other obligations whatsoever which ought properly to be paid or to be observed or to be performed by it;
- e) permit the Trustee or any person or persons authorised by it, at any time and from time to time during the usual times of business so long as the Notes shall remain outstanding, to inspect and examine all of the Issuer's books and records, including all information on the Eligible Assets comprising the Asset Pool from time to time; PROVIDED THAT the aforementioned inspection may only be made by the Trustee after having notified the Issuer in writing of its intention, that the aforementioned inspection is made during reasonable business hours, and that the Trustee shall only be bound to undertake any such inspection if instructed to do so by a resolution in writing of Noteholders holding not less than seventy-five percent (75%) of the outstanding Notes instructing it to do so and such inspection shall be solely for the purpose of the Trustee to pass on any information to the Noteholder that is specifically requested by them;
- f) keep proper books of account (including copies of its balance sheet and profit and loss account certified by its auditors and copies of its auditors' and directors' reports thereon, together with copies of any other documents required by law to be attached thereto) which shall at all reasonable times be open to inspection by the Trustee or any person appointed by the Trustee for that purpose, and will furnish to the Trustee or any such agent all such information relating to its business or affairs as the Trustee shall require; PROVIDED THAT the aforementioned inspection may only be made by the Trustee after having notified the Issuer in writing of its intention, that the aforementioned inspection is made during reasonable business hours, and that the Trustee shall only be bound to undertake any such inspection if instructed to do so by a resolution in writing of Noteholders holding not less than seventy-five percent (75%) of the outstanding Notes instructing it to do so and such inspection shall be solely for the purpose of the Trustee to pass on any information to the Noteholder that is specifically requested by them;
- g) carry on and conduct its business in a proper and efficient manner; and

- h) comply with the requirements of all applicable laws in force in Malta from time to time.

10.13.2 The Trustee may, but shall not be bound to, unless requested to do so in writing by a resolution in writing of Noteholders holding not less than seventy-five percent (75%) of the outstanding Notes, enforce or take any step to enforce the covenants in Section 10.13.1 and (subject to any such request as aforesaid) may waive, on such terms and conditions as it shall deem expedient, any of the covenants and provisions hereinabove contained and on the part of the Issuer to be performed and observed.

10.14 Trustee Functions and Liability

10.14.1 In its role as representative of the Noteholders, the Trustee shall be permitted to take any and all action that it deems necessary or appropriate, in its sole discretion, to protect the interest of the Noteholders; PROVIDED THAT the Trustee shall not be required or bound to take any action, unless it is instructed to do so by a resolution in writing of Noteholders holding not less than seventy-five percent (75%) of the outstanding Notes.

10.14.2 The Trustee may, but shall not be bound to, monitor or review any financial information or other information relating to Issuer and its activities, whether any such information was delivered to the Trustee by the Issuer for the Noteholders, collected by the Trustee upon a request by the Noteholders in writing (in accordance with the provisions of these Terms and Conditions) or otherwise.

10.15 Notes held Jointly

In respect of a Note held jointly by several persons, 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. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Note so held. In the absence of such nomination and until such nomination is made, the person first named on the register in respect of such Note shall, for all intents and purposes, be deemed to be the registered holder of the Note so held.

10.16 Notes held subject to Usufruct

In respect of a Note held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register held by the CSD on behalf of the Issuer. The usufructuary shall, for all intents and purposes, be deemed vis-à-vis the Issuer to be the holder of the Note so held and shall have the right to receive interest on the Note and to vote at meetings of the Noteholder, but shall not, during the continuance of the Note, have the right to dispose of the Note so held without the consent of the bare owner.

10.17 Notices to Noteholder

Notices to the Noteholder shall be mailed to them at their respective addresses contained in the register of Noteholders maintained by the CSD on behalf of the Issuer and shall be deemed to have been served at the expiration of three (3) calendar days after the date of mailing. In proving such service it shall be sufficient to prove that a prepaid letter containing such notice was properly addressed to such Noteholder at the address contained in the register of Noteholder maintained by the CSD on behalf of the Issuer. All notices concerning the Notes shall also be available on the website of the EWSM (www.ewsm.eu).

10.18 Governing Law and Jurisdiction

10.18.1 Governing Law

The Notes, all the rights and obligations of the Noteholder and the Issuer, and any non-contractual obligations arising out of or in connection with the Notes, shall be governed by and construed in accordance with Maltese law.

10.18.2 Jurisdiction

The Courts of Malta shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes, all the rights and obligations of the Noteholder and/or the Issuer, and any non-contractual obligations arising out of or in connection with the Notes. Each of the Issuer, the Trustee and the Noteholders hereby irrevocably submits to the exclusive jurisdiction of the Courts of Malta to hear and determine any proceedings and to settle any dispute which may arise out of, or in connection with the Notes.

Each of the Issuer and the Noteholder waives any objection to the Maltese Courts on grounds of inconvenient forum or otherwise as regards proceedings in connection herewith and agrees that a judgement or order of such a Court shall be conclusive and binding on it and may be enforced against it in the Courts of any other jurisdiction.

11. Form of Final Terms

The Final Terms for each Tranche shall be published by the Issuer in the following form:

These are the Final Terms for the issue of a Tranche of Notes under the €50,000,000 7% Asset Backed Note Programme of Innovation Financial Solutions (IFS) p.l.c. (the “**Programme**”) and comprise the final terms required for the issue and admission to trading on the European Wholesale Securities Market of the Notes described herein pursuant to the Programme, as authorised by the Issuer’s board of directors at a meeting of the board held on [-]. These Final Terms have been prepared for the purpose of Article 5(4) of Prospectus Directive and must be read in conjunction with the Base Prospectus dated [-] 2014 and any Supplement(s) thereto from time to time (collectively, the “**Base Prospectus**”). Full information on the Issuer and the issue of the Notes is only available if these Final Terms are read in conjunction with the Base Prospectus. The Base Prospectus shall be made available to the public by means of electronic publication on the website of the Listing Authority (www.mfsa.com.mt). Capitalised terms used but not defined in these Final Terms shall have the same meanings specified in the Base Prospectus.

FINAL TERMS

Dated [-]

Series 1

Tranche [*Year*]/[*Tranche No.*]

issued pursuant to the

€50,000,000 7% Asset Backed Note Programme

Dated [*Date of Base Prospectus Approval*]

of

Innovation Financial Solutions (IFS) p.l.c.

ISIN: [-]

Issue Price: [-]

Issue Date: [-]

PART I: TERMS AND CONDITIONS

This part of the Final Terms is to be read in conjunction with the Terms and Conditions of the Notes set out in the Base Prospectus.

1. Currency, Denomination, Minimum Subscription

Specified Currency:	EURO
Aggregate Principal Amount to be issued:	[]
Specified Denomination:	EUR 100,000
Number of Notes to be issued:	[]
Minimum Subscription:	EUR 100,000

2. Interest

Fixed Rate of Interest (% per annum):	7%
Interest Commencement Date:	[Issue Date]
Interest Payment Dates:	[-] and [-]
First Interest Payment Date:	[]

3. Maturity Date []

PART II: TIMETABLE / ADMISSION TO LISTING AND TRADING

4. Timetable / Admission to Listing and Trading

Application Forms Available from the Agent:	[]
Application Deadline:	[]
Issue Date:	[]
Date of Admission to Listing and Trading on EWSM:	[]
Commencement of Dealing:	[]

PART III: ADDITIONAL DISCLOSURE REQUIREMENTS

5. Amount of Eligible Assets to be Acquired []

6. Additional Information on the Italian Notes

Legal Jurisdiction Governing the Italian Notes	[]
Global Statistical Data Referred to Securitised Italian Notes	[]
Legal Nature of the Italian Notes	[]
Yield of the Italian Notes	[]
Maturity Date of the Italian Notes	[]
Additional Representations and Collateral relating to the Italian Notes	[]
Relationship Material to Issue between Issuer and the Italian Notes	[]

7. Estimated Expenses of Issue and Admission to Trading []

12.TAXATION

Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation in respect of the Notes, including their acquisition, holding and disposal, any income/gains derived therefrom or made on their 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 the holders of the Notes, in so far as taxation in Malta is concerned. This information, which does not constitute legal or tax advice, and which does not purport to be exhaustive refers only to the holders who do not deal in securities in the course of a trading activity.

The information below is based on an interpretation of tax law and practice relative to the applicable legislation in Malta, as known to the Issuer at the date of the Base Prospectus. 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 and may vary depending on the jurisdiction of the investor.

The information is being given solely for the general information of investors. The precise implications for investors will depend on their particular circumstances and professional advice in this respect should be sought accordingly.

12.1 Taxation of Interest Paid to Noteholders

As a general rule, Noteholders who are resident in Malta are subject to tax on interest at the income tax rates applicable to that person at that time. Interest shall be paid gross and such person will be obliged to declare the interest so received in the relative income tax return.

However, pursuant to Article 33 of the Income Tax Act, interest shall be paid net of a final withholding tax, currently at the rate of fifteen percent (15%), of the gross amount of the interest. The withholding tax applies insofar as the interest is payable in respect of a “public issue by a company”, in terms of Article 41(a)(iv)(1). Accordingly, should the Notes issue be deemed, for Maltese income tax purposes, to fall within the ambit of a “public issue”, Noteholders should qualify for the fifteen percent (15%) withholding tax, unless, the Issuer is otherwise instructed by a Noteholder, or if the Noteholder does not fall within the definition of “recipient” in terms of Article 41(c) of the Income Tax Act. The withholding tax is considered as a final tax and a Maltese resident individual Noteholder need not declare the interest so received in his income tax return. No person shall be charged to further Maltese tax in respect of such income.

In the case of a valid election made by an eligible Noteholder resident in Malta to receive the interest due without the deduction of a final tax, interest shall be paid gross and such person will be obliged to declare the interest so received in his income tax return and be subject to tax on it at the income tax rates applicable to that person at that time. Additionally in this latter case the Issuer will advise the Inland Revenue Department on an annual basis in respect of all interest paid gross and of the identity of all such recipients unless the beneficiary is a non-resident of Malta. Any such election made by a resident Noteholder 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.

12.2 European Union Savings Directive

Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member States is reported on an annual basis to the Malta Commissioner for Revenue 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 the EU Savings Directive 2003/48/EC.

12.3 Capital Gains on the Transfer of the Notes

On the assumption that the Notes would not fall within the definition of “securities” in terms of Article 5(1)(b) of the Income Tax Act, which defines “securities” as, “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 income tax should be due on any capital gains resulting from the transfer of Notes by a Noteholder.

12.4 Duty on Documents and Transfers on Transfer of the Notes

In terms of Article 50 of the Financial Markets Act, any transfer of the Notes (being securities listed on a regulated market) should be exempt from stamp duty in Malta.

THE ABOVE INFORMATION IS BASED ON TAX LAW AND PRACTICE APPLICABLE AS AT THE DATE OF THIS BASE PROSPECTUS. PROSPECTIVE INVESTORS ARE CAUTIONED THAT TAX LAW AND PRACTICE AND THE LEVELS OF TAX RELATING TO THE NOTEHOLDERS MAY CHANGE FROM TIME TO TIME. PROSPECTIVE INVESTORS ARE THEREFORE URGED TO SEEK PEROFESIONAL ADVICE AS REGARDS BOTH MALTESE AND FOREIGN TAX LEGISLATION APPLICABLE TO THE ACQUISITION, HOLDING AND DISPOSAL OF THE NOTES. THIS INFORMATION, WHICH DOES NOT CONSTITUTE LEGAL OR TAX ADVICE, REFERS ONLY TO INVESTORS WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF A TRADING ACTIVITY.

13.SELLING RESTRICTIONS

13.1 Qualified Investors

The Notes may only be offered, sold or delivered to, and accepted by, ‘qualified investors’ (as such term is defined in the Prospectus Directive).

13.2 United States of America

The Notes 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 (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended).

13.3 General

The Issuer represents and agrees that the last date of the offer of Notes in relation to this Base Prospectus shall be not later than twelve (12) months after the date of approval of this Base Prospectus.

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