

SUPPLEMENT TO BASE PROSPECTUS DATED 16 FEBRUARY 2016

Dated 8 July 2016

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

This supplement dated 8 July 2016 (this “**Supplement**”) constitutes a supplement within the meaning and for the purposes of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, as amended by Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010 (the “**Prospectus Directive**”).

This Supplement is supplemental to and must be read in conjunction with the Base Prospectus dated 16 February 2016 published by the Issuer in connection with its €50,000,000 7% Asset Backed Note Programme (the “**Base Prospectus**”). Capitalised terms used but not defined herein shall have the meaning given to such terms in the Base Prospectus.

The Listing Authority has approved the Base Prospectus on 16 February 2016 and had authorised the admissibility to listing of the Programme on the European Wholesale Securities Market on 26 November 2014. Application will 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.

This Supplement has also been approved by the Listing Authority and will be published in electronic form on the website of the Listing Authority. This Supplement is also available in printed form and free of charge from the registered office of the Issuer and the Agent.

The purpose of this Supplement is to amend certain information contained in the Base Prospectus. To the extent that there is any inconsistency between this Supplement and the Base Prospectus, the provisions of this Supplement will prevail.

Save as disclosed in this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus has arisen or been noted, as the case may be, since the publication of the Base Prospectus.

The purpose of this Supplement is to (a) disclose the filing and publication by the Issuer of its audited financial statements for the year ended 31 December 2014 (the “**2014 Financial Statements**”) and to incorporate those financial statements into the Base Prospectus by reference as set out in Part A of this Supplement and (b) make certain amendments to the Base Prospectus in order to reflect the filing and publication of the 2014 Financial Statements as well as certain changes in the shareholders to the Issuer, as set out in Part B of this Supplement.

PART A – INCORPORATION BY REFERENCE

This Supplement incorporates by reference the Issuer's 2014 Financial Statements. The 2014 Financial Statements were filed with the Malta Registry of Companies and the Listing Authority on 5 July 2016 and are available for physical inspection at the Issuer's registered office for the duration of the validity of the Base Prospectus. The 2014 Financial Statements are also available for viewing at <http://ewsm.eu/Announcements/>.

PART B – AMENDMENTS TO THE BASE PROSPECTUS

1. CAPITAL STRUCTURE AND MAJOR SHAREHOLDER

Section 4.4 of the Base Prospectus – '*Capital Structure and Major Shareholder*' – shall be replaced in its entirety with the following:

The Issuer's authorised share capital is EUR500,001, divided into 500,000 Ordinary A Shares and 1 Ordinary B Share, all having a nominal value of EUR1 each. The Issuer's issued share capital is EUR50,001, divided into 50,000 Ordinary A Shares and 1 Ordinary B Share, all fully paid up.

The holders of the Ordinary A Shares 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 does 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 Mr. Andrea Riccio. The Ordinary B Share is held by Mr. Ciriaco Cusano.

2. INTERESTS OF PERSONS INVOLVED IN THE ISSUE

Section 4.5 of the Base Prospectus – '*Interests of Persons Involved in the Issue*' – shall be replaced in its entirety with the following:

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 25 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 Issuer's majority shareholder is not abused, as none have been deemed necessary by the Issuer.

3. FINANCIAL INFORMATION

Section 4.6 of the Base Prospectus – '*Financial Information*' – shall be replaced in its entirety with the following:

The Issuer's audited financial statements for the year ended 31 December 2014 (the "**2014 Financial Statements**") were filed with the Malta Registry of Companies and the Listing Authority on 5 July 2016 and shall be deemed to be incorporated by reference in, and form part of, this Base Prospectus. The 2014 Financial Statements are available for physical inspection at the Issuer's registered office for the duration of the validity of the Base Prospectus.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Section 7 of the Base Prospectus – '*Documents Available for Inspection*' – shall be replaced in its entirety with the following:

The following documents 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. The 2014 Financial Statements;
- c. The Statute of the Italian SPV;
- d. The Securities Account Pledge Agreement;
- e. The Agency Agreement;
- f. The Trust Deed; and
- g. The Italian SPV Reports.