

SECURITIES NOTE

In respect of an issue of up to € 38,000,000.00 Convertible Callable Zero Coupon Bond named **AC CONVERTIBLE CALLABLE Zero Coupon Bond** due 2021

And having a Denomination per unit of € 250,000

ISIN: LU1220223744

By

QUASAR SYSTEM S.A.

A Public Limited Company incorporated under the laws of Luxembourg with registration number
B 140672

Dated May 27th, 2015

The Convertible Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and with other debt.

LISTING AGENT:

AGENT:



PRIVATE VALUE
ASSET MANAGEMENT

alterDomus*

IMPORTANT INFORMATIONS

This document constitutes a Securities Note within the terms of Directive 2003/71/EC of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC (as amended by Directive 2010/73/EU of the European Parliament and of the Council and Commission).

This Securities Note contains information relating to an issue by QUASAR SYSTEM S.A. (the “**Issuer**”) of up to one hundred and fifty two (152) Convertible Bonds named AC CONVERTIBLE CALLABLE Zero Coupon Bond and having a denomination per unit of two hundred and fifty thousand Euros (€250,000) each.

This Securities Note has been prepared in accordance with the requirements of the Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements (as amended by Directive 2010/73/EU of the European Parliament and of the Council and Commission delegated Regulation (EU) No. 486/2012 of 30 March 2012, Commission delegated regulation (EU) No. 862/2012 of 4 June, 2012, Commission delegated Regulation (EU) No. 759/2013 of 30 April 2013 and Commission delegated Regulation (EU) No. 382/2014 of 7 March 2014).

This Securities Note should be read in conjunction with the Registration Document dated 27th May 2015, and containing information about the Issuer. Together, this Securities Note and the registration Document form a Prospectus.

The Issuer accepts responsibility for the information contained in this Securities Note. The Issuer confirms that, to the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this Securities Note is in accordance with the facts and contains no omission likely to affect the import of such information.

A copy of this Securities Note has been submitted to the Listing Authority and to the EWSM in satisfaction of the Listing Rules.

The Securities Note has been approved by the Listing Authority (meaning the MFSA acting in its capacity as Listing Authority in terms of the Financial Markets Act, Chapter 345 of the laws of Malta) as competent authority under the Prospectus Directive. The Listing Authority only approves this Prospectus as meeting the disclosure requirements imposed under Maltese and European Union law pursuant to the Prospectus Directive.

Application has been made for the Convertible Bonds (up to one hundred and fifty two (152) units having a denomination per unit of two hundred and fifty thousand Euros (€250,000) each) to be approved for admissibility to listing by the Listing Authority and trading on the European Wholesale Securities Market, as regulated market authorized and supervised by the MFSA.

This Securities Note has been approved by the Listing Authority as a securities note issued in compliance with the Prospectus Directive for the purpose of giving information relating to the issue of the Securities.

The Issuer has obtained all necessary consents, approvals and authorisations (if any) which are necessary in Luxembourg and Malta at the date of this Securities Note in connection with the issue of the Convertible Bonds and the terms hereof were approved by a resolution of the Directors approved on 27th May, 2015. The issue of this Securities Note was authorised by a resolution of the Directors approved on 27th May, 2015.

The Securities have not been and will not be approved by the US Securities and Exchange Commission, any State securities commission in the US or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of Securities or the accuracy or adequacy hereof. Any representation to the contrary is a criminal offence in the United States.

The bonds will not be registered under the United States Securities Act of 1933, as amended. Subject to certain exceptions, the bonds may not be offered, sold or delivered within the United States or to U.S. persons. Furthermore, in relation to each member state of the European economic area (other than Malta), the bonds may only be offered, sold or delivered to “qualified investors” (as defined and described in the prospectus directive) or in other circumstances falling within article 3(2) of the prospectus directive. In all cases the making of an offer of bonds in such circumstances shall not require the publication by the issuer or any other person of a offering circular pursuant to article 3 of the prospectus directive.

The amount payable or deliverable on redemption of the Convertible Bonds may be less than the original invested amount (and in some cases may be zero) in which case Investors may lose some or all of their original investment. If the Issuer becomes insolvent or bankrupt or otherwise defaults in making any payment on the Convertible Bonds, Investors will lose some or all of their original investment. Investing in the Convertible Bonds involves certain risks and investors should fully understand these before they invest. See the section entitled “Risk Factors” herein for a discussion of certain factors to be considered in connection with an investment in the Convertible Bonds.

No Broker, dealer, salesman or other person has been authorised by the Issuer to publish or issue any advertisement or to give any information or to make any representations in connection with the sale of the Convertible Bonds other than as contained in the Prospectus and in the documents referred to herein. Any such information given or representation made must not be relied upon as having been authorised by the Issuer.

None of the above or any person mentioned in this document, other than the issuer, is responsible for the information contained in this document or any supplement thereof or any reference documents, 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.

The Prospectus does not constitute and may not be used for purposes of an offer or invitation to subscribe for the Convertible Bonds by any person in any jurisdiction: (i) in which such offer or invitation is not authorised; or (ii) in which the person making such offer or invitation is not qualified to do so; or (iii) to any person to whom it is unlawful to make such offer or invitation.

It is the responsibility of any person in possession of this Prospectus or any document issued in connection herewith to inform themselves of, and to observe and comply with all applicable laws and regulations of any relevant jurisdiction. Prospective Investors should inform themselves as to the legal requirements of applying for any such Convertible Bonds and any applicable exchange control restrictions or requirements and taxes in their country of residence, domicile and/or nationality. Neither the delivery of the Prospectus, nor any sale of Convertible Bonds pursuant thereto, shall create any impression that information therein relating to the Issuer is correct at any time subsequent to the date hereof (the foregoing being without prejudice to the Issuer's obligations under applicable rules and regulations).

All and any advisors to the Issuer have acted and are acting exclusively for the Issuer in relation to this Prospectus and such advisors have no contractual, fiduciary or other obligation or responsibility towards any Investor or any other person generally and will accordingly not be responsible to any Investor or any other person whomsoever in relation to any transactions contemplated or proposed in this Prospectus.

The value of the investments can rise or fall and past performance is not necessarily indicative of future performance. If you need advice with respect to the European Wholesale Securities Markets or the offer of Bonds, you should consult a licensed investment advisor licensed under the Investment Services Act

All capitalised terms used will be defined in this Securities Note.

TABLE OF CONTENTS

Note
Table of Contents	4
1 Definitions	5
2 Risk Factors	7
2.1 General	7
2.2 Forward-Looking Statements.....	7
2.3 Risks Relating to the Convertible Bonds.....	7
3 Persons Responsible	9
4 Key Information	9
4.1 Interest of Natural and Legal Persons Involved in the Issue.....	9
4.2 Reasons for the Issue and Use of Proceeds	9
4.3 Expenses.....	9
4.4 Issue Statistics.....	9
4.5 The Underlying	10
4.6 Conversion	19
5 Information Concerning the Convertible Bonds Admitted to Trading.....	20
5.1 General.....	20
5.2 Legislation under which the Convertible Bonds are Created and Governing law	20
5.3 Registration, Form, Denomination and Title	20
5.4 Dematerialisation of Bonds	21
5.5 Currency of the Convertible Bonds.....	21
5.6 Status of the Convertible Bonds	21
5.7 Rights Attached to the Convertible Bonds.....	21
5.8 Interest	21
5.9 Call Option	21
5.10 Payments	21
5.11 Yield.....	22
5.12 Meetings of Bondholders	22
5.13 Authorisations and Approvals	22
5.14 Issue Date.....	23
5.15 Transferability of the Convertible Bonds	23
5.16 Taxation.....	23
5.17 Further Issues.....	24
5.18 Events of Default.....	24
5.19 Limited Recourse	24
6 Terms and Conditions of the Issue	25
6.1 Conditions.....	25
6.2 Distribution.....	27
7 Placing and Offer	27
7.1 Placing	27
7.2 Offer	27
8 Admission to Trading And Dealing Arrangements	27
9 Documents available and incorporated by reference.....	28

1. DEFINITIONS

Words and expressions and capitalised terms used in this Securities Note shall, except where the context otherwise requires and except where otherwise defined herein, bear the same meaning as the meaning given to such words, expressed and capitalised terms as indicated in the Registration Document issued by the Issuer on 27th May, 2015.

AC Europe	Advanced Capital Europe SA;
AC SGR	Advanced Capital SGR Spa;
Altium	Italian consultancy company named Altium Capital Srl;
Agency Agreement	means the agreement dated on or around the date of this Securities Note between the Issuer and the Agent pursuant to which, <i>inter alia</i> , the Agent is appointed Registrar and Redemption, Conversion and Paying Agent in respect of the Convertible Bonds. The Agency Agreement is incorporated by reference into this Securities Note and is available for physical inspection at the Issuer's registered office for the duration of the Securities Note;
Agent	means Alter Domus Fund Services (Malta) Limited as Registrar, Paying and Redemption and Conversion Agent in pursuant to the Agency Agreement;
Applicant	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
Application/s	the application to subscribe for Convertible Bonds made by an Applicant/s by completing an Application Form/s and delivering same to the Agent;
Application Form	the form of application of subscription for Convertible Bonds (processing by the Agent);
Bond/s	the € 38,000,000 AC Convertible Callable Zero Coupon Bond(s) of a face value of € 250,000 per Convertible Bond redeemable on the Redemption Date and redeemable at their nominal value;
Bondholder	a holder of Convertible Bonds;
Callable Bond	A bond that can be redeemed by the issuer prior to its maturity;
Company	Advanced Capital Europe SA (AC Europe) (issuer of the underlying);
Conversion Form	means the form to be made available to Bondholders on contacting the Agent pursuant to the Agency Agreement for the exercise of conversion rights pursuant Condition 4.7;
Conversion Period	means any Business falling in the period commencing 1 st January 2021 to (and including) 31 December 2021;
Convertible Bond(s)	the € 38,000,000 AC Convertible Callable Zero Coupon Bond(s) of a face value of € 250,000 per Convertible Bond redeemable on the Redemption Date and redeemable at their nominal value;
Convertible Bond Issue	the issue of the Convertible Bonds;
CSD	means the Central Securities Depository as the central registration system for dematerialised financial instruments operated by the MSE and authorised in terms of the Financial Markets Act;
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;
Disruption Event	As defined in point 4.5.2 of this Securities Note;
Eligible Investors	persons representing that they are "qualified investors" within the meaning given in Article 2 of the Prospectus Directive that are not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) as well as not to be accepting the Bond Offer from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the " United States ") or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;
EWSM	the European Wholesale Securities Market;
FACTA	the US Foreign Account Tax Compliance Act, 2010;

ISIN	International Security Identification Number;
Issue Date	12 May, 2015;
Issuer	QUASAR SYSTEM S.A.;
Issuer of the underlying	Advanced Capital Europe SA;
Issue Price	The price for each Convertible Bond, based on a subscription price ratio of 45/100;
Listing Agent	Private value Asset Management S.A.;
Listing Agreement	means the agreement dated on or around the date of this Securities Note between the Issuer and the Listing Agent for the listing of the Convertible Bonds;
Listing Authority	MFSA (the Malta Financial Services Authority);
Listing Rules	the listing rules issued by the Listing Authority (as may be amend from time to time) setting out, <i>inter alia</i> , the procedures, formalities and requirements prescribed in connection with a listing on the EWSM;
MFSA	the Malta Financial Services Authority;
Nominal Value	€ 250,000 per Convertible Bond;
Prospectus	collectively, the Registration Document and the Securities Note;
Prospectus Directive	directive 2003/71/EC of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC (as amended by Directive 2010/73/EU of the European Parliament and of the Council and Commission);
Prospectus Regulation	commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements (as amended by delegated Regulation (EU) No. 486/2012 of 30 March 2012, Commission delegated regulation (EU) No. 862/2012 of 4 June, 2012, Commission delegated Regulation (EU) No. 759/2013 of 30 April 2013 and Commission delegated Regulation (EU) No. 382/2014 of 7 March 2014);
Redemption Date	means the 31 th December 2021;
Redemption Form	means the form to be made available to Bondholders on contacting the Agent pursuant to the Agency Agreement for the exercise of redemption rights;
Redemption Value	the nominal value of each Convertible Bond, based on a price ratio of 100/100;
Redemption Amount	The amount of redemption based on the redemption date and the number of bonds held by the Bondholder.
Redemption Period	means any Business falling in the period commencing 1 st December 2021 to the Final Redemption Date;
Reference Documents	the documents listed in section 9 under the heading “Reference Documents”;
Register	means the register of the Convertible Bonds and Bondholders maintained by the CSD;
Registration Document	the registration document issued by the Issuer dated 27 th May, 2015, forming part of the Prospectus;
Security (ies)	The Convertible Bond(s);
Underlying	Shares of Advanced Capital Europe SA (AC Europe);

2. RISK FACTORS

2.1 General

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. THE NOMINAL VALUE OF THE CONVERTIBLE BONDS WILL BE REPAYABLE IN FULL UPON MATURITY. AN INVESTMENT IN THE CONVERTIBLE BONDS INVOLVES CERTAIN RISKS INCLUDING THOSE DESCRIBED BELOW. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER, WITH THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THIS PROSPECTUS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE CONVERTIBLE BONDS. THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS NOT INTENDED TO BE INDICATIVE OF ANY ORDER OF PRIORITY OR OF THE EXTENT OF THEIR CONSEQUENCES.

NEITHER THIS SECURITIES NOTE, NOR ANY OTHER PARTS OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE CONVERTIBLE BONDS: (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION OR (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER OR THE LISTING AGENT THAT ANY RECIPIENT OF THIS SECURITIES NOTE OR ANY OTHER PART OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS OR ANY CONVERTIBLE BONDS, SHOULD PURCHASE ANY CONVERTIBLE BONDS.

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

2.2 Forward-Looking Statements

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

2.3 Risks Relating to the Convertible Bonds

Liquidity risk

No market-maker agreement has been made in connection with the Convertible bonds, which may represent a liquidity risk for the investor. Further, no liquid market has existed for the Convertible bonds and it is not possible to predict whether, if the Convertible bonds are listed on the ESWM, this will provide satisfactory liquidity in the Convertible bonds..

Market risk

The price of the Convertible bonds will depend on circumstances related to the Issuer and the Underlying. The price will also depend on general fluctuation in the bond market.

Credit Risk

The risk of the issuer not being able to repay the redemption amount at maturity.

Convertible bonds may not be a suitable investment for all investors

Each potential investor in the Convertible bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Convertible bonds, the merits and risks of investing in the Convertible bonds and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Convertible bonds and the impact such investment will have on its overall

- investment portfolio;
- understand thoroughly the terms of the Convertible bonds and be familiar with the behavior of financial markets in which they participate; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Convertible bonds may be redeemed prior to maturity

In the event that the Issuer would be obliged to increase the amounts payable in respect of any Convertible bonds due to any withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Convertible bonds.

In addition, the Convertible bonds are redeemable at the Issuer's option in certain other limited circumstances and accordingly the Issuer may choose to redeem the outstanding Convertible bonds at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Convertible bonds.

Bondholders will bear the risk of fluctuation in the price of the underlying

The market price of the Convertible bonds is expected to be affected by fluctuations in the market price of the underlying and it is impossible to predict whether the price of the underlying will rise or fall. Trading prices of the underlying will be influenced by, among other things, the financial position of the Company, the results of operations and political, economic, financial and other factors. Any decline in the price of the shares may have an adverse effect on the market price of the Convertible bonds.

Future issues or sales of the shares by the Company may significantly affect the trading price of the Convertible bonds or the underlying. The future issue of shares by the Company or the disposal of shares by any of the major shareholders of the Company or the perception that such issues or sales may occur may significantly affect the trading price of the Convertible bonds and the shares.

Transfer of the Convertible bonds may be restricted by law

The Agent has not, and will not, register the Convertible bonds under the US Securities Act, as amended. Holders of the Convertible bonds may not offer or sell the Convertible bonds in the United States, except pursuant to an exemption from, or in transaction not subject to, the registration requirements of the US Securities Act. Further, an offer or sale of the Convertible bonds in other jurisdictions may be restricted. It is the obligation of each Bondholder to ensure that offers and sales of the Convertible bonds comply with applicable laws.

Insolvency

Default or insolvency of any service provider responsible for the safekeeping of the assets may result in open positions being liquidated or closed as well as the risk of not being able to receive all the funds held by the service provider on behalf of its clients should the former fail in its obligation to segregate clients' assets.

Underlying Default Risk

Debt securities are subject to the risk that the Underlying may default. The prices of debt securities are inversely related to changes in interest rates and thus are subject to the risk of market price fluctuations. These securities involve significant risk exposure as there is uncertainty regarding the issuer's and the Underlying. Changes in the perceived ability of the issuer to make payments of redemption amount may also affect the security's market value.

Exceptional events affecting the underlying instrument(s)

No prediction can be made about the effect which any future offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer or the Underlying, will have on the market price of the Bonds prevailing from time to time.

By purchasing the Bonds, the Bondholder agrees to waive his right of enforcement against the Issuer in the case of non-performance of the Issuer's obligations under the Bond, including the non-payment of redemption amount. The only remedy available to the Bondholder in the event of a default by the Issuer or the Underlying shall be the petitioning for the winding up of the Issuer, which shall constitute an Event of Default.

3. PERSONS RESPONSIBLE

This document includes information given in compliance with the Listing Rules for the purpose of giving information with regard to the Issuer and the Convertible Bonds. All of the Directors, whose names appear under the heading Board of Directors and Committees in Section 10.1 of the Registration Document, accept responsibility for the information contained in this Securities Note.

To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Securities Note is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

4. KEY INFORMATION

4.1 Interest of Natural and Legal Persons involved in the Issue

QUASAR SYSTEM S.A. will not be providing any advice to or exercise any discretion it may have with its customers in relation to the Convertible Bonds.

No natural and legal persons involved in the issue of the Convertible Bonds has an interest material to the issue.

4.2 Reasons for the Issue and Use of Proceeds

The net proceeds from the issue of the Convertible Bonds be used by the Issuer for the acquisition of number 33.685 shares of a Luxembourg Holding Company named Advanced Capital Europe SA. Its main asset is the 100% participation in Advanced Capital SGR Spa, (private Equity) Funds of Funds manager in Italy.

4.3 Expenses

The offer of the Convertible Bonds by the Issuer will involve expenses including publicity, printing, listing, registration, legal, sponsor, agent and registrar fees and other miscellaneous costs. Such expenses are estimated not to exceed EUR 2,000,000 and shall be borne by the Issuer. No expenses will be specifically charged by the Issuer to any Eligible Investor who subscribes for Bonds. The amount of the expenses will be deducted from the proceeds of the Convertible Bond issue, which accordingly will bring the net proceeds from the issue of the Convertible Bonds to round EUR 36,000.000.

A commission of up to 5% on the Face Amount of all Convertible Bonds listed by the Listing Agent with investors pursuant to the Convertible Bond listing Agreement is payable to the Listing Agent by the Issuer, which commission would amount to a maximum of EUR 1,900,000 if the EUR 38,000,000 maximum amount of the Convertible Bonds Offer is listed.

The above commission has been included in the calculation of expenses in relation to the Bond Offer. Other than the above, there are no other commissions that are expected to be payable by the Issuer in connection with the Bond Offer.

4.4 Issue Statistics

Issuer:	QUASAR SYSTEM S.A., a public limited company registered in Luxembourg with registration number B 140672;
Amount:	€ 38,000,000;
Form:	The Convertible Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD;
Denomination:	Euro (€);
Minimum amount per subscription:	Minimum of € 112,500;
Redemption Date:	31 th December 2021;
Event of Default:	Winding up of the Issuer or winding up of the Underlying;
Convertible Bond Issue Price:	€ 112,500 based on a 45/100 ratio;
Conversion Period:	Means any Business falling in the period commencing 1 st January 2021 to (and including) 31 December 2021;
Conversion Price:	The conversion price in effect on the relevant Conversion Date;
Listing:	Application has been made to the Listing Authority for the admissibility of the

	Convertible Bonds to listing and to the European Wholesale Securities Market for the Convertible Bonds to be listed on EWSM;
ISIN Number:	LU1220223744
Issue Date:	12 May, 2015;
Nominal Value	€ 250'000 based on a 100/100 ratio;
Redemption Value:	At par, 100;
Call Option:	The Issuer may exercise at any time a call option, upon partial or total amount issued;
Registrar:	Alter Domus Fund Services (Malta) Limited;
Conversion Agent:	Alter Domus Fund Services (Malta) Limited;
Redemption Agent:	Alter Domus Fund Services (Malta) Limited;
Paying Agent:	Alter Domus Fund Services (Malta) Limited;
Listing Agent:	Private Value Asset Management SA;
Governing Law of Convertible Bonds:	The Convertible Bonds are governed by and shall be construed in accordance with Luxembourg law;
Jurisdiction:	The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Convertible Bonds.
Underlying:	Shares of the company Advanced Capital Europe SA;

4.5 The Underlying

The Underlying consist in shares of the company Advanced Capital Europe SA (The “Company” or “Issuer of the underlying”).

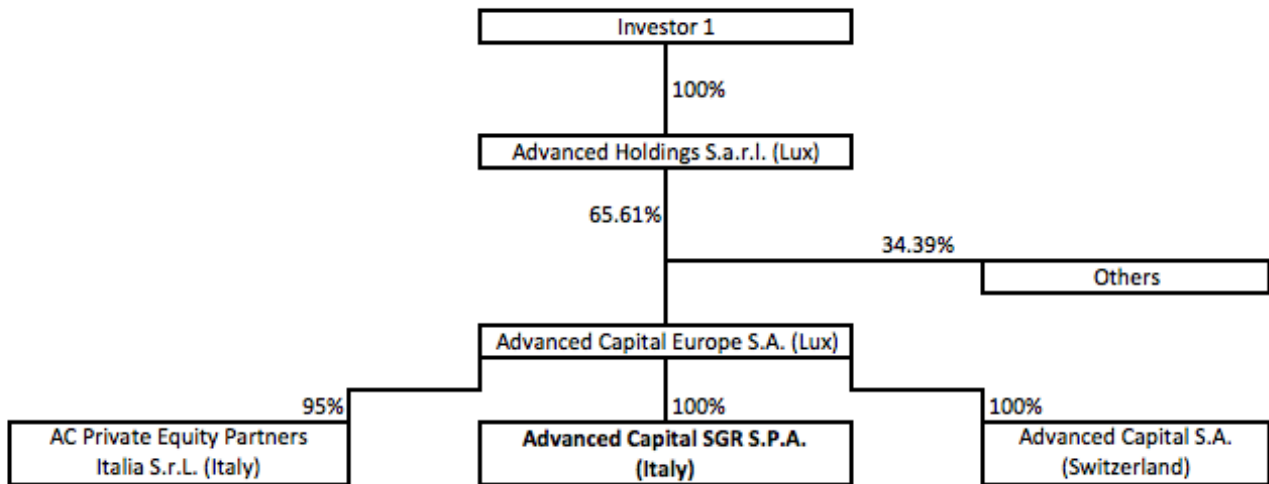
Advanced Capital Europe SA is a Luxembourg holding company. Its main asset is the 100% participation in Advanced Capital SGR Spa (“AC SGR”), (Private Equity) Funds of Funds manager in Italy with total Asset under management (“AuM”) of EUR 429 millions as of 31 December 2013.

Advanced Capital Europe SA (“The Company”)

Registered Address: 44, rue de la Vallée L – 2661 Luxembourg
Place Of Registration and Domicile: Luxembourg
Registration Number: B90587
Website: www.advancedcapital.com

The Underlying is not listed on a regulated market.

The following is an organisational chart of the of the Issuer of the Underlying and the Group and includes the various percentages of the Group’s shareholding structure:



4.5.1 Underlying Information

- Type and class of Shares

One class of Shares – Ordinary Shares.

- Legislation under which the shares have been created

Luxembourg Legislation.

- Shares Form

The Shares are in Registered and Certificated Form.

- Currency

Euro.

- Rights:

- Dividend Rights

In accordance with the articles of association of the Company (the "AoA"), after deduction of any and all of the expenses of the Company and the amortizations, the credit balance represents the net profits of the corporation. Five percent (5%) of such net profits shall be appropriated for the legal reserve; this deduction ceases to be compulsory when the reserve amounts to ten percent (10%) of the capital of the Company, but it must be resumed until the reserve is entirely reconstituted if, at any time, for whatsoever reason, it has been reduced.

The balance is at the disposal of the general meeting of shareholders, subject to the following rules:

In any year in which the Company has sufficient funds available for distribution, drawn from net profits and from available reserves, excluding however the share premium account, the shareholders shall be entitled to resolve upon the dividend distribution in proportion to their existing shareholdings.

Subject to the conditions fixed by Luxembourg law and in compliance with the foregoing provisions, the Board of Directors may pay out an advance payment on dividends to the shareholders. The Board of Directors fixes the amount and the date of payment of any such advance payment.

However, the final resolution concerning the distribution of dividends shall be approved by the general meeting of shareholders with the following minimum majority:

- (i) fifty percent (50%) of the votes cast by the shareholders present or represented, and
- (ii) the affirmative vote of one of the "Investor 1" Shareholders (as such term is defined in the AoA).

The quorum shall be at fifty one percent (51%) of the Ordinary Shares issued and outstanding, as well one of the “Investor 1” Shareholders, provided that if such quorum is not reached, including if one of the “Investor 1” Shareholders is not present or represented, a second meeting may be convened at which there shall be no quorum requirement.

- *Voting rights*

In accordance with the AoA, each Ordinary Share shall bear one vote each

Ordinary general meeting: at any general meeting of the shareholders other than an extraordinary general meeting convened for voting on resolutions whose adoption is subject to special quorum and super majority requirements, resolution shall be adopted, irrespective of the number of Ordinary Shares represented, by a simple majority of votes cast.

Extraordinary general meeting:

Resolution requiring supermajority votes: supermajority votes provisions hereto shall apply to the following resolutions:

- (i) appointment and replacement of the members of the Board of Directors and of the statutory auditors, as well as the external auditors and the accounting firms of the Company and of the Controlled Entities (as such term is defined in the AoA);
- (ii) determination of the remuneration of the members of the Board of Directors of the Company and of the Controlled Entities;
- (iii) approval of the dividend distribution of the Company and of the Controlled Entities;
- (iv) approval of the annual accounts of the Company and of the Controlled Entities; and
- (v) approval of the stock option plans of the Company and of the Controlled Entities.

With respect to such resolutions the following minimum majority is required:

- (i) fifty percent (50%) of the votes cast by the shareholders present or represented, and
- (ii) the affirmative vote of one of the “Investor 1” Shareholders (as such term is defined in the AoA).

The quorum shall be at fifty one percent (51%) of the Ordinary Shares issued and outstanding, as well one of the “Investor 1” Shareholders, provided that if such quorum is not reached, including if one of the “Investor 1” Shareholders is not present or represented, a second meeting may be convened at which there shall be no quorum requirement.

Resolution requiring 2/3 majority of the votes:

2/3 majority provisions hereto shall apply to the following resolutions:

- (i) approval of the liquidation or similar reorganization of the Company and of the Controlled Entities;
- (ii) approval of the issued and/or authorised capital increase of the Company, including for the avoidance of doubt the approval of any, actual or possible, limitation or cancellation of the preferential subscription right of the existing shareholders;
- (iii) approval of the issued and/or authorised capital increase of the Controlled Entities including for the avoidance of doubt the approval of any, actual or possible, limitation or cancellation of the preferential subscription right of the existing shareholders; and
- (iv) approval of any amendment of the articles of association or any other matters requiring the same majority and quorum requirements under Luxembourg law.

With respect to such resolutions the following minimum majority is required:

- (i) two thirds (2/3) majority of the votes cast by the shareholders present or represented, as well as
- (ii) the affirmative vote of one of the “Investor 1” Shareholders. The quorum shall be at least fifty one percent (51%) of the Ordinary Shares issued and outstanding, as well one of the “Investor 1” Shareholders, provided that if such quorum is not reached, including if one of the “Investor 1” Shareholders is not present or represented, a second meeting may be convened at which there shall be no quorum requirement.

SHARE PREMIUM ACCOUNT

In accordance with the AoA, in addition to the corporate capital, there may be set up a share premium account into which any premium paid on any Ordinary Share in addition to its par value is transferred. The amount of the premium account may be used to provide for the payment of any Ordinary Shares which the Company may redeem from its shareholders or to make distributions to the shareholders.

- *Pre-emption rights in offers for subscription of securities of the same class*

In accordance with the AoA, there are certain preemption rights in favour of the Controlling Shareholder (as such term is defined in the AoA).

- *Right to share in the company's profits.*

Under the AoA there are no specific references to the right to share in the company's profits.

- *Right to share in any surplus in the event of liquidation*

In accordance with the AoA, the above rules on distribution of dividends shall apply mutatis mutandis to the distribution of any liquidation proceeds by a liquidator of the corporation.

- *Redemption provisions*

Under the AoA there are no specific reference to the rights of shareholders to have their shares redeemed by the Company. Vice versa, the Company may, to the extent and under the terms permitted by Luxembourg law, purchase its own shares.

- *Conversion provision*

There are no specific conversion provisions.

- *Description of any restriction on the free transferability of the shares*

RESTRICTED TRANSFERS:

Upon the further terms and conditions set out in the AoA, no transfer or sell to person or entity not complying with Bank of Italy's regulation of May 8, 2012.

No transfer or sell to a competitor of the company without the prior written consent of the Board of Directors.

Transfer or sell requiring the prior written consent of the Board of Directors:

- Transfer or sell to a non-competitor of the company;
- Pledge, mortgage, charge or otherwise encumber its shares or any interest of its shares.

TAG-ALONG RIGHT

AoA, the Controlling Shareholder wishing to transfer all of its shares to a third party, shall be required to offer to each of the other shareholders the right to participate in such proposed sale.

DRAG-ALONG RIGHT

Upon the further terms and conditions set out in the AoA, the Controlling Shareholder or a group of shareholders acting in concert and owning together at least 51% of the shares wishing to sell all of its shares or its controlling stake to a third party, shall have the right to require the remaining shareholders to sell to the proposed transferee all of the shares then held by the remaining shareholders, for the same price per share as proposed to be received from the proposed transferee.

The following reference documents are incorporated by reference into this Securities Note and are available for physical inspection at the issuer's registered office for the duration of the Securities Note:

- The Memorandum and Articles of Association of the Company;
- Commercial register Extract of the Company;
- Valuation report "Advanced Capital SGR" performed by the Italian consultancy company Altium Capital Srl ("Altium") dated 24th September 2014;
- The Financial Statements of Advanced Capital Europe S.A. for each of the financial years ended 31 December 2013, 31 December 2012 and 31 December 2011;

4.5.2 Underlying Valuation and independent value review.

Information has been accurately reproduced and that 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.

Valuation report “Advanced Capital SGR” dated 24th September 2014 has been performed by the Italian consultancy company Altium Capital Srl (“Altium”).

This Valuation has been performed to Advanced Capital SGR and the holding company Advanced Capital Europe SA and is accurately reproduced in this securities note with the consent of Advanced Capital Europe SA.

In order to review the valuation report on Advanced Capital SGR performed by Altium and determination of the value of Advanced Capital Europe SA by taking into consideration the other participations and net assets as of 31 December 2013 an independent value review dated 21 October 2014 has been performed by the following company:

CELIO CAVADINI & PARTNERS
Via C. Frasca 3, CP 5360
CH-6901
Lugano-Switzerland

The independent value review dated 21 October 2014 has been performed by Mr. Alessandro Cavadini to a third company not related to the issuer and is accurately reproduced in this securities note with the consent of Mr. Alessandro Cavadini.

Mr. Alessandro Cavadini is based in Lugano, Switzerland. He is licensed as <Fiduciario Commercialista> under the Canton of Ticino Act of 18 June 1984 pertaining to the regulation of the profession of Trustee.

The main sources of information in performing the independent value review performed by the company “CELIO CAVADINI & PARTNERS” dated 21 October 2014 include:

- Valuation report “Advanced Capital SGR” performed by the Italian consultancy company Altium Capital Srl (“Altium”) dated 24th September 2014;
- Annuals accounts 2011-2013 of Advanced Capital Europe SA and Advanced Capital SGR Spa;
- Annuals Accounts 2012-2013 of AC Private Equity Partners Italia Srl and Advanced capital SA;

The independent review applied the Net Asset Value (“NAV”) approach to value the company Advanced Capital Europe SA.. Under the NAV approach the equity value is determined by adding the value of each asset owned, net of any debt and other outstanding claims as of valuation date. This method is widely used in the valuation of investment funds / companies.

Here below an extract from the independent value review performed by Mr. Alessandro Cavadini - CELIO CAVADINI & PARTNERS:

Valuation of AC SGR performed by Altium

Appendix III b summarizes the valuation of Altium, which results in a value range for AC SGR of EUR 118.6 to 149.9 million (last year: EUR 125 to 139 million). The existing funds business is valued at about EUR 19 million, while the remaining value results from the new funds pipeline. To support the results obtained, Altium refers to the current marketing activity of AC SGR for the new fund AC IV, where the Company expects to realize a first closing within the next few weeks. The launch of this new fund represents a significant step in the expected development of the Company, as it shall facilitate the reinvestment of the reimbursements from the existing funds, which are all well performing.

Altium has applied the same valuation methodology as last year: the dividend discount model (“DDM”) as the main valuation method and the discounted cash flow model (“DCF”) resp. the multiples of comparable quoted companies to substantiate the results obtained. The financial information of AC SGR and the market data have been updated to the current conditions.

The valuation methods applied by Altium correspond to the standard practise for valuing private companies active

in the financial sector like AC SGR. I have cross-checked the calculation to verify the mathematical accuracy and no material issues have emerged. With respect to the valuation assumptions of Altium, I have identified the following main critical points:

1 Discount rate: the discount rate (cost of capital or “WACC”) is calculated according to standard practice and in a consistent manner with the last year estimate, by applying the Capital asset pricing model (“CAPM”) and adding a different premium for each business. The so calculated WACCs (7.5% for the existing funds business, 9.5% for the new funds in Italy and 18.5% for the new funds abroad) are in line with my own calculations, even if at their lowest values. In particular, Altium does not consider the increased risk aversion of the investors observable in the market and that resulted in a general increase of the market risk premium (up to 1%).

2 Financial plan: the valuation of Altium is based on the updated long-term financial plan (2014- 2028) provided by AC SGR and takes into consideration the existing funds managed (which will be totally reimbursed until 2022) and the new funds pipeline, divided between the new funds domiciled in Italy (new committed capital up to EUR 1.0 billion until 2019) and those domiciled abroad (new committed capital up to EUR 1.7 billion until 2019). Compared to the valuation performed by Altium last year, the new funds pipeline is smaller and more focused on the new funds domiciled in Italy. According to Altium, the marketing activity for the new funds raising has slowed down due to a delay in the approval of the AIFMD regulation by the Italian Authority. This caused a delay in the launch of the new funds domiciled abroad and a refocusing on the ones domiciled in Italy. As a consequence, AC SGR is underperforming if compared to its original financial plan (net loss of EUR 180'000 in 2013).

3 Terminal value: in the DDM and DCF methods, the terminal value is calculated by applying a normalized level of AuM and an average profitability over different years, a reasonable assumption considering the strong volatility of the commission income of AC SGR (the performance fees are paid at the end of the investment cycle of the managed funds). However, I would suggest not considering an additional growth in the perpetuity formula to avoid an “over-estimation” of growth.

4 Market multiples: the market multiples approach is based on a sample of nine comparable quoted companies and shows quite volatile results, ranging from a minimum value of EUR 121 million to a maximum value of EUR 237 million. Even if the applied multiples (i.e. P/E and P/AuM) are widely used in the financial industry, they should in my opinion considered with caution in the case of AC SGR due to the following reasons:

a) The P/E multiple is not really meaningful, since the results of the Company are quite volatile and AC SGR is currently reporting losses, in particular because of the “set-up” costs for the new funds;

b) The P/AuM multiple does not take into consideration the different profitability of the assets managed. In addition, AC SGR is currently in a period of decreasing AuM, because the main funds AC II and AC III have closed their investment activities and the planned new funds have not yet started. I have performed a regression analysis (based on the information provided by Altium) and obtained an adjusted multiple of 0.17x, significantly lower than the ones considered by Altium in valuing AC SGR (0.53x to 0.58x).

Based on the limited review performed and the comments above, I would suggest to base the valuation of AC SGR on the DDM method and to consider, for the purpose of this review and consistently with last year results, the lower value of the range determined by Altium (i.e. EUR 118.6 million). This value corresponds to a reduction of 5% compared to last year, justified by the delay of the new funds pipeline with respect to the original financial plan. Please note that the value of the Company remains strongly dependent on the new funds pipeline. Possible difficulties in the achievement of the fore-casted new funds managed could threaten the ability of AC SGR of generating a significant profitability increase in the near future, negatively impacting the value of the Company.

2) DCF approach

EUR in '000	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	TV
Cash flows existing funds	(150)	3'192	2'288	2'139	1'777	7'241	848	6'264	140	2'287	-	-	-	-	-	-	-
Terminal value																	-
Discount factor		0.9301	0.8652	0.8046	0.7484	0.6961	0.6475	0.6021	0.5601	0.5209	0.4845	0.4506	0.4191	0.3899	0.3626	0.3372	0.3375
Discounted cash flows		2'969	1'980	1'721	1'330	5'040	549	3'772	78	1'191	-	-	-	-	-	-	-
																	WACC 7.51%
																	g 2.00%
Cash flows new funds		(2'924)	(2'912)	1'234	1'036	3'998	8'083	7'997	6'505	4'999	18'076	13'148	4'341	2'440	190	16'268	8'341
Terminal value																	113'284
Discount factor		0.9132	0.8339	0.7613	0.6951	0.6348	0.5797	0.5292	0.4832	0.4413	0.4029	0.3679	0.3359	0.3067	0.2801	0.2557	0.2560
Discounted cash flows		(2'670)	(2'428)	940	720	2'538	4'685	4'232	3'143	2'206	7'284	4'837	1'458	749	53	4'160	28'997
NPV existing funds		18'630	23%														WACC 9.51%
NPV new funds		60'904	77%														g 2.00%
NPV AC SGR		79'534	100%														
NPV AC SGR		79'534	59%														
NPV "ESTERO"		54'288	41%														
Total NPV		133'822	100%														
																	Value after surplus assets 134'066

3) Multiples approach

EUR in '000	Multiples	AuM	Net income	Implied value	Min (95%)	Max (105%)
P / E - 2013	8.18	-	14'857	121'596		
P / E - Average (2011 - 2013)	8.55	-	14'857	127'091	120'736	133'445
P / AuM - 2013	0.58	429'477	-	247'729		
P / AuM - Average (2011 - 2013)	0.53	429'477	-	225'890	214'595	237'184

4) Conclusion

Value considered (DDM)	130'338		
Surplus assets net of debt	245		
Value of Advance Capital SGR	130'582	Value considered	118'600

Minimum of value range determined by Altium

Source: Altium report

9

Valuation of AC Europe

The first table on next page shows the derivation of the NAV of AC EUROPE as of 31 December 2013. Total NAV before “administration costs” and without consideration of the own shares (held by AC Private Equity Partners Italia Srl) amounts to EUR 118.3 million, based on the following main assumptions:

- Evaluation of AC SGR according to the analysis of Altium (i.e. EUR 118.6 million);
- Cash, current assets and liabilities considered at their respective book value;
- Quotes in the investment funds AC II and AC III valued at their NAV per quote as stated in the annual accounts 2013;
- Elimination of any intangible assets and of any assets related to the “Scorpio collection” investments (no information available);
- No tax impact on the “capital gain” (assumption of a participation exemption regime).

Overall administration costs of the structure are estimated at EUR 100'000 per annum. These costs have been capitalized and deducted from the NAV of AC EUROPE. After consideration of the own shares, a **value per share of EUR 1'017** is derived (see second table on next page).

NAV calculation of AC EUROPE

EUR in 1'000	Book value as of 31.12.2013	Value adjustment	NAV as of 31.12.2013
Cash & banks	4.4	-	4.4
Receivables third parties	0.3	-	0.3
Receivables group companies	68.0	-	68.0
Total current assets	72.7	-	72.7
Intangibles assets	2.3	(2.3)	-
Net value of participations	3'130.2	116'126.0	119'256.2
<i>AC Private Equity Partners Italia Srl</i>	<i>n.a.</i>	<i>n.a.</i>	<i>(283.3)</i>
<i>Advanced Capital SA</i>	<i>n.a.</i>	<i>n.a.</i>	<i>214.9</i>
<i>Advanced Capital SGR SpA</i>	<i>n.a.</i>	<i>n.a.</i>	<i>118'600.0</i>
<i>Advanced Capital II 10 Quote F</i>	<i>n.a.</i>	<i>n.a.</i>	<i>387.8</i>
<i>Advanced Capital III 10 Quote D</i>	<i>n.a.</i>	<i>n.a.</i>	<i>336.8</i>
<i>Scorpio Collection GA Sarl</i>	<i>n.a.</i>	<i>n.a.</i>	<i>-</i>
<i>Scorpio Collection Sca Sicav SIF</i>	<i>n.a.</i>	<i>n.a.</i>	<i>-</i>
Loan to AC Private Equity Partners Italia Srl	304.1	-	304.1
Total fixed assets	3'436.5	116'123.7	119'560.3
Total assets	3'509.3	116'123.7	119'633.0
Liabilities third parties	(168.4)	-	(168.4)
Liabilities group companies	(1'150.9)	-	(1'150.9)
Provisions for taxes	(1.2)	-	(1.2)
Total liabilities	(1'320.5)	-	(1'320.5)
Total equity	2'188.7	116'123.7	118'312.5

Value per share of AC EUROPE

As of 31.12.2013			In EUR 1'000
Total NAV excl. own shares			118'312.5
Total shares owned by third parties			115'018
Total shares outstanding			119'474
Own shares	4'691	95%	4'456
Value per share before "administration costs"			1.0286
Administration costs AC Europe			100.0
Administration costs AC Private Equity Partners Italia Srl			15.0
Administration costs Advanced Capital SA			(15.0)
Total administration costs per year			100.0
Cost of capital (WACC of Altium)			7.51%
Capitalized administration costs			1'331.5
<i>In % of total NAV</i>			<i>1.13%</i>
Value per share after "administration costs"			1.0171
Rounded value			1.0170

4.5.3 Market disruption or settlement disruption

The Underlying is not listed on a regulated market.

There are certain Underlying-specific or external events which may have an impact on the Terms & Conditions of the Convertible Bonds or on their redemption, including (a “Disruption Event”):

- a change in applicable law, a Currency Disruption, an Extraordinary Market Disruption or any other event affecting the Issuer's ability to fulfil its obligations under the Convertible Bonds;
- a disruptive event relating to the existence, continuity, trading, valuation, pricing or publication of the Underlying;
- a disruption or other material impact on the Issuer's ability to hedge its obligations under the Convertible Bonds;
- a determination by the Issuer that the performance of any of its absolute or contingent obligations under the Convertible Bonds has become illegal, in whole or in part, for any reason.
- An extraordinary Event or circumstance, including any legal enactment (domestic or foreign), the intervention of a public authority (domestic or foreign), a natural disaster, an act of war, strike, blockade, boycott or lockout which the issuer determines has prevented it from performing its obligations, in whole or in part, under the Securities.

4.5.4 Adjustment rules

Should a Disruption Event, the Company may adjust the Terms & Conditions of the Securities (without the consent of Investors) or elect to redeem the Securities on the next Redemption Day and to pay Investors holding Securities an amount equal to the Redemption Amount.

Any adjustment made to the Terms & Conditions of the Securities may have a negative effect on the value of the Securities, and any Redemption Amount received by Investors in such circumstances may be less than their initial investment and could be zero.

4.5.5 Website

The institutional website of Advanced Capital Group is:

www.advancedcapital.com

4.6 Conversion

Each Convertible Bond shall entitle the holder (a “Conversion Right”) to convert such Convertible Bond into existing Ordinary Shares of Advanced Capital Europe SA, subject to and as provided in these Conditions.

The number of ordinary shares to be delivered on exercise of a Conversion Right shall be determined by dividing the redemption amount of the relevant Convertible Bond to be converted by the conversion price in effect on the relevant Conversion Date.

A Bondholder may convert up to 40% of the Convertible Bonds recorded against its name in the Register at any time during the Conversion Period by presentation to the Agent of the Conversion Form in respect of the Convertible Bonds to be converted duly executed by the Bondholder.

A Bondholder exercising its conversion rights under will receive the Ordinary Shares to which it is entitled free of charge and funding and will be recognized by the Company as a Shareholder for all purposes (including entitlement to dividends or other distributions) in respect of all such shares on the date on which the related duly executed Conversion Form is delivered to the Agent, or if such day is not a Business Day, the Business Day immediately following that day.

Conversion rights attaching to the Convertible Bonds are not transferrable by a Bondholder to a third party.

The Conversion Right, in respect of a Convertible Bond may be exercised, at the option of the holder thereof, at any time (subject to any applicable fiscal or other laws or regulations and as hereinafter provided) from 1st January 2021 to

(and including) 31 December 2021.

The Applicable Conversion price during the Conversion period will be certified by a primary independent auditor and will be communicated to the investors on a quarterly basis from 1st January 2021.

The applicable conversion price will be evaluated using the same evaluation methods as set out in point 4.5.2. and will be based on the last AC EUROPE NAV calculation.

The first conversion price applicable during the first quarter 2021 will be communicated to the investors within 1st January 2021.

5. INFORMATION CONCERNING THE SECURITIES ADMITTED TO TRADING

5.1 General

5.1.1

Each Convertible Bond forms part of a duly authorised issue of Convertible Bonds of a nominal value of € 250,000 per Convertible Bond issued by the Issuer at discount at the price of € 112'500 per Convertible Bond based on a 45/100 discount ratio to the redemption amount of €38,000,000.

5.2 Legislation under which the Convertible Bonds are Created and Governing Law

The issue of the Convertible Bonds is made in accordance with the requirements of the Luxembourg Legislation.

It is the responsibility of investors wishing to apply for a subscription to the Bonds to inform themselves as to the legal requirements of so applying in Malta and in the countries of their nationality, residence or domicile.

5.3 Registration, Form, Denomination and Title

5.3.1

Certificates will not be delivered to Bondholders in respect of the Convertible Bonds pursuant to the fact that the entitlement to Convertible Bonds will be Convertible Bonds will be issued in fully registered and dematerialised form and that entitlement to Convertible Bonds will be represented in an uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer by the CSD. There will be entered in such electronic register the names, addresses, identity card numbers (in the case of natural persons), registration numbers (in the case of companies) and/or EWSM account numbers of the Bondholders and particulars of the Convertible Bonds held by them respectively and a copy of the Bondholder's entry into the such register will, at all reasonable times during business hours, be open to the inspection of the Bondholders at the registered office of the Issuer.

Addresses:

MALTA STOCK EXCHANGE plc (CSD)

Garrison Chapel, Castille Place,
Valletta VLT 1063
Malta

5.3.2

The CSD will issue, upon a request by the Bondholder, a statement of holdings to Bondholders evidencing their entitlement to Convertible Bonds held in the register kept by the CSD.

5.3.3

The Convertible Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €250,000.

5.3.4

Any person in whose name a Convertible Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments) as the absolute owner of such Convertible Bond. Title to the Convertible Bonds may be transferred as provided below under the heading 'Transferability of the Convertible Bonds' in section 5.14 of this Securities Note.

5.4 Dematerialisation of Bonds

For as long as the Bonds shall be and remain dematerialised under the Financial Markets Act (Chapter 345 of the Laws of Malta):

- Terms and conditions relating to the Bonds, including without prejudice to the generality of the foregoing, their issuance, transfer, exchange, redemption and/or cancellation, shall be governed in accordance with the applicable rules and procedures set out by the relevant central securities depository providing dematerialisation and any other provisions of these clauses shall apply only to the extent that they are not inconsistent with such rules and procedures; and
- Any amendment, variation or deletion of this Clause shall be subject to the express written approval of the relevant central securities depository providing dematerialisation obtained prior to any notification or approval of the holders.

5.5 Currency of the Convertible Bonds

The currency of the Convertible Bonds is Euro (€).

5.6 Status of the Convertible Bonds

The Convertible Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves.

5.7 Rights attached to the Convertible Bonds

There are no special rights attached to the Convertible Bonds other than the conversion right and the right of the Bondholders to payment of capital.

5.8 Interest

There are no periodic interests. The Convertible Bonds will be reimbursed at their redemption value.

5.9 Call Option

The Issuer may call some all or any of the Bonds that have not been previously redeemed or converted at any time during the Conversation Period by payment of the Face Amount of the Convertible.

5.10 Payments

5.10.1

Payment of the redemption amount of the Convertible Bonds will be made in Euro by the Issuer to the person in whose name such Convertible Bonds are registered as at the close of business on the Redemption Date, by direct credit transfer into such bank account as the Bondholder may designate, from time to time, which is denominated in Euro and held with any licensed bank in EU (European Union). The Issuer shall not be responsible for any loss or delay in transmission. Upon payment of the Redemption Value, the Convertible Bonds shall be redeemed and the appropriate entry made in the electronic register of the Convertible Bonds at the CSD. Provided that where the Bondholder's bank account number is not known, the redemption amount is retained by the Issuer for collection by the Bondholder for remittance when the bank account number of the said Bondholder is made known to the Issuer. Such redemption amount will be held in a non-interest bearing bank account with the Issuer.

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

5.10.2

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

5.10.3

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

5.10.4

Unless previously purchased and cancelled as provided below, the Issuer will redeem the Convertible Bonds at their redemption value on Redemption Date.

5.10.5

The Issuer may at any time purchase Convertible Bonds in the open market or otherwise and at any price. If purchases are made by tender, tenders shall be made available to all Bondholders alike.

5.10.6

All Convertible Bonds purchased by the Issuer on its own account will be cancelled forthwith and may not be re-issued or resold.

The cancellation of such Convertible Bonds shall be subject to the prior consent of the Malta Financial Services Authority who, in the event that such consent is forthcoming, will determine that such cancellation does not prejudice the Issuer's solvency.

5.11 Yield

The gross yield calculated on the basis of the Bond Issue Price and the Redemption Value of the Bonds at redemption date is 8% gross per annum.

5.12 Meetings of Bondholders

5.12.1

The Terms and Conditions contained herein may be amended with the approval of Bondholders at a meeting called for that purpose in accordance with the terms hereunder.

5.12.2

In the event that the Issuer wishes to amend any of the Terms and Conditions of Issue of the Convertible Bond it shall call a meeting of Bondholders by giving such Bondholders 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.

5.12.3

A meeting of Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose a quorum shall be considered present if there are Bondholders present, in person or by proxy, accounting for at least fifty per cent (50%) in nominal value of the Convertible Bonds then outstanding.

5.12.4

Once a quorum is declared present by the Chairman of the meeting (who shall be the person who in accordance with the regulations of the Issuer would chair a general meeting of the Issuer's shareholders), the meeting may then proceed to business and the Directors or their representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that the Terms and Conditions of Issue of the Convertible Bonds ought to be amended as proposed by the Issuer. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the other Bondholders. The meeting shall then put the matter as proposed by the Issuer to a vote of the Bondholders present.

5.12.5

The voting process shall be managed by the Directors of the Issuer.

5.12.6

The proposal placed before a meeting of Bondholders shall only be considered approved if at least seventy-five per cent (75%) in nominal value of the Bondholders present at the meeting shall have voted in favour of the proposal.

5.12.7

Save for the above, the rules generally applicable to the Issuer during general meetings of shareholders shall apply.

5.13 Authorisations and approvals

5.13.1

The Board of Directors of the Issuer authorised the Convertible Bond Issue pursuant to a board of directors resolution passed on the 18 December, 2015.

5.13.2

The Listing Authority has authorised the Convertible Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 27th May, 2015.

5.13.3

Application has been made to the European Wholesale Securities Market for the Convertible Bonds being issued pursuant to this Prospectus to be listed and traded on the European Wholesale Securities Market.

5.13.4

The Convertible Bonds are expected to be admitted to the European Wholesale Securities Market with effect from 1st June, 2015 (or thereabouts) and trading is expected to commence on 1st June, 2015 (or thereabouts).

5.14 Issue Date

The Issue Date of the Convertible Bonds is 12 May, 2015.

5.15 Transferability of the Convertible Bonds

5.15.1

The Convertible Bonds are freely transferable and once admitted, shall be transferable in accordance with the rules and regulations of the EWSM applicable from time to time.

5.15.2

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

A person becoming entitled to Bond(s) in consequence of the death or bankruptcy of a Bondholder shall have the rights to which he would be entitled if he were the holder of the Bond(s), except that he shall not, before being registered as the holder of the Bond(s), be entitled in respect of it to attend or vote at any meeting of Bondholders.

5.15.3

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

5.15.4

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

5.16 Taxation

Investors and prospective Investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation which may be applicable to them in respect of the Convertible Bonds, including their acquisition, holding and disposal as well as any income/gains derived therefrom or made on their disposal. The following is a summary of the anticipated tax treatment applicable to Investors insofar as taxation in Malta is concerned.

This information below is being given solely for the general information of Investors and does not constitute legal or tax advice and does not purport to be exhaustive.

The said information is based on an interpretation of tax law and practice relative to the applicable legislation, as known to the Issuer at the date of this Prospectus. Investors are reminded that tax law and practice and their interpretation may change from time to time.

Malta Capital Gains on Disposals or Redemptions of Securities

To the extent that the Securities would not fall to be characterised as constituting chargeable 'securities' in terms of the provisions of Article 5(1)(b) of the Income Tax Act, any disposal or redemption of Securities would not trigger Malta tax on capital gains.

Chargeable 'securities' are defined in Article 5(1)(b) of the Income Tax Act as comprising "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".

At any rate, no Malta tax would be chargeable on any disposal of Securities by an Investor who is not resident in Malta and provided that:

(i) the Investor is not owned and controlled by, directly or indirectly, nor acts on behalf of an individual or individuals who are ordinarily resident and domiciled in Malta; and

(ii) the Issuer shall not own immovable property situated in Malta or any real rights thereon or, directly or indirectly, shares or other interests in any entity or person, which owns immovable property situated in Malta or any real rights thereon where five percent (5%) or more of the total value of the said shares or other interests so held is attributable to such immovable property or rights.

Furthermore, no Malta tax may be chargeable on any disposal of Securities listed on the EWSM in terms of the provisions of Article 5(6)(b) of the Income Tax Act.

Unless otherwise exempt from Malta tax on capital gains, a disposal or redemption of Securities would trigger a Malta tax liability on the gains derived as a result. Such gains would be computed by the deduction of the transferring Investor's cost of acquisition of the Securities from the consideration received therefor.

Malta Duty on Documents and Transfers

In terms of Article 50 of the Financial Markets Act, Chapter 345 of the laws of Malta, a disposal or redemption of the Securities listed on the EWSM should be wholly exempt from Maltese duty which may otherwise be chargeable in terms of the Duty on Documents and Transfers Act, Chapter 364 of the laws of Malta.

INVESTORS AND PROSPECTIVE INVESTORS ARE URGED TO SEEK PROFESSIONAL ADVICE AS REGARDS BOTH MALTESE AND ANY FOREIGN TAX LEGISLATION APPLICABLE TO THE ACQUISITION, HOLDING AND DISPOSAL OF SECURITIES MADE BY THE ISSUER. THE ABOVE IS A SUMMARY OF THE ANTICIPATED MALTA TAX TREATMENT APPLICABLE TO THE SECURITIES AND TO INVESTORS.

THIS INFORMATION, WHICH DOES NOT CONSTITUTE LEGAL OR TAX ADVICE, REFERS ONLY TO INVESTORS WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY.

5.17 Further Issues

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

5.18 Events Of Default

The Bonds will become immediately due and repayable at their redemption amount before the Redemption Date in the event of the winding up of the Issuer or winding up of the Underlying ("Event of Default").

5.19 Limited Recourse

The Bondholder agrees to waive his rights of enforcement against the Issuer in the case of non-payment of redemption amount or other breach of the terms of the Bond. The only remedy available to the Bondholder shall be

the petitioning for the winding up of the Issuer, which shall constitute an Event of Default.

6. TERMS AND CONDITIONS OF THE ISSUE

6.1 Conditions

Application has been made to the Listing Authority for the Bonds to be admitted to trading on the European Wholesale Securities Market.

The contract created by the acceptance of an Application shall be subject to the terms and conditions set out in this Securities Note and the Memorandum and Articles of the Issuer.

It is the responsibility of investors wishing to apply for the Convertible Bonds to inform themselves as to the legal requirements of so applying including any requirements relating to external transaction requirements in Malta and any exchange control in the countries of their nationality, residence or domicile.

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

In the case of joint Applications, reference to the Applicant in these terms and conditions is a reference to each Applicant, and liability therefor is joint and several. In respect of a Convertible Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. The usufructuary shall, for all intents and purposes, be deemed *vis-à-vis* the Issuer to be the holder of the Convertible Bond/s so held and shall have the right to receive redemption amount on the Convertible Bond/s and to vote at meetings of the Convertible Bondholders but shall not, during the continuance of the Convertible Bond/s, have the right to dispose of the Convertible Bond/s so held without the consent of the bare owner.

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

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

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

Notices will be mailed to Bondholders at their registered addresses and shall be deemed to have been served at the expiration of twenty-four (24) hours after the letter containing the notice is posted, and in proving such service it shall be sufficient to prove that a prepaid letter containing such notice was properly addressed to such Bondholders at their registered addresses and posted. Save where the context requires otherwise, terms defined in the Prospectus bear the same meaning when used in the Application Form and in any other document issued pursuant to the Prospectus.

6.1.1

The amount of the Convertible Bond Issue is €38,000,000.

6.1.2

The subscription lists will open at 08.30 hours on XX 2015 and will close as soon thereafter as may be determined by the Agent but not later than XX hours on 2015. Any person, whether natural or legal, shall be eligible to submit more than one Application. In the case of corporate Applicants or Applicants having separate legal personality, the

Application Form must be signed by a person authorised to sign and bind such Applicant. It shall not be incumbent on the Agent or Registrar to verify whether the person or persons purporting to bind such an Applicant is or are in fact so authorised.

6.1.3

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

6.1.4

Subject to all other terms and conditions set out in the Prospectus, the Agent reserves the right to reject, in whole or in part, or to scale down any Application, and to present any cheques and/or drafts for payment upon receipt. The right is also reserved to refuse any Application which in the opinion of the Agent is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents. Only original Application Forms will be accepted and photocopies/facsimile copies will not be accepted. Multiple applications may be accepted by the Agent provided that in any case each such application is accompanied by cleared funds.

If any Application is not accepted, or if any Application is accepted for fewer Convertible Bonds than those applied for, the Application monies or the balance of the amount paid on Application will be returned by the Agent by direct credit into the Bondholder's bank account as indicated by the Bondholder on the Application Form. The Agent shall not be responsible for any loss or delay in transmission.

6.1.5

The Convertible Bonds will be issued in multiples of €250,000.

6.1.6

Application Forms must be completed and lodged with the Agent.

6.1.7

All Application Forms must be accompanied by the full price of the Convertible Bonds applied for in euro and in cleared funds. Payment may be made either in cash or by cheque payable to The Registrar. In the event that cheques accompanying Application Forms are not honoured on their first presentation, the Agent reserve the right to invalidate the relative Application.

6.1.8

Within five (5) Business Days from the closing of the subscription lists, the Agent shall determine and announce the basis of acceptance of applications and allocation policy to be adopted.

6.1.9

By completing and delivering an Application Form/s, you, as the Applicant/s:

- a) Shall agree to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the issue of the Convertible Bonds contained therein;
- b) Shall warrant that the information submitted by you in the Application Form/s is true and correct in all respects and in the case where an EWSM account number is indicated in the Application Form/s, such EWSM account number is your correct account number. In the event of a discrepancy between the personal details (including name and surname and the Applicant/s address) appearing on the Application Form/s and those held by the EWSM in relation to the EWSM account number indicated on the Application Form/s, the details held by the EWSM shall be deemed to be the correct details of the Applicant;
- c) Accept that the Agent and the EWSM and the MSE may process the personal data that you provide in the Application Form/s, for all purposes necessary and subsequent to the Convertible Bond Issue applied for in

- accordance with the Data Protection Act (Cap. 440 of the Laws of Malta);
- d) Acknowledge your right to request access to and rectification of the personal data relating to you as processed by the Agent/Issuer and/or the EWSM. Any such requests must be made in writing and sent to the Agent at the address indicated in the Prospectus. The request must further be signed by the Applicant to whom the personal data relates;
 - e) Confirm that in making such Application/s no reliance was placed on any information or representation in relation to the Issuer or the issue of the Convertible Bonds other than those contained in this Prospectus and accordingly agree that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;
 - f) Agree to provide the Agent and/or the Issuer, as the case may be, with any information which they may request in connection with the Application/s;
 - g) Warrant, in connection with the Application/s, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your Application/s in any territory and that you have not taken any action which will or may result in the Issuer or the Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bond or your Application/s;
 - h) Warrant that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
 - i) Represent that you are not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) as well as not to be accepting the invitation set out in the Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the "United States") or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;
 - j) Agree that Private Value Asset management SA in its capacity of Listing Agent will not treat you as its customer by virtue of your Application/s to subscribe for the Convertible Bonds being accepted and that Private Value Asset management SA do not owe duties or responsibilities towards you concerning the price of the Convertible Bonds or their suitability for you;
 - k) Agree that all documents in connection with the issue of the Convertible Bonds will be sent at the your own risk and may be sent by post at the address (or, in the case of joint Applications, the address of the first named Applicant) as set out in the Application Form;
 - l) Renounce to any rights applicant(s) may have to set off any amounts applicant(s) may at any time owe the Issuer against any amount due under the terms of these Convertible Bonds;
 - m) the Convertible Bonds shall become repayable before the Redemption Date only in the event of the winding up of the Issuer.

6.2 Distribution

Applications for subscription to the Convertible Bonds may be made through the Agent. The Convertible Bonds are open for subscription to eligible investors.

7. OFFER

7.1 Placing

The placement of the Convertible Bonds are in cash or in kind, provided from eligible investors.

7.2 Offer

The Convertible Bonds shall be offered to eligible investors.

8. ADMISSION TO TRADING AND DEALING ARRANGEMENTS

Application has been made to the European Wholesale Securities Market for the Convertible Bonds to be listed and traded on the European Wholesale Securities Market. The Conditions contained herein shall be read in conjunction with the Bye-Laws of the EWSM applicable from time to time.

9. DOCUMENTS AVAILABLE AND INCORPORATED BY REFERENCE

For the life of this Securities Note the following reference documents (or copies thereof), may be inspected at the registered office of the Issuer at 26-28, Rives de Clausen, L - 2165 Luxembourg:

- The memorandum and articles of association of the issuer;
- The memorandum and articles of association of Advanced Capital Europe S.A.;
- The Financial Statements of the issuer for each of the financial years ended 31 December 2013, 31 December 2012 and 31 December 2011;
- The Financial Statements of Advanced Capital Europe S.A. for each of the financial years ended 31 December 2013, 31 December 2012 and 31 December 2011
- Valuation report “Advanced Capital SGR” performed by the Italian consultancy company Altium Capital Srl (“Altium”) dated 24th September 2014;
- Independent value review performed by the company “CELIO CAVADINI & PARTNERS” dated 21 October 2014;
- The Agency Agreement;

The reference documents may also be inspected by electronic means through a request to the issuer contact email: lbardelli@gta.lu

ISSUER:

QUASAR SYSTEM SA

26-28, Rives De Clausen, L - 2165

Luxembourg

Phone Number: + 352 26 21 24 1

Fax Number: + 352 26 21 24 70

REGISTRAR, PAYING, CONVERSION AND REDEMPTION AGENT:

Alter Domus Fund Services (Malta) Limited

Domestic Building, Fourth Floor

Msida Valley Road

Msida MSD 9020, Malta

Phone Number: +356 22 05 1000

www.alterdomus.com

LISTING AGENT:

Private Value Asset Management SA

Corso Elvezia, 25

6900 Lugano

Switzerland

Phone Number: +41 (0)91 922 97 22

Fax Number: +41 (0)91 922 97 23

www.privatevalueam.com