

SECURITIES NOTE

This Securities Note is issued in accordance with the provisions of Article 90 of the Companies Act (Chapter 386 of the laws of Malta) and of Commission Regulation (EC) No. 809/2004 of 29th April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended by Commission Delegated Regulation (EU) No. 486/2012 of 30th March 2012, Commission Delegated Regulation (EU) No. 862/2012 of 4th June 2012, Commission Delegated Regulation (EU) No. 759/2013 of 30th April 2013 and Commission Delegated Regulation (EU) No. 382/2014 of 7th March 2014.



ZAMMIT FINANCE PLC

Dated 5 November 2015

**In respect of an issue of a €6,000,000 5.25% Secured Global Note 2020 – 2022
represented by the €6,000,000 5.25% Secured Participation Notes 2020 – 2022
issued at par by**

Zammit Finance p.l.c.

A public limited liability company registered in Malta on 1st June 2015
with company registration number C-70870

Prospective investors are to refer to the sections entitled "Risk Factors" contained in this Securities Note, Registration Document and Summary for a discussion of certain risk factors, which should be considered by prospective investors in connection with the Global Note and the Participation Notes. The Global Note and the Participation Notes are complex financial instruments and may not be suitable for all types of retail investors. A potential investor should not invest in the Notes unless: (a) He/she has the necessary knowledge and experience to understand the risks relating to this type of financial instrument; (b) the Notes meet the investment objectives of the potential investor; and (c) such potential investor is able to bear the investment and financial risks which result from investment in these Notes.


THE SECURITIES OFFERED HEREBY ARE BEING ISSUED AND OFFERED THROUGH AN OFFER TO THE PUBLIC IN MALTA BY THE ISSUER. NO APPLICATION HAS BEEN MADE, NOR IS IT INTENDED THAT AN APPLICATION BE MADE, FOR THE SECURITIES ISSUED HEREBY TO BE ADMITTED ON A REGULATED MARKET OR OTHER TRADING PLATFORM. RELIANCE ON THIS REGISTRATION DOCUMENT FOR THE PURPOSE OF ENGAGING IN ANY INVESTMENT ACTIVITY MAY EXPOSE AN INDIVIDUAL TO A SIGNIFICANT RISK OF LOSING ALL OR A SUBSTANTIAL PART OF THE PROPERTY OR OTHER ASSETS INVESTED.

THE REGISTRAR OF COMPANIES AND THE MALTA FINANCIAL SERVICES AUTHORITY ACCEPT NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKE NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIM ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS, INCLUDING ANY LOSSES INCURRED BY INVESTING IN THESE SECURITIES.

Placement Agent and Manager

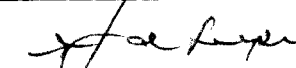

Calamatta Cuschieri
YOUR PARTNER IN FINANCIAL SERVICES

James Zammit


Raymond Zammit

Legal Counsel

CDF
ADVOCATES


Alfred Lupi



UNLAWFUL TO MAKE SUCH OFFER OR INVITATION. THE DISTRIBUTION OF THE PROSPECTUS IN CERTAIN JURISDICTIONS MAY BE RESTRICTED AND, ACCORDINGLY, PERSONS INTO WHOSE POSSESSION IT IS RECEIVED ARE REQUIRED TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, SUCH RESTRICTIONS.

THE PROSPECTUS AND THE OFFERING, SALE OR DELIVERY OF THE GLOBAL NOTE AND ANY PARTICIPATION NOTES MAY NOT BE TAKEN AS AN IMPLICATION: (A) THAT THE INFORMATION CONTAINED IN THE PROSPECTUS IS ACCURATE AND COMPLETE SUBSEQUENT TO ITS DATE OF ISSUE; OR (B) THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN THE FINANCIAL POSITION OF THE ISSUER SINCE SUCH DATE; OR (C) THAT ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS IS ACCURATE AT ANY TIME SUBSEQUENT TO THE DATE ON WHICH IT IS SUPPLIED OR, IF DIFFERENT, THE DATE INDICATED IN THE DOCUMENT CONTAINING THE SAME.

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY UNLISTED FINANCIAL INSTRUMENTS. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE SECURITIES OF AN ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT LEGAL ADVISORS, ACCOUNTANTS AND/OR OTHER FINANCIAL ADVISORS AS TO LEGAL, TAX, INVESTMENT OR ANY OTHER RELATED MATTERS CONCERNING THE NOTES AND THE PROSPECTUS.

THE GLOBAL NOTE AND THE PARTICIPATION NOTES SHALL NOT BE ADMITTED TO LISTING ON ANY REGULATED MARKET.

IT IS THE RESPONSIBILITY OF ANY PERSONS IN POSSESSION OF THE PROSPECTUS AND ANY PERSONS WISHING TO APPLY FOR ANY SECURITIES ISSUED BY THE ISSUER TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE INVESTORS FOR ANY SECURITIES THAT MAY BE ISSUED BY THE ISSUER SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF SO APPLYING AND OF ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXATION IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

SAVE FOR THE PUBLIC OFFERING IN MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE GLOBAL NOTE AND THE PARTICIPATION NOTES OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED.

IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (OTHER THAN MALTA), WHICH HAS IMPLEMENTED THE DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 4TH NOVEMBER 2003 ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING (THE "PROSPECTUS DIRECTIVE") OR, WHICH, PENDING SUCH IMPLEMENTATION, APPLIES ARTICLE 3.2 OF THE PROSPECTUS DIRECTIVE, THE GLOBAL NOTE AND THE PARTICIPATION NOTES CAN ONLY BE OFFERED TO "QUALIFIED INVESTORS" (AS DEFINED IN THE PROSPECTUS DIRECTIVE), AS WELL AS IN ANY OTHER CIRCUMSTANCES THAT DO NOT REQUIRE THE PUBLICATION BY THE ISSUER OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE PROSPECTUS DIRECTIVE.

THE GLOBAL NOTE AND THE PARTICIPATION NOTES HAVE NOT BEEN, NOR WILL THEY BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT, 1933 AS AMENDED (THE "1933 ACT"), OR UNDER ANY FEDERAL OR STATE SECURITIES LAW AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OF AMERICA, ITS TERRITORIES OR POSSESSIONS, OR ANY AREA SUBJECT TO ITS JURISDICTION (THE "UNITED STATES") OR TO OR FOR THE BENEFIT OF, DIRECTLY OR INDIRECTLY, ANY UNITED STATES PERSON (AS DEFINED IN REGULATION "S" OF THE 1933 ACT, AS AMENDED FROM TIME TO TIME). FURTHERMORE, THE ISSUER WILL NOT BE REGISTERED UNDER THE





1. DEFINITIONS

In this Securities Note the following words and expressions shall bear the following meanings whenever such words and expressions are used in their capitalised form, except where the context otherwise requires:

“Act” or “Companies Act”	the Companies Act, 1995, Chapter 386 of the Laws of Malta;
“Applicant/s”	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
“Application”	the application to subscribe for and purchase Notes made by an Applicant by completing an Application Form and delivering same to the Placement Agent and Manager (defined below) in accordance with the terms of this Securities Note;
“Application Form”	the form of application for subscription of Participation Notes;
“Appropriateness Test”	the applicable rules pursuant to which an investment services licence holder assesses whether an investment service, other than investment advice or portfolio management, is appropriate for a client, by being required to determine whether that client has the necessary experience and knowledge in order to understand the risks involved in relation to the product or investment service offered or demanded;
“Participation Note Holder”	a holder of Participation Notes;
“Participation Note Issue”	the issue of the Participation Notes;
“Participation Note Issue Price”	at par (€1000 per Participation Note);
“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;
“Company” or “Issuer”	Zammit Finance p.l.c., a public limited liability company registered under the laws of Malta having its registered office at Aries House, Triq tal-Hlas, Haz-Zebbug, Malta and bearing company registration number C-70104;
“Designated Redemption Period”	Optional any day falling between and including 30 th September 2020 and 30 th September 2022 when the Issuer shall be entitled, at its option and in its sole discretion, to redeem part or all of the Global Note then outstanding and all interest accrued up to the date of prepayment, by giving at least thirty (30) days’ advance written notice to the Trustees;
“Euro” or “€”	the lawful currency of the Republic of Malta;
“Group”	Zammit Holdings Limited (C-70104) and its subsidiary and associated companies, including the Issuer and J. Zammit Limited, a company registered under the laws of Malta with company registration number C



“Property”	means the bills of exchange endorsed in favour of the Trustee by the Issuer and drawn in favour of J. Zammit Limited and the Related Company and any cash held by the Trustee received from the Issuer and the Participation Note Holders;
“Prospectus”	collectively the Summary Note, the Registration Document and the Securities Note, all dated 5 November 2015, as such documents may be amended, updated, replaced and supplemented from time to time;
“Prospectus Directive”	Directive 2003/71/EC of the European Parliament and of the Council of 4th November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, as may be amended from time to time;
 “Redemption Date”	30 th September 2022, unless otherwise redeemed at the Issuer’s sole discretion on any day during the Designated Optional Redemption Period;
“Redemption Value”	at par (€1000 per Participation Note);
“Registration Document”	the registration document in its entirety dated 5 November 2015, forming part of the Prospectus;
 “Regulation”	Commission Regulation (EC) No. 809/2004 of 29th April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus and dissemination of advertisements, as amended by: Commission Delegated Regulation (EU) No. 486/2012 of 30th March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4th June 2012 amending Regulation (EC) No. 809/2004 as regards information on the consent to use of the prospectus, information on underlying indexes and the requirement for a report prepared by independent accountants or auditors; Commission Delegated Regulation (EU) No. 759/2013 of 30th April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities; and Commission Delegated Regulation (EU) No. 382/2014 of 7th March 2014 supplementing Directive 2003/71/EC of the European Parliament and of the Council with regard to regulatory technical standards for publication of supplements to the prospectus (Text with EEA relevance);
“Related Company”	JMC Property Co Ltd, a company registered under the laws of Malta with company registration number C 52422 and having its registered office at Aries House, Triq tal-Hlas, Haz-Zebbug, Malta.
“Securities Note”	this securities note issued by the Issuer dated 5 November 2015, forming part of the Prospectus;
“Summary”	the summary note issued by the Issuer dated 5 November 2015, forming part of the Prospectus;



2. RISK FACTORS

THE VALUE OF INVESTMENTS, INCLUDING THE GLOBAL NOTE AND THE PARTICIPATION NOTES, CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE.

THE NOMINAL VALUE OF THE GLOBAL NOTE AND THE PARTICIPATION NOTES WILL BE REPAYABLE IN FULL UPON MATURITY ON THE REDEMPTION DATE, UNLESS THE GLOBAL NOTE AND THE PARTICIPATION NOTES ARE PREVIOUSLY REPURCHASED AND CANCELLED, SUBJECT TO THE ISSUER'S OPTION TO REDEEM ALL OR ANY PART OF THE GLOBAL NOTE AND THE PARTICIPATION NOTES AT THEIR NOMINAL VALUE PRIOR TO THE REDEMPTION DATE BETWEEN 30TH SEPTEMBER 2020 AND 30TH SEPTEMBER 2022 THE "DESIGNATED OPTIONAL REDEMPTION PERIOD") AS THE ISSUER MAY DETERMINE ON GIVING NOT LESS THAN THIRTY (30) DAYS NOTICE IN WRITING TO THE TRUSTEE.

AN INVESTMENT IN THE NOTES INVOLVES CERTAIN RISKS, INCLUDING THOSE DESCRIBED BELOW. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER WITH THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS, AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS, BEFORE MAKING ANY INVESTMENT DECISION WITH RESPECT TO THE ISSUER. SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES, WHICH MAY OR MAY NOT OCCUR AND THE ISSUER IS NOT IN A POSITION TO EXPRESS ANY VIEWS ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING.

THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS NOT INTENDED TO BE INDICATIVE OF ANY ORDER OF PRIORITY OR OF THE EXTENT OF THEIR CONSEQUENCES.

IF ANY OF THE RISKS DESCRIBED BELOW WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE ISSUER'S FINANCIAL RESULTS AND TRADING PROSPECTS AND THE ABILITY OF THE ISSUER TO FULFIL ITS OBLIGATIONS UNDER THE SECURITIES ISSUED BY THE ISSUER FROM TIME TO TIME.

THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AS SUCH BY THE DIRECTORS OF THE ISSUER, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER FACES. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE ISSUER'S DIRECTORS ARE NOT CURRENTLY AWARE OF, MAY WELL RESULT IN A MATERIAL IMPACT ON THE FINANCIAL CONDITION AND OPERATIONAL PERFORMANCE OF THE ISSUER THAT COULD LEAD TO A DECLINE IN VALUE OF THE SECURITIES.

NEITHER THIS SECURITIES NOTE, NOR ANY OTHER PARTS OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE GLOBAL NOTE AND THE PARTICIPATION NOTES: (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION, NOR (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER OR THE PLACEMENT AGENT AND MANAGER THAT ANY RECIPIENT OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION THEREWITH, SHOULD PURCHASE ANY NOTES.

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

2.1 Forward-looking statements

This document contains forward-looking statements which include, among others, statements



2.2.5 Interest and exchange rate risk

Investment in the Participation Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Participation Notes. A Participation Note Holder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Participation Notes (€) and the Participation Note Holder's currency of reference, if different.

2.2.6 Effect of future public offerings, takeover or merger activity

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

2.2.7 No prior market for the Participation Notes

There has been no prior market for the Participation Notes within or outside Malta. Due to the absence of any prior market, there can be no assurance that the price at which the Participation Notes are issued will correspond to the price at which the Participation Notes will trade in the market. The market price of the Participation Notes could be subject to significant fluctuations in response to numerous factors, including the Issuer's and the Group's operating results and political and economic developments in or outside Malta.

2.2.8 Limited liquidity of the Participation Notes

The Participation Notes are transferable but shall NOT be traded on any regulated market or other trading facility and, as a result, there may be no liquid market for the Participation Notes. The market for Participation Notes may be less liquid than a regulated market or other trading facility and Participation Note Holders may find it more difficult to identify willing buyers for their Participation Notes. Participation Note Holders who wish to sell their Participation Notes may be unable to do so at an acceptable price, or at all, if insufficient liquidity exists in the market for Participation Notes.

2.2.9 The classification of the Participation Notes as complex instruments

In view of the fact that the Participation Notes are complex instruments, investment in the Participation Notes may not be suitable for all investors and accordingly prospective investors are strongly urged to consult an investment advisor licensed under the Investment Services Act (Cap. 370 of the Laws of Malta) as to the suitability or otherwise of an investment in any of the Participation Notes before making an investment decision.

2.2.10 Prior ranking charges

The Issuer may incur further borrowings or indebtedness and may create or permit to subsist other security interests upon the whole or any part of its present or future undertakings, assets or revenues (including uncalled capital, if any).

2.2.11 Trust Deed

By acquiring the Participation Notes, the Participation Note Holder is considered to be bound by the terms of the Trust Deed as if he had been a party to it. The Trust Deed contains a number of provisions, which the investors ought to be aware of prior to acquiring the Participation Notes and, therefore, investors ought to read the description of the Trust Deed contained in section 13.5 under the heading 'Trust Deed' of the Registration Document before acquiring any of the Participation Notes. For instance, in terms of the Trust Deed, a) the Trustee is not liable for any default or breach of duty or trust committed by it or for any loss of profits unless such default or breach is caused by the fraud, wilful misconduct or gross negligence of the Trustee or if it is not entitled to an indemnity under Maltese law; b) the Trustee is not bound to take any such steps or proceedings to enforce the security unless requested to do so in writing by not less than 75% in value of the Participation Note Holders; and c) the Participation Note Holders are entitled to require the Trustee to convene a meeting of the Participation



3 PERSONS RESPONSIBLE

Each and all of the Directors of the Issuer whose names appear under the heading "Identity of Directors, Senior Management, Auditors and Advisors of the Issuer" in sub-Section 4.1 of the Registration Document accept responsibility for the information contained herein, Alfred Lupi, James Zammit and Raymond Zammit, being directors of the Issuer, accept responsibility for all of the information contained in the Prospectus. To the best of the knowledge and belief of the directors of the Issuer, who have taken all reasonable care to ensure that such is the case, the information contained in this Securities Note is in accordance with the facts and does not omit anything likely to affect the import of such information. The directors of the Issuer hereby accept responsibility accordingly.



the Placement Agent and Manager, at the time of such resale, placement or offering, to provide the investor with that information and the Issuer has no responsibility or liability for such information.





- c. On the 7th day of each month, the Issuer shall deliver to the Trustee a report in arrears listing all the Physical Property, which has expired the immediately preceding month. On the same day the Issuer shall pay the Trustee, according to the said report, a cash amount corresponding to 85% of the total face value of such Physical Property. The Trustee shall reconcile this and send the expiring Physical Property to the Issuer;
- d. Every week interest due on the Participation Notes shall be saved by the Issuer in a separate account of the Issuer which shall be used specifically for the savings of interest which shall be payable to the Trustee two weeks before the interest is due to the Participation Note Holders.

The Trustee will only hold those bills of exchange relating to motor vehicle sales which are endorsed in its favour by the Issuer after these are acquired from J. Zammit Limited and the Related Company.

The proceeds of the Issue, the Global Note and the Participation Notes will not be covering any lending to, or purchase of bills of exchange from Finance House p.l.c.

5.2 Estimated expenses and proceeds of the Issue

The Global Note Issue and Participation Note Issue will involve expenses, including professional fees, management, placing and advertising expenses as well as other miscellaneous costs incurred in connection with the Global Note and Participation Note Issue. Such expenses are estimated not to exceed €100,000 and shall be borne by the Issuer. No expenses will be specifically charged to any Participation Note Holder who subscribes for the Participation Notes. The amount of the expenses will be deducted from the proceeds of the Issue, which, accordingly, will bring the estimated net proceeds from the Global Note Issue and Participation Note Issue to €5,900,000. There is no particular order of priority with respect to such expenses.

5.3 Issue statistics

“Amount”: €6,000,000;

“Application Forms available to Participation Note Holders”: 5th November 2015;

“Participation Note Issue Price”: at par (€1000 per Participation Note);

“Denomination”: Euro (€);

“Events of Default”: the events listed in sub-Section 6.12 of this Securities Note;

“Governing law and jurisdiction”: the Prospectus and the Participation Notes are governed by and shall be construed in accordance with Maltese law. The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Prospectus and/or the Participation Notes;

“Interest”: the Participation Notes shall bear interest from and including 31st March 2016 at the rate of five point twenty five per cent (5.25%) per annum payable semi-annually in arrears on each of the Interest Payment Dates;

“Issue”: Participation Notes denominated in Euro having a nominal value of €1000 each, which will be issued at par and shall bear interest at the rate of 5.25% per annum;

“Listing”: no application has been made, nor is it intended that an application be made, for the

6 INFORMATION CONCERNING THE PARTICIPATION NOTES

Each Participation Note shall be issued on the terms and conditions set out in this Securities Note and, by subscribing to or otherwise acquiring the Participation Notes, the Participation Note Holders are deemed to have knowledge of all the terms and conditions of the Participation Notes hereafter described and to accept and be bound by the said terms and conditions. Due to the classification of the Participation Notes as complex instruments, an applicant making an application for the subscription of the Participation Notes is subject to an Appropriateness Test in respect of the purchase of the Participation Notes on a non-advisory basis or an appropriateness and Suitability Test in the case of investment advice or portfolio management, as required by applicable rules and regulations.

6.1 General

6.1.1 Each Participation Note, of a nominal value of €1000 per Participation Note, forms part of a duly authorised issue of an aggregate amount of €6,000,000 5.25% Global Note due 2020 - 2022, issued by Zammit Finance p.l.c. at par.

6.1.2 The issue of the Global Note and the Participation Notes and the publication of the Prospectus has been authorised by a resolution of the Board of Directors of the Issuer dated 28th August 2015.

6.1.3 The Participation Notes shall bear interest at the rate of 5.25% per annum payable semi-annually in arrears on 31st March and 30th September of each year (each an "Interest Payment Date"), the first Interest Payment Date falling on 31st March 2016. Any Interest Payment Date that falls on a day other than a Business Day will be carried over to the next following day that is a Business Day.

6.1.4 Unless previously cancelled, the Participation Notes shall be redeemed at the Redemption Value of €1000 per Participation Note (together with interest accrued to the date fixed for redemption) on 30th September 2022 (the "Redemption Date"); or in the event that the Issuer exercises the option to redeem all or any part of the Global Note prior to the Redemption Date, between 30th September 2020 and 30th September 2022 (the "Designated Optional Redemption Period") as the Issuer may determine in its absolute discretion on giving not less than thirty (30) days' notice in writing to the Trustee.

6.1.5 The currency of the Participation Notes is Euro (€).

6.1.6 The Participation Note Issue is not underwritten. Should subscriptions for a total of at least €4,500,000 (the "Minimum Amount") not be received for the Participation Notes by the Placement Agent and Manager, no allotment of the Participation Notes shall be made by the Trustee and the Applications for Participation Notes shall be deemed not to have been accepted by the Trustee. If the Minimum Amount is reached but the Participation Note Issue is still not fully subscribed, the Issuer will proceed with the allotment of the amount of Global Note subscribed and the Trustee will proceed with the allotment of the amount of Participation Notes subscribed.

6.1.7 The Participation Notes will not be listed on the Malta Stock Exchange or on any other regulated market. Application has not been filed for the Participation Notes to be quoted on the Official List or the Alternative Companies List of the Malta Stock Exchange. The Directors of the Issuer have no intention of submitting an application for the admissibility of the Participation Notes to listing and subsequent trading on the Malta Stock Exchange or any other regulated market.

6.1.8 Should any Application not be accepted, or be accepted for fewer Participation Notes than those

their first presentation, the Placement Agent and Manager reserve the right to invalidate the relative Application.

The Participation Note/s are expected to be issued and the allotment letters are expected to be dispatched to the subscribers by not later than 31st December 2015 (the "Issue Date"). Dealing in the Participation Notes may not commence prior to the said notification.

6.4 Form, denomination and title

The Participation Notes will be issued in fully certificated and registered form, without interest coupons, in denominations of any integral multiple of €1000, provided that on subscription the Participation Notes will be issued for a minimum of €1000. Any person in whose name a Participation Note 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 Participation Note. The Participation Notes, and transfers thereof, shall be registered as provided under sub-Section 6.5 "Registration, replacement, transfer and exchange" below.

6.5 Registration, replacement, transfer and exchange

6.5.1 The Trustee shall maintain a register, at its registered office or at such other place in Malta as the Trustee may determine, in which it shall enter the name, address and identity card number (in the case of an individual) or company registration number (in the case of a company), as the case may be, of each Participation Note Holder as the holder of Participation Notes, together with particulars of the Participation Notes held. A copy of such register shall at all reasonable times during business hours be open to inspection by Participation Note Holders.

6.5.2 The Participation Notes are freely transferrable and may be transferred or transmitted only in whole (in multiples of €1000) by the Participation Note Holder in accordance with applicable laws, rules or regulations governing the transfer of the Participation Notes, from time to time. If Participation Notes are transferred or transmitted in part, the transferee thereof will not be registered as a Participation Note Holder.

6.5.3 Any person becoming entitled to a Participation Note/s in consequence of the death or bankruptcy of a Participation Note Holder may, upon such evidence being produced as may, from time to time, properly be required by the Trustee, elect either to be registered himself as holder of the Participation Note/s 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 Trustee 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 Participation Note/s, or procuring the transfer of the Participation Note/s, in favour of that person. Provided always that if a Participation Note is transmitted or transferred in furtherance of this paragraph 6.5.3, a person will not be registered as a Participation Note Holder unless such transmission or transfer is made in multiples of €1000.

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

6.5.5 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 Trustee 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 person to whom the



above and (ii) the aggregate principal amount of all Participation Notes still outstanding at the time.

Provided that the aggregate Security Interests referred to in (d) and (e) above do not result in the amount arrived at after taking the Relevant Value and subtracting therefrom the aggregate value of the liabilities of the Issuer secured by Security Interests referred to in (a), (b), (c), (d) and (e) above being less than one hundred and ten per cent (110%) of the aggregate principal amount of all Participation Notes still outstanding.

“Relevant Value” means the value of the assets of the Issuer calculated on the basis of their book value (as reflected in the accounts of the Issuer) and, in the case of immovable property, adjusted by reference to the open market value of the said immovable property of the Issuer as determined by their respective directors on the basis of independent professional advice/valuation procured by them.

6.6.4 Ranking: the Global Note shall constitute the general, direct and unconditional obligation of the Issuer and in accordance with the provisions of the Trust Deed, the Participation Notes shall be secured by the Property (bills of exchange and cash) held by the Trustee for the benefit of the Participation Note Holders and in that respect only shall rank in preference to all other present and future unsecured obligations of the Issuer, if any.

6.7 Interest and Yield

6.7.1 The Participation Notes shall bear interest from and including 27th November at the rate of 5.25% per annum on the nominal value thereof, payable semi-annually in arrears on 31st March and 30th September of each year (each an “Interest Payment Date”), the first Interest Payment Date being on 31st March 2016. Provided that any Interest Payment Date that falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. Each Participation Note will cease to bear interest from and including its due date for redemption, unless payment of the principal in respect of the Participation Note is improperly withheld or refused or unless default is otherwise made in respect of payment, in any of which events interest shall continue to accrue at the rate specified above plus one per cent (1%), but in any event not in excess of the maximum rate of interest allowed by Maltese law. In terms of article 2156 of the Civil Code (Chapter 16 of the laws of Malta), the right of Participation Note Holders to bring claims for payment of interest and repayment of the principal on the Participation Notes is barred by the lapse of five (5) years.

6.7.2 When interest is required to be calculated for any period of less than a full year, such interest shall be calculated on the basis of the actual number of days elapsed from and including the most recent Interest Payment Date or, as appropriate, the Issue Date divided by the actual number of days (365 or 366 as the case may be) in the respective year.

6.7.3 For Participation Notes issued at the Participation Note Issue Price, the gross yield calculated on the basis of the interest, the Participation Note Issue Price and the Redemption Value of the Participation Notes at maturity is five point twenty five per cent (5.25%).

6.8 Payments

- (i) Payment of the principal amount (with interest accrued and unpaid to the Redemption Date), as well as payment of interest due on the Participation Note, shall be made in Euro to the person in whose name such Participation Note is registered as at the close of business by and not later than the date set for redemption or by, and not later than, the relevant Interest Payment Date (as the case may be). In the case of payment of the principal amount, this shall



holds to the aggregate value of Participation Notes on the Register of Participation Note Holders. The Trustee shall pay to the Participation Note Holder concerned the full or proportionate nominal value of that Participation Note Holder's Participation Notes as the case may be and accrued and unpaid interest thereon, and the Participation Note Holder shall hand over the Participation Note to the Trustee.

- (iv) The redemption of the Participation Note shall take place by payment of all principal and interest accrued until the date of redemption.
- (v) Upon an early redemption, the Participation Notes shall be cancelled in whole or in part and the Participation Note Holder shall hand over the Participation Note and, in case of redemption in part, receive a new Participation Note stating the new amount of the Participation Note.
- (vi) Upon an early redemption of the Global Note following an Event of Default, and provided the principal and all accrued and unpaid interest under the Global Note is paid in full to the Trustee, all Participation Notes shall be redeemed in whole. The Trustee shall pay to all Participation Note Holders the nominal value of the Participation Note held by the Participation Note Holders and accrued and unpaid interest thereon, and the Participation Note Holders shall hand over the Participation Note to the Trustee.
- (vii) The Trustee may, at its discretion, charge a fee to Participation Note Holder for each cancellation and subsequent entry made in the Register of Participation Note Holders, which fee shall not exceed sixty Euro (€60) per cancellation or subsequent entry.

6.10 Representations and warranties

6.10.1 The Issuer represents and warrants to the Trustee for the benefit of the Participation Note Holders, that shall be entitled to rely on such representations and warranties, that:

- i. it is duly incorporated and validly existing under the laws of Malta and has the power to carry on its business as it is now being conducted and to hold its property and other assets under legal title; and
- ii. it has the power to execute, deliver and perform its obligations under the Prospectus and that all necessary corporate, shareholder and other actions have been duly taken to authorise the execution, delivery and performance of the same and further that, no limitation on its power to borrow or guarantee shall be exceeded as a result of the Terms and Conditions or the Prospectus; and
- iii. no litigation, arbitration or administrative proceedings are taking place, pending or, to the knowledge of the officers of the Issuer, threatened against the Issuer that could have a material adverse effect on the business, assets or financial condition of the Issuer.

6.10.2 The Prospectus contains all relevant material information with respect to the Issuer and all information contained in the Prospectus is in every material respect true and accurate and not misleading, and there are no other facts in relation to the Issuer its business and financial position, the omission of which would, in the context of issue of the Participation Notes, make any statement in the Prospectus misleading or inaccurate in any material respect.

6.11 Rights attached to the Participation Notes

There are no special rights attached to the Participation Notes other than the right of the Participation Note Holders to:

- i. the payment of capital;

that the Trustee shall not be bound to do so unless:

- i. It shall have been so requested in writing by not less than seventy-five percent (75%) in value of Participation Note Holders; and
- ii. It shall have been indemnified to its satisfaction.

Only the Trustee may enforce the provisions of the Trust Deed and of these Terms and Conditions as well as the obligations of the Issuer to pay principal and interest due in respect of the Global Note and no Participation Note Holder shall be entitled to enforce performance of any such provisions unless the Trustee, having become bound to proceed, fails to do so within a reasonable time and such failure shall be continuing.

Any payment made by the Issuer under the Global Note to the Trustee pursuant to an Event of Default shall automatically trigger an early redemption of the Participation Notes.

6.13 Meetings of the Participation Note Holders

- 1) The provisions of the Participation Notes and of the Trust Deed may be amended with the approval of the Participation Note Holders at a meeting called for that purpose by the Trustee in accordance with the terms of the Trust Deed or by written instructions given by not less than seventy five per cent (75%) in value of Participation Note Holders.
- 2) In the event that the Issuer wishes to amend any of the provisions of the Participation Notes and of the Trust Deed, it shall call upon the Trustee, in writing, seeking its consent to such amendment or amendments. The Trustee, prior to granting or refusing such consent, shall call a meeting of Participation Note Holders registered in the Register of Participation Note Holders as at that date, by giving such Participation Note Holders not less than fourteen (14) days' notice in writing, setting out in the notice the time, place and date set for the meeting and the matters to be discussed thereat, including sufficient information on any amendment that is proposed to be voted upon at the meeting and seeking the approval of the Participation Note Holders registered as aforesaid. Following a meeting of Participation Note Holders held in accordance with the provisions contained in the Trust Deed, the Trustee shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Issuer whether its consent to a request of the Issuer is granted or withheld. Subject to having obtained the necessary approval by the said Participation Note Holders in accordance with the terms set out in the Trust Deed at a meeting called for that purpose as aforesaid, any such proposed amendment or amendments to the provisions set out in the Terms and Conditions shall subsequently be given effect to by the Issuer in consultation with the Trustee.
- 3) For all intents and purposes it is hereby set out that any meeting of Participation Note Holders, including but not limited to meetings held for the purposes set out in paragraphs (1) and (2) above, shall be held in accordance with the provisions of the Trust Deed and the procedure set out therein.

6.15 Participation Notes held jointly

In respect of a Participation Note held jointly by several persons (including but not limited to husband and wife), the joint Participation Note Holders shall nominate one of their number as their representative and his/her name will be entered in the Register of Participation Note Holders with such designation. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Participation Note so held. In the absence of such nomination and until such nomination is made, the person first named on the Register of Participation Note Holders in respect of such Participation Note shall, for all intents and purposes, be deemed to be the registered holder of the Participation Note so held. The Trustee shall not be bound to register more than three (3) persons as the joint Participation Note Holders.

7 TAXATION

7.1 General

Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation that may be applicable to them in respect of the Participation Notes, 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 holders of the Participation Notes in so far as taxation in Malta is concerned. This information does not constitute legal or tax advice and does not purport to be exhaustive.

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

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

7.2 Malta tax on interest

Insofar that the Participation Note Holder falls within the definition of “recipient” in terms of article 41(c) of the Income Tax Act (Chapter 123 of the laws of Malta) and the said Participation Note Holder does not elect otherwise, interest shall be paid to such person net of a final withholding tax, on the basis that the interest is paid in respect of a public issue as required in the Income Tax Act. Currently final withholding tax is applied at a rate of ten per cent (10%) of the gross amount of the interest where the Participation Note Holder is a collective investment scheme that is a prescribed fund, or at a rate of fifteen per cent (15%) of the said gross amount in other cases.

Participation Note Holders that do not fall within the definition of a “recipient” do not qualify for the said rates and should seek advice on the taxation of such income as special rules may apply.

This withholding tax is considered as a final tax and a Maltese resident Participation Note Holder who is an individual need not declare the interest so received on his income tax return. No person shall be charged to further tax in respect of such income. However, tax withheld shall in no case be available to any person as a credit against that person’s tax liability or for a refund, as the case may be.

In the case of a valid election made by an eligible Participation Note Holder to receive the interest due without the deduction of final tax, interest is paid gross and such person may be obliged to declare the interest so received in his income tax return and be subject to tax on it at the standard rates applicable to that person at that time. Additionally, in this latter case the Issuer and/or any such other payor of the interest will advise the Inland Revenue on an annual basis in respect of all interest paid gross and of the identity of all such recipients unless the recipient is not resident in Malta and satisfies the requisite statutory requirements.

Any such election made by an eligible Participation Note Holder at the time of the application may be subsequently changed by giving notice in writing to the Issuer and/or payor of the interest. Such election or revocation will be effective within the time limit set out in the Income Tax Act.



8 TERMS AND CONDITIONS OF THE ISSUE

8.1 The contract created by the acceptance of an Application shall be subject to the Terms and Conditions set out herein. If any Application is not accepted or if any Application is accepted for fewer Participation Notes than those applied for, the Application monies or the balance of the amount paid on Application will be returned by the Issuer, without interest, by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form. The Issuer will not be responsible for any charges, loss or delay in transmission. In this regard, any monies returnable to Applicants may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act, 1994 (Chapter 373 of the laws of Malta), and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.

8.2 Subject to all other terms and conditions set out in the Prospectus, the Issuer, Trustee and Placement Agent and Manager reserve 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 that, in the opinion of the Issuer and the Placement Agent and Manager, is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents and/or payments. Only original Application Forms will be accepted and photocopies/facsimile copies will not be accepted.

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.

8.3 Any person, whether natural or legal, shall be eligible to submit an Application and any one (1) person, whether directly or indirectly, should not submit more than one (1) Application Form. In the case of corporate Applicants or Applicants having separate legal personality, the Application Form must be signed by a person authorised to sign and bind such Applicant. It shall not be incumbent on the Trustee or the Placement Agent and Manager to verify whether the person or persons purporting to bind such an Applicant is or are in fact duly authorised.

Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or by the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. Any Participation Notes allocated pursuant to such an Application shall be registered in the name of the minor as Participation Note Holder, with interest and redemption monies payable to the parents / legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption monies shall be paid directly to the registered holder; provided that the Trustee has been duly notified, in writing, of the fact that the minor has attained the age of eighteen (18) years.

8.4 By completing and delivering an Application Form, you as the Applicant(s) shall:

- a. irrevocably offer to purchase the number of Participation Notes specified in your Application Form (or any smaller number for which the Application is accepted) at the Participation Note Issue Price subject to the Prospectus, the terms and conditions thereof and the Memorandum and Articles of Association of the Issuer; and
- b. authorise the Placement Agent and Manager and the Trustee to include your name or, in the case of joint Applications the first named Applicant, in the Register of Participation Note Holders of the Issuer in respect of the Participation Notes allocated to you; and
- c. warrant that your remittance will be honoured on first presentation and agree that, if such remittance is not so honoured, you will not be entitled to receive a registration advice, or to be registered in the Register of Participation Note Holders or to enjoy or receive any rights in respect



- confirming such acceptance; and
- m. confirm that, in the case of a joint Application entered into in joint names, the first named Applicant shall be deemed the holder of the Participation Notes; and
 - n. agree to provide the Placement Agent and Manager and/or the Trustee as the case may be, with any information, which it/they may request in connection with your Application(s); and
 - o. agree that Calamatta Cuschieri & Co. Limited in its capacity of Placement Agent and Manager will not treat you as its customer by virtue of your making an Application for Participation Notes or by virtue of your Application to subscribe for Participation Notes being accepted and that Calamatta Cuschieri & Co. Limited will owe you no duties or responsibilities concerning the price of the Participation Notes or their suitability for you; and
 - p. warrant that, in connection with the Application, you 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 in any territory and that you have not taken any action that will or may result in the Trustee or the Placement Agent and Manager acting in breach of the regulatory or legal requirements of any territory in connection with the Participation Note Issue or your Application; and
 - q. warrant that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with; and
 - r. 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 (the "Securities Act")] and that you are not 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, unless indicated otherwise on the Application Form in accordance with the instructions on the Application Form; and
 - s. agree that, in all cases, any refund of unallocated Application monies will be sent to the Applicant by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form. No interest shall be due on refunds. The Trustee and/or the Placement Agent and Manager shall not be responsible for any changes, loss or delay in transmission.

8.5 The Participation Notes have not been and will not be registered under the Securities Act 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.

8.6 No person receiving a copy of the Prospectus in any territory other than Malta may treat the same as constituting an invitation or offer to him/her nor should he/she in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to him/her 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.

8.7 Save where the context requires otherwise, terms defined in the Prospectus bear the same meaning when used in these Terms and Conditions, in the Application Forms, in any of the Annexes and in any other document issued pursuant to the Prospectus.

8.8 If the Application Form(s) and proof of payment of cleared funds do not reach the Placement Agent and Manager by the close of the Issue Period, the Application will be deemed to have been declined.

8.9 Subject to all other terms and conditions set out in the Prospectus, the Issuer reserves the right to