

## SUMMARY NOTE

This part of the Prospectus is prepared in accordance with the requirements of the Regulation, as amended by Commission Delegated Regulation (EU) No 486/2012 of the 30 March 2012 amending the Regulation as regards the format and content of the prospectus, the base prospectus, the summary and the final terms as regards the disclosure requirements. The sequence and numbering of the provisions set out below corresponds to that set out in Annex XXII of the aforesaid amending regulation specifying the disclosure requirements in summaries.



## 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 1<sup>st</sup> June 2015  
with company registration number C-70870

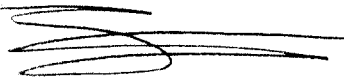
Prospective investors are to refer to the sections entitled “Risk Factors” contained in this Summary, the Registration Document and the Securities Note for a discussion of certain risk factors, which should be considered by prospective investors in connection with the Global Note and the Participation 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

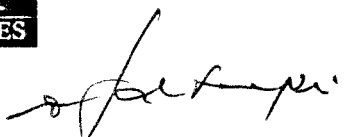
  
**Calamatta Cuschieri**  
VALOR PARTNERI EN UNA SOCIETÀ PER MESE

  
James Zammit

  
Raymond Zammit

Legal Counsel

**CDF**  
ADVOCATES

  
Alfred Lupi



In this Summary 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:

<b>“Act” or “Companies Act”</b>	the Companies Act, 1995, Chapter 386 of the Laws of Malta;
<b>“Applicant/s”</b>	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
<b>“Application”</b>	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;
<b>“Application Form”</b>	the form of application for subscription of Participation Notes;
<b>“Participation Note Holder”</b>	a holder of Participation Notes;
<b>“Business Day”</b>	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
<b>“Company” or “Issuer”</b>	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;
<b>“Euro” or “€”</b>	the lawful currency of the Republic of Malta;
<b>“Group”</b>	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 37945 and having its registered office at Raymond Auto Dealer, Mdina Road, Zebbug, Malta;
<b>“Global Note”</b>	the €6,000,000 Global Note 2020 – 2022 issued at par and redeemable on the Redemption Date at their nominal value, bearing interest at the rate of 5.25% per annum to be issued by the Issuer in favour of the Trustee (in its capacity as trustee for the benefit of the Participation Note Holders) representing the amount due by the Issuer to the Trustee and creating, acknowledging and representing the indebtedness of the Issuer to the Trustee in accordance with the terms and conditions to be set out in the Prospectus;
<b>“Participation Note”</b>	means a participation note issued by the Trustee to one or more Participation Note Holders;
<b>“Participation Note Holder”</b>	a holder of Participation Notes;
<b>“Placement Agent and Manager”</b>	Calamatta Cuschieri & Co. Limited, a private limited liability company registered under the Laws of Malta having its registered office at 3rd Floor, Valletta Buildings, South Street, Valletta, Malta and bearing company registration number C-13729. Calamatta Cuschieri & Co. Limited is authorised to conduct investment services by the MFSA in terms of the Investment Services Act (Chapter 370 of the Laws of Malta);
<b>“Physical Property”</b>	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;
<b>“Property”</b>	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;

<b>“Prospectus”</b>	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;
<b>“Redemption Date”</b>	30 <sup>th</sup> September 2022, unless otherwise redeemed at the Issuer’s sole discretion on any day during the Designated Optional Redemption Period;
<b>“Redemption Value”</b>	at par (€1000 per Participation Note);
<b>“Registration Document”</b>	the registration document in its entirety dated 5 November 2015, forming part of the Prospectus;
<b>“Related Company”</b>	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.
<b>“Securities Note”</b>	the securities note issued by the Issuer dated 5 November 2015, forming part of the Prospectus;
<b>“Summary”</b>	the summary note issued by the Issuer dated 5 November 2015, forming part of the Prospectus;
<b>“Terms and Conditions”</b>	the terms and conditions relating to the Participation Notes as contained in the Prospectus;
<b>“Trust Deed”</b>	the trust deed entered into by the Issuer and the Trustee pursuant to which Property is settled on trust by the Issuer in favour of the Trustee (in its capacity as trustee for the benefit of the Participation Note Holders) as security for the punctual performance of the Issuer’s obligations under the Global Note (details of the trust deed are contained in the section entitled ‘Material Contracts’ of the Securities Note);
<b>“Trustee”</b>	PI Trustees Limited a private limited liability company registered under the laws of Malta with company registration number C 28762 and with registered office situated at 2nd Floor, Europa Centre, St. Anne Street, Floriana, FRN1400 and any other successor in such capacity appointed for that purpose in terms of the Trust Deed.

## Section A Introduction and Warnings

### **A.1** Prospective investors are hereby warned that:

- i. This summary is being provided to convey the essential characteristics and risks associated with the Issuer and the securities being offered pursuant to this document. This part is merely a summary and therefore should only be read as an introduction to the Prospectus. It is not and does not purport to be exhaustive and investors are warned they should not rely on the information contained in this summary in making a decision as to whether to invest in the securities described in this document. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor;
- ii. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of Malta, have to bear the costs of translating the Prospectus before legal proceedings are initiated; and
- iii. Civil liability attaches only to those persons who have tabled the summary including any translation thereof and who applied for its notification, but only if the summary, when read together with the other parts of the Prospectus is misleading, inaccurate or inconsistent, or does not provide key information to aid investors when considering whether to invest in such securities.

**A.2** The Issuer has given its express written consent to the Placement Agent and Manager for the use of the Prospectus by the same Placement Agent and Manager for the purpose of final placement and/or subsequent resale of the Participation Notes. The Issuer accepts full responsibility for the content of the Prospectus also with respect to any subsequent resale or final placement of the Participation Notes by the Placement Agent and Manager. The Placement Agent and Manager will only be permitted to use the Prospectus in the Republic of Malta. There are no other conditions attached to the consent given by the Issuer to the Placement Agent and Manager that are relevant for the use of the Prospectus. Calamatta Cuschieri Investment Services Limited is the only financial intermediary permitted to use the Prospectus. The Placement Agent and Manager using the Prospectus in connection with a resale or placement of Participation Notes subsequent to the Participation Note Issue shall, limitedly for the period of 60 days from the date of the Prospectus, publish on its website a notice to the effect that it is using the Prospectus for such resale and placement in accordance with the consent of the Issuer and the conditions attached thereto. The consent provided herein shall no longer apply following the lapse of such period. No person has been authorised to give any information or to make any representation not contained in or inconsistent with the Prospectus. If given or made, such information and/or representation must not be relied upon as having been authorised by the Issuer or the Placement Agent and Manager. The Issuer does not accept responsibility for any information not contained in the Prospectus.

## Section B Issuer

**B.1** The legal and commercial name of the Issuer is Zammit Finance p.l.c.

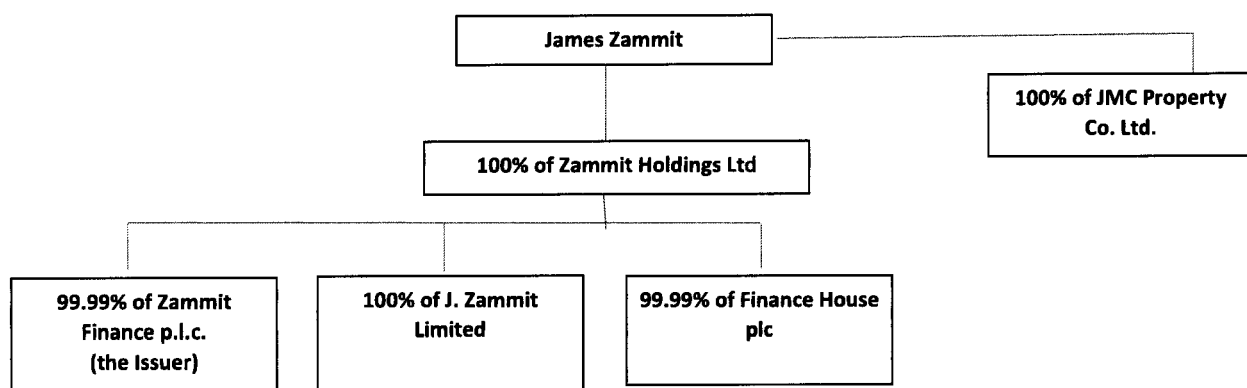
**B.2** The Issuer is a public limited liability company registered under the laws of Malta on 1st June 2015 having its registered office at Aries House, Triq tal-Hlas, Haz-Zebbug, Malta and bearing company registration number C-70870. The Issuer is domiciled in Malta.

**B.4b** The key activity of the Issuer is, and will continue to be, acquiring bills of exchange from J. Zammit Limited and the Related Company on a “with recourse” basis, as a result of which the Issuer is expected to generate interest and non-interest (fees and charges) income. 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. The assets of the Issuer will principally consist of bills of exchange drawn by J. Zammit Limited and the Related Company on customers who purchase motor vehicles on hire purchase terms, which bills are subsequently endorsed and transferred in favour of the Issuer and then subsequently re-endorsed and re-transferred to the Trustee for the benefit of the Participation Note Holders. At the time of publication of this Prospectus, the Issuer considers that it shall be subject to the normal business risks associated with the industries in which the Issuer are involved, and, barring unforeseen circumstances, does not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be deemed likely to have a material effect on the upcoming prospects of the Issuer, at least up to the end of the next financial year.

B.5 The organisational structure of the Group, in so far as this is relevant to the Issuer as at the date of this Prospectus, is illustrated in the diagram below:



B.9 The Prospectus contains profit forecasts or estimates. These are reproduced in Annex A of the Registration Document. In brief, the prospective financial information of the Issuer comprises the profit forecast for the three month period 1 October 2015 to 31 December 2015 and the profit projection for the two years ending 31 December 2016 and 2017, as follows:-

<b>Zammit Finance p.l.c. – Prospective Financial Information</b>			
<i>For the period</i>	<i>Oct-Dec 2015F</i>	<i>Jan-Dec 2016P</i>	<i>Jan-Dec 2017P</i>
	€	€	€
Revenue	1,108,775	3,552,384	3,740,482
Cost of sales	(864,000)	(2,643,840)	(2,696,760)
<b>Gross profit</b>	<b>244,775</b>	<b>908,544</b>	<b>1,043,722</b>
Administrative and other expenses	(62,322)	(88,768)	(90,529)
<b>Results from operating activities</b>	<b>182,453</b>	<b>819,776</b>	<b>953,193</b>
Finance income	-	-	-
Finance expenses	(81,696)	(327,197)	(327,890)
<b>Net finance costs</b>	<b>(81,696)</b>	<b>(327,197)</b>	<b>(327,890)</b>
<b>Profit before taxation</b>	<b>100,757</b>	<b>492,579</b>	<b>625,303</b>
Taxation income/(expense)	(35,265)	(172,402)	(218,856)
<b>Profit for the period</b>	<b>65,492</b>	<b>320,177</b>	<b>406,447</b>
<b>Total comprehensive income for the period</b>	<b>65,492</b>	<b>320,177</b>	<b>406,447</b>



**B.10** The Issuer was set up on 1<sup>st</sup> June 2015 and no financial statements have been prepared since the date of its inception. The financial information about J. Zammit Limited is extracted from the audited financial statements for the financial period 1<sup>st</sup> January 2012 to 31<sup>st</sup> December 2014. The statements of comprehensive income are as follows:

<i>J. Zammit Limited – Statements of Comprehensive Income</i>			
<i>For the year ended 31 December</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>
	€	€	€
Revenue	3,046,836	3,812,477	7,551,737
Cost of sales	(2,458,657)	(3,170,700)	(6,902,543)
<b>Gross profit</b>	<b>588,179</b>	<b>641,777</b>	<b>649,194</b>
Other income	219,558	152,740	214,975
Administrative and other expenses	(369,239)	(431,526)	(667,393)
<b>EBITDA</b>	<b>438,498</b>	<b>326,991</b>	<b>196,776</b>
Depreciation and amortisation	(42,329)	(60,058)	(110,355)
<b>Operating profit</b>	<b>396,169</b>	<b>302,933</b>	<b>86,421</b>
Finance income	188,778	328,864	304,942
Finance costs	(136,483)	(181,386)	(182,345)
<b>Profit before tax</b>	<b>448,464</b>	<b>450,411</b>	<b>209,018</b>
Taxation	(156,961)	(165,835)	(57,068)
<b>Profit for the year</b>	<b>291,503</b>	<b>284,576</b>	<b>151,950</b>

The audit reports on the said historical financial information do not contain any material qualifications.

**B.12** As explained in section B.10 above, no historical financial information regarding the Issuer is available. However the Issuer is in a position to declare that there have been no material adverse changes to the prospects of the Issuer since the date of incorporation. With reference to the selected historical key financial information and applicable comparative information regarding J. Zammit Limited referred to in section B.10 above, there has been no material adverse change in the prospects of J. Zammit Limited since the date of its last published audited financial statements or significant changes in its financial or trading position subsequent to the period covered by the historical financial information.

**B.13** The Issuer is not aware of any recent events that are to a material extent relevant to the evaluation of its solvency.

**B.14** The Company itself does not have any substantial assets and is essentially a special purpose vehicle set up to act as a financing company solely for the needs of J. Zammit Limited and the Related Company. The Issuer is mainly dependent on the business prospects of J. Zammit Limited and, therefore, the operating results of the Group have a direct effect on the Issuer's financial performance and position. Accordingly, the risks of the Issuer are indirectly those of J. Zammit Limited. Since the Issuer shall be acquiring existing hire purchase trade receivables from the Related Company on a "with recourse" basis, the Issuer may to a lesser extent also be dependent on the Related Company to settle any shortfall that may arise in the event of non-payment.

**B.15** As at the date of this Prospectus, the Issuer intends to, among others, acquire bills of exchange from J. Zammit Limited and from the Related Company on a "with recourse" basis and consequently its own trading activities are currently limited to the assets that will be acquired from the proceeds of the Offer. The assets will consist principally of bills of exchange, drawn by Group companies (and to a lesser extent



drawn by the Related Company) on customers who purchase motor vehicles on hire purchase terms, which bills are subsequently endorsed and transferred in favour of the Issuer and then subsequently re-endorsed and re-transferred to the Trustee for the benefit of the Participation Note Holders.

**B.16** The Issuer is directly owned and controlled by Zammit Holdings Limited (C-70104) and ultimately by Mr James Zammit.

**B.17** The Issuer has not sought the credit rating of an independent rating agency and there has been no assessment by any independent rating agency of the Global Note issued by the Issuer or of the Participation Notes.

#### Section C Securities

**C.1** The Global Note shall be issued to in favour of the Trustee (in its capacity as trustee for the benefit of the Participation Note Holders) representing the amount due by the Issuer to the Trustee and creating, acknowledging and representing the indebtedness of the Issuer to the Trustee in accordance with the terms and conditions set out in the Prospectus. Each Participation Note issued by the Trustee acknowledging the interest of the person named therein and evidencing an entry in the Register of Participation Note Holders will be in fully certificated and registered form.

**C.2** The Global Note and the Participation Notes are denominated in Euro (€).

**C.5** 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.

**C.8** The Issuer has appointed Calamatta Cuschieri & Co. Limited as Placement Agent and Manager for the purposes of this Participation Note Issue and interested investors may contact the Placement Agent and Manager for the purposes of subscribing to Participation Notes during the Issue Period. Subscription to the Participation Notes must be accompanied by full price of the Participation Notes applied for in Euro and in cleared funds at the Issue Price. Payment may be made either in cash or by cheque payable to 'Calamatta Cuschieri & Co. Limited'. Execution of the Subscription Agreement will entitle an investor:

- i. to participate in the Global Note with respect to the rights and benefits under the Global Note in the proportion that the amount of the subscription constitutes in relation to the face value of the Global Note;
- ii. to receive from the Trustee an acknowledgement of his interest in the Global Note by the issue of a Participation Note;
- iii. to all such rights and benefits applicable to Participation Note Holders as set out in the Prospectus;
- iv. to all such applicable rights and benefits applicable to Participation Note Holders set out in the Trust Deed.

Upon execution of the Subscription Agreement, an investor will also be bound by, and be deemed to have notice of, all the provisions of the Trust Deed and the terms and conditions of the Global Note and the Participation Notes.

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.

**C.9** The Participation Notes shall bear interest from and including 27<sup>th</sup> November 2015 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. Unless previously cancelled, the Participation Notes will be redeemed at par (together with interest accrued to the date fixed for redemption) on 30th September 2022 by payment direct to the Participation Note Holders whose names are entered in the Register of Participation Note Holders. In such a case the Issuer shall be discharged of any and all obligations under the Participation Notes. However, the Issuer reserves the right to prepay the Global Note prior to the Redemption Date, within the Designated Optional Redemption Period, in whole or in part, together with all interest accrued up to the date of prepayment, by giving not less than thirty (30) days’ prior written notice to the Trustee of its intention to effect such prepayment, specifying the date when such prepayment shall be effected.

The following elements specified in the amending Regulation are not applicable to the Offer: “indication of yield” and “name of representative of debt security holders”.

**C.10** The following elements specified in the amending Regulation is not applicable to the Offer given that interest payable on the Participation Notes is not tied to or affected by any underlying instruments: “if the security has a derivative component in the interest payment, provide a clear and comprehensive explanation to help investors understand how the value of their investment is affected by the value of the underlying instrument(s), especially under the circumstances when the risks are most evident.”

**C.11** No application has been made, nor is it intended that an application will be made, for the Participation Notes to be admitted to listing on a regulated market or other trading platform.

#### Section D Risks

**Holding of the Participation Notes involves certain risks. Prospective investors should carefully consider, with their own independent financial and other professional advisors, the following risk factors and other investment considerations as well as all the other information contained in the Prospectus before deciding to acquire the Participation Notes. Prospective investors are warned that by investing in the Participation Notes they may be exposing themselves to significant risks that may have the consequence of losing a substantial part of all of their investment.**

**Potential investors are advised to read the Prospectus in its entirety and, in particular, the “Risk Factors” for a further discussion of the factors that could affect the Issuer’s future performance. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document may not occur. All forward-looking statements contained in this document are made only as at the date hereof. The Issuer and its Directors expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.**

**The risk factors set out below are a summary of the principal risks associated with an investment in the Participation Notes – there may be other risks that are not mentioned in this Summary. Investors are therefore urged to consult their own financial or other professional advisors with respect to the suitability of investing in this instrument. The following is a summary of the principal risks:**

#### **D.2 Key information on the key risks specific to the Issuer:**

- i. The Issuer itself does not have any substantial assets and is essentially a special purpose vehicle set up to act as a financing company solely for the needs of J. Zammit Ltd and the Related Company. The Issuer is mainly dependent on the business prospects of J. Zammit Ltd and, therefore, the operating**





results of J. Zammit Ltd have a direct effect on the Issuer's financial performance and position. Accordingly, the risks of the Issuer are indirectly those of J. Zammit Ltd and the Related Company. Since the Issuer shall also be acquiring existing hire purchase trade receivables from the Related Company on a "with recourse" basis, the Issuer may to a lesser extent also be dependent on the Related Company to settle any shortfall that may arise in the event of non-payment of bills of exchange which the Issuer will acquire from the Related Company.

- ii. Furthermore the Issuer is largely dependent, including for the purpose of servicing interest payments on the securities described in the Securities Note and the repayment of the principal on Redemption Date, on interest and non-interest income (fees and charges) generated on the bills of exchange acquired from J. Zammit Limited on a monthly basis and on J. Zammit Limited maintaining its current level of operating activity.
- iii. J. Zammit Limited is the main operational and revenue-generating company within the Group and, accordingly, its performance most significantly determines the success or otherwise of the Group.
- iv. As J. Zammit Limited's business (and to a lesser extent, the business of the Related Company) is reliant on motor vehicle hire purchase agreements secured by bills of exchange entered into with private individuals resident in Malta, severe competition in the motor vehicle financing sector and changes in economic and market conditions could adversely affect the Issuer's business and operating results.
- v. J. Zammit Limited may not be able to successfully execute its long-term business strategy. There is no assurance that J. Zammit Limited will be able to drive growth to the extent desired through its focus of efforts and resources on its sales or to enhance profitability to the extent desired through continuous improvement.
- vi. J. Zammit Limited is reliant on the attractiveness of the car models designed by the car manufacturers. The attractiveness and competitiveness of any brand of cars, and of particular models, is influenced by a host of factors such as engineering quality, design, the age of a particular model, the brand's plans for its replacement, and cost (which may also be impacted, inter alia, by exchange rates and incidence of registration taxes). These are all external factors over which J. Zammit Limited has no control and, in certain circumstances, may negatively impact the level of demand for some of the cars offered by J. Zammit Limited.
- vii. J. Zammit Limited operates in a highly competitive market. Substantial competition could reduce their respective market share and significantly harm their financial performance. This level of competition may increase, which may limit the future ability of J. Zammit Limited to maintain its market share and revenue level.
- viii. The interest rates charged by J. Zammit Limited to its car hire purchase customers and the number of hire purchase agreements concluded could be adversely impacted by a number of events including political, social and economic instability, among others, all of which could have the effect of reducing the demand for car sales, which may have an adverse impact on the Issuer.
- ix. J. Zammit Limited's business consists of the sale of used motor vehicles, both on a cash basis and on hire purchase terms. In this respect, the financing element of hire purchase agreements and the bills of exchange held as security is subject to a number of specific risks including, among others, the inability to source adequate opportunities, changes in interest rates, bad debts and the reduction of demand. If these risks were to materialise, they would have an adverse impact on J. Zammit Limited's revenue generation, cash flows and operational performance, which in turn will have an adverse impact on the revenue generation, cash flows and operational performance of the Issuer insofar as the Issuer acquires bills of exchange from J. Zammit Limited.

### **D.3 Key information on the key risks specific to the Participation Notes**

An investment in the Participation Notes involves certain risks including, but not limited to, those set out below in this section. In deciding whether to make an investment in the Participation Notes, prospective



investors are advised to carefully consider, with their own independent financial and other (including tax, accounting, credit, legal and regulatory) professional advisors, the following risk factors (not listed in order of priority) and other investment considerations, together with all the other information contained in the Prospectus.

**(a) General risks**

- i. The value of investments can go up or down and past performance is not necessarily indicative of future performance. If in need of advice, you should consult a licensed stockbroker or an investment advisor licensed under the Investment Services Act, Cap. 370 of the Laws of Malta.
- ii. 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.
- iii. 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.
- iv. The Issuer has the option to redeem the Global Note, in whole or in part, at any time during the Designated Optional Redemption Period, together with any accrued and unpaid interest until the time of redemption. This optional redemption feature may condition the market value of the Notes. Should the Issuer decide to redeem the Global Note at any time during the Designated Optional Redemption Period, the Participation Note Holder may not be able to reinvest his monies at an equivalent or higher rate.

**(b) Trading and Liquidity risks**

- i. 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.
- ii. The ease of transferability of the Participation Notes depends on factors beyond the Issuer's control that could impact the trading value of the Participation Notes such as the willingness or otherwise of potential buyers and sellers of the Participation Notes.
- iii. The trading value of the Participation Notes may also be impacted by other factors such as the time remaining for maturity of the Participation Notes, the outstanding amount of the Participation Notes and the level, direction and volatility of market interest rates generally.
- iv. There can be no assurance, also, that an investor will be able to re-sell his/her participation in the Participation Notes at or above the Issue Price.
- v. Due to the absence of any prior market for the Participation Notes, there can be no assurance that the Issue Price will correspond to the price at which the Participation Notes will be traded subsequent to the Offer.
- vi. 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.



**E.2b** The cash proceeds from the Global Note shall amount to €6,000,000 (six million euro). Following the deduction of those expenses incurred in relation to the Offer (see “Offer Expenses” below), the proceeds of the Global Note will be used by the Issuer for the following purposes, in the amounts and order of priority set out below:

- to acquire existing hire purchase trade receivables relating to motor vehicle sales on a “with recourse” basis from J. Zammit Limited;
- to acquire existing hire purchase trade receivables relating to motor vehicle sales on a “with recourse” basis from the Related Company; and
- to acquire new bills of exchange relating to motor vehicle sales drawn by J. Zammit Limited on a monthly basis on a “with recourse” basis.

The amounts of the net proceeds utilised for the first two components is dependent on the book of bills of exchange existing as at the date of transfer, which book is constantly evolving with the passage of time, thus limiting the ability to precisely estimate the amount of net proceeds required to acquire the existing hire purchase trade receivables. The Issuer envisages that the amount of net proceeds applied in this respect will range between €2.3m and €3.5m.

The hire purchase trade receivables relating to motor vehicle sales are secured by bills of exchange entered into with private individuals resident in Malta, which bills of exchange will be endorsed by JMC Property Co Ltd and/or J. Zammit Limited in favour of the Issuer. In this respect, the Issuer will pay to JMC Property Co Ltd and/or J. Zammit Limited the face amount of each bill of exchange less any unaccrued interest. Endorsement of the bill of exchange will operate so as to transfer the property of the bill of exchange to the endorsee, in this case the Issuer. As endorsee, the Issuer shall be entitled to claim payment of the bill of exchange from the acceptor thereof, namely the original customer of JMC Property Co Ltd and/or J. Zammit Limited, on the maturity date of the bill of exchange. In view of the fact that the bills of exchange will be endorsed in favour of the Issuer “with recourse”, the Issuer will enjoy a right of recourse for payment of the bills of exchange against the drawer thereof, namely JMC Property Co Ltd and/or J. Zammit Limited. Endorsement of bills of exchange between the Issuer and JMC Property Co Ltd and/or J. Zammit Limited will be made “without protest”, meaning that in the event of non-payment of a bill of exchange the Issuer need not protest the bill in the form required by law for it to retain its right of recourse against JMC Property Co Ltd and/or J. Zammit Limited. Bills of exchange endorsed by the Issuer in favour of the Trustee will be endorsed “without protest”.

The remaining balance of the net Issue proceeds shall be used for financing the bills of exchange acquired by the Issuer from J Zammit Limited on a monthly basis, subject to the provisions of the Trust Deed. In this respect the following procedure will be followed:

- a. Every two weeks, a report in arrears listing all the Physical Property that has been issued within the same two week period is sent together with the Physical Property for the Trustee to reconcile. Upon being satisfied of the correctness of such report and reconciliation with the Physical Property, the Trustee shall retain the Physical Property and a cash amount corresponding to approximately 85% of the total face value of the Physical Property will be advanced by the Trustee to the Issuer;
- b. Payments received by the Issuer from its underlying clients shall be deposited in an account designated for the savings of such payments;
- c. On the 7th day of each month, the Issuer shall deliver to the Trustee a report in arrears listing all the Physical Property that 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.

**E.3** The principal terms and conditions of the Offer applicable to the Global Note and Participation Notes are set out below:

### **Global Note**

The following is a synopsis of the general terms and conditions applicable to the €6,000,000 5.25% Global Note issued by the Company in terms of the Trust Deed and the Prospectus. A Participation Note Holder as well as any person having an interest under the Global Note and the Notes is deemed to have invested only after having received, read and understood the contents of this Prospectus, including the full terms and conditions contained in the annexes thereto:

#### *1. General*

The Global Note shall be issued to the Trustee, as Trustee for the benefit of the Participation Note Holders. The Global Note shall constitute the Issuer as the true and lawful debtor of the Offer Amount in favour of the Trustee on behalf of the Participation Note Holders.

#### *2. Form, Denomination and Title*

The Global Note shall be issued in fully certificated and registered form. The Global Note shall be issued to the Trustee for the Offer Amount and the Trustee shall be entered in the Register of debentures of the Issuer as the holder of the Global Note.

#### *3. Interest*

The Global Note 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. The Global Note shall cease to bear interest from and including the Redemption Date.

#### *4. Status of the Notes and Negative Pledge*

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 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.

#### *5. Payments*

Payment of the principal amount of the Global Note, as well as payment of any instalment of interest on the Global Note, will be made by the Issuer in Euro to the Trustee.

#### *6. Redemption*

Unless previously redeemed by the Issuer, the Global Note shall be redeemed at its nominal value (together with interest accrued and that has remained unpaid to the date set for redemption) on the Redemption Date. The Issuer has reserved the right to redeem all or part of the Global Note at an Early Redemption Date being a date on any day between 30th September, 2020 and 30th September, 2022 on giving not less than thirty (30) Business Days prior written notice to the Trustee specifying the date when such redemption shall be affected.



### *7. Covenants by the Company*

The Issuer shall throughout the term of the Global Note be bound by the covenants made in favour of the Trustee for the benefit of Participation Note Holders as set out in the Trust Deed, including covenants relating to the payment of interest and principal, record-keeping and the manner in which their respective business is to be conducted.

### *8. Functions and Powers of the Trustee*

The Trustee may, but shall not be bound to, unless requested to do so in writing by not less than seventy five percent (75%) in value of the Participation Note Holders, enforce or take any step to enforce the covenants referred to in the paragraph above relating to "Covenants by the Company".

### *9. Events of Default*

The Trustee may, at its discretion, and shall, upon the request in writing of not less than seventy five percent (75%) in value of the Participation Note Holders, give notice to the Issuer that the Global Note is, and it shall accordingly immediately become, due and payable at its principal amount together with interest accrued on the occurrence of certain events (each an "Event of Default"). Upon the giving of notice of an Event of Default as aforesaid, the Global Note and all principal monies and interest accrued shall be deemed to have become immediately due and payable at the time of the Event of Default.

### *10. Register of Debentures*

The Issuer shall maintain a register of debentures, at its registered office or at such other place in Malta as the directors of the Issuer may determine, in which it shall enter the name and address of the Trustee as the holder of the Global Note, together with particulars of the Global Note. A copy of such register shall at all reasonable times during business hours be open to inspection by the Trustee at the registered office of the Issuer.

### *11. Further Issues*

The Issuer may, from time to time, without the consent of the Participation Note Holders, create and issue further bonds, notes, debentures or any other debt securities having such terms as the Issuer may determine at the time of their issue.

### *12. Governing Law and Jurisdiction*

The Global Note has been created, and the Offer relating thereto is being made, in terms of the Act. From its inception the Global Note, and all contractual arrangements arising therefrom, shall be governed by and shall be construed in accordance with Maltese law. Any legal action, suit, action or proceeding against the Issuer arising out of or in connection with a Global Note shall be brought exclusively before the Maltese Courts.

## **Participation Notes**

The following is a synopsis of the general terms and conditions applicable to the Participation Notes issued in terms of the Prospectus. A Participation Note Holder as well as any person having an interest under the Participation Notes is deemed to have invested only after having received, read and understood the contents of this Prospectus, including the full terms and conditions contained in the annexes thereto:

### *1. General*

The Participation Notes constitute the beneficial interest of the Participation Note Holders in the Global Note including the right to payment of principal and interest under the Global Note. The Participation Notes shall bear interest at a rate of 5.25% (five point twenty five percent) per annum in accordance with



the terms and conditions as set out in the Prospectus. The Participation Notes shall be redeemable at their nominal value including accrued but unpaid interest on the Redemption Date and shall be redeemable in whole or in part at the discretion of the Trustee. Upon an early redemption of the Global Note, the Participation Notes of all Participation Note Holders shall be redeemed in whole or in part according and up to the amount received by the Trustee from the redemption of the Global Note.

### *2. Form, Denomination and Title*

The Participation Notes shall be issued in fully certificated and registered form. Participation Notes shall be issued under the signature of a duly authorised signatory of the Trustee. The Trustee shall maintain a Register of Participation Note Holders that shall identify the Participation Note Holders from time to time. An entry in the Register shall be conclusive evidence of the beneficial interest of the person or persons named therein in the Global Note. Every Participation Note Holder shall be entitled to be entered in the Register of Participation Note Holders as a participant in the Global Note and shall be entitled to receive from the Trustee a Participation Note acknowledging the Participation Note Holders' beneficial interest in the Global Note and evidencing the appropriate entry in the Register of Participation Note Holders.

### *3. Interest*

The Participation Notes shall bear interest from and including 27th November 2015 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. Each Participation Note will cease to bear interest from and including its due date for redemption. 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.

### *4. Payments*

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 be made against surrender of the Participation Note at the registered office of the Trustee or at such other place in Malta as may be notified by the Trustee. Such payment shall be effected by direct credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the Participation Note Holder.

### *5. Redemption*

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 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 in its absolute discretion on giving not less than thirty (30) days' notice in writing to the Participation Note Holders.

### *6. Covenants by the Company*

The Company shall, until such time as the Global Note remains outstanding, be bound by the covenants made in favour of the Trustee for the benefit of Participation Note Holders as set out in the Trust Deed, including covenants relating to the payment of interest and principal, record-keeping and the manner in which their respective business is to be conducted.

### *7. Functions and Powers of Trustee*



The Trustee may, but shall not be bound, unless requested to do so in writing by not less than seventy five percent (75%) in value of the Participation Note Holders, to enforce or take any step to enforce the covenants referred to in the paragraph above relating to “Covenants by the Company”.

**8. Events of Default under the Global Note**

The Terms and Conditions of the Participation Notes make reference to the provision regulating “Events of Default” under the Global Note. Any payment of the Global Note made by the Issuer to the Trustee pursuant to an Event of Default shall trigger an early redemption of the Participation Notes.

**9. Registration and Replacement of the Participation Notes**

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 names and addresses of the Participation Note Holders and particulars of the Participation Notes held by them respectively. A copy of such register shall at all reasonable times during business hours be open to inspection by the Participation Note Holders and by the Issuer at the registered office of the Trustee.

**10. Transferability of the Participation Notes**

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.

**11. Meetings of Participation Note Holders**

The provisions of the Prospectus and of the Trust Deed may be amended with the approval of Participation Note Holders at a meeting called for that purpose by the Trustee in accordance with the terms and procedure set out under the heading “Meeting of Participation Note Holders” under the Securities Note.

**12. Governing Law and Jurisdiction**

The Participation Notes and all contractual arrangements arising therefrom are governed by and shall be construed in accordance with Maltese law. Any legal action, suit, action or proceeding against the Issuer arising out of or in connection with a Participation Note shall be brought exclusively before the Maltese Courts and the Participation Note Holders shall be deemed to acknowledge that they are submitting to the exclusive jurisdiction of the Maltese Courts as aforesaid.

**E.4** There is no interest or conflict of interest that is material to the Issue.

**E.7** Professional fees for managing and placing the issue including all other miscellaneous costs are estimated not to exceed €100,000 (one hundred thousand euro).

Section F Time-Table

1. Issue Period: 17<sup>th</sup> November 2015 to 26<sup>th</sup> November 2015
2. Commencement of interest on Participation Notes: 27<sup>th</sup> November 2015
3. Issuance of Participation Notes: 27<sup>th</sup> November 2015
4. Expected dispatch of allotment advices and refunds of unallocated monies: 30<sup>th</sup> November 2015

By not later than 6 December 2015, the Issuer shall announce the results of the Offer through a press release in at least one local newspaper.

