

BASE PROSPECTUS

dated: 23 January 2019

ARN HIGH YIELD 1 CELL (the “Issuer”)

a segregated cell of:

AXION SECURITISATION SCC P.L.C.

a segregated public limited liability company incorporated under the laws of Malta bearing company registration number C-82981 and having its registered office at:

Vision Exchange Building, Territorials Street,
Mriehel, Birkirkara, BKR 3000, Malta

In respect of an Offering Programme to issue up to:

**100 Listed Asset Backed Securities
at a Nominal Value of TL 1,000,000 each**

AN APPLICATION HAS BEEN MADE TO THE LISTING AUTHORITY IN MALTA, WHICH IS THE MALTESE COMPETENT AUTHORITY FOR THE PURPOSE OF THE PROSPECTUS DIRECTIVE, FOR THE APPROVAL OF THIS BASE PROSPECTUS.

THE ACCEPTANCE BY THE LISTING AUTHORITY IN MALTA FOR THE ADMISSIBILITY OF THESE SECURITIES AS A LISTED FINANCIAL INSTRUMENT MEANS THAT THE SAID INSTRUMENTS ARE IN COMPLIANCE WITH THE REQUIREMENTS AND CONDITIONS SET OUT IN THE LISTING RULES. IN PROVIDING THIS ACCEPTANCE, THE LISTING AUTHORITY DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS IN INVESTING IN THE SAID INSTRUMENT AND SUCH ACCEPTANCE SHOULD NOT BE DEEMED OR BE CONSTRUED AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN SUCH INSTRUMENT.

THE SECURITIES OFFERED ARE COMPLEX FINANCIAL INSTRUMENTS AND ARE NOT SUITABLE FOR RETAIL INVESTORS. THE SECURITIES ARE INVESTMENTS INTENDED SOLELY FOR 'PROFESSIONAL INVESTORS' BEING INVESTORS WHO OR WHICH MEET THE CRITERIA LAID DOWN IN ANNEX II OF DIRECTIVE 2014/65/EU ON MARKETS IN FINANCIAL INSTRUMENTS (MIFID), AND SHALL NOT BE REPACKAGED OR SOLD TO RETAIL INVESTORS. A POTENTIAL INVESTOR SHOULD NOT INVEST IN THE SECURITIES UNLESS:

- I. S/HE HAS THE NECESSARY KNOWLEDGE AND EXPERIENCE TO UNDERSTAND THE RISKS RELATING TO THIS TYPE OF FINANCIAL INSTRUMENT;**
- II. THE SECURITIES MEET THE INVESTMENT OBJECTIVES OF THE POTENTIAL INVESTOR;**
- III. SUCH POTENTIAL INVESTOR IS ABLE TO BEAR THE INVESTMENT AND FINANCIAL RISKS WHICH RESULT FROM INVESTMENT IN THESE SECURITIES.**

PROSPECTIVE INVESTORS SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY FINANCIAL INSTRUMENTS SUCH AS ASSET BACKED SECURITIES. PROSPECTIVE INVESTORS SHOULD NOT TAKE ANY DECISION TO INVEST IN THE ASSET BACKED SECURITIES BEFORE READING AND CAREFULLY UNDERSTANDING ALL OF THE INFORMATION CONTAINED IN THIS BASE PROSPECTUS, INCLUDING THE RISKS INVOLVED IN INVESTING IN THE ASSET BACKED SECURITIES.

IT IS THE RESPONSIBILITY OF PROSPECTIVE INVESTORS TO INFORM THEMSELVES OF AND TO OBSERVE AND TO COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS, INCLUDING ALL LEGAL, TAX AND INVESTMENT REQUIREMENTS OF INVESTING IN THE ASSET BACKED SECURITIES.

THE BASE PROSPECTUS HAS BEEN APPROVED BY THE LISTING AUTHORITY (MEANING, THE MFSA ACTING IN ITS CAPACITY AS LISTING AUTHORITY IN TERMS OF THE FINANCIAL MARKETS ACT, CHAPTER 345 OF THE LAWS OF MALTA) AS COMPETENT AUTHORITY UNDER THE PROSPECTUS DIRECTIVE, AS A BASE PROSPECTUS ISSUED IN COMPLIANCE WITH THE PROSPECTUS DIRECTIVE FOR THE PURPOSE OF GIVING INFORMATION WITH REGARD TO THE ISSUER AND THE ASSET BACKED SECURITIES. THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THIS BASE PROSPECTUS MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWEVER ARISING FROM, OR IN RELIANCE UPON, THE WHOLE OR ANY PART OF THE CONTENTS HEREOF. THE CONTENTS OF THIS BASE PROSPECTUS HAVE NOT BEEN REVIEWED OR APPROVED BY ANY REGULATORY AUTHORITY OTHER THAN THE LISTING AUTHORITY.

A COPY OF THIS BASE PROSPECTUS HAS BEEN SUBMITTED TO THE LISTING AUTHORITY AND TO THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE LISTING RULES.

THE ISSUER IS NOT LICENSED BY ANY REGULATORY AUTHORITY (INCLUDING THE MFSA).

Important Information

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

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

To the best of the knowledge and belief of the Issuer, the information contained in this Base Prospectus and Final Terms is in accordance with the facts and does not omit anything likely to affect its import.

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

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

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

This Base Prospectus, together with all supplements hereto, any documents incorporated by reference and the relevant Final Terms, should be read in their entirety before deciding whether to acquire any ABSs.

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

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

The ABSs will not be registered under the United States Securities Act of 1933, as amended. The ABSs may not be offered, sold or delivered within the United States or to U.S. persons (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended). The ABSs may only be offered, sold or delivered to, and accepted by, 'Eligible Investors' (as such term is defined in this Base Prospectus).

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

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

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Definitions

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

Account Bank	Akbank T.A.S. is a listed bank in Turkey, with head office in Konaklar Mah., Sabancı Ak Center Girişi Sabancı Center No:2, 34330, 4 Levent, Beşiktaş, İstanbul. It has 840 branches across Turkey, employs more than 14,000 employees and had a market capitalization of USD8.9 billion (as at 31December, 2016). Akbank T.A.S.'s branches and subsidiaries trade as Akbank T.A.S. Malta Branch, Akbank Dubai and Akbank AG. The Account bank is collectively the Issuer Account Bank and the SCC Account Bank;
Applicant	A person whose name appears in the registration details of an Application Form;
Application Form	The application for subscription of the ABSs, copies of which are available from the Issuer upon request;
Approved Investors	Applicants whose Application Forms have been accepted and approved by the Issuer;
Asset Pool	The Receivable assets and all payments and other amounts due to and received by the Issuer in respect of such Receivable assets;
Assignment Agreement	The agreement/s between the Originator and the obligors, through which the Originator will be obtaining the right to receive the payment from the obligors' debtors directly;
Base Prospectus	This Base Prospectus in its entirety;
Board	The Board of Directors of the SCC;
Business Day	A Business Day in which the banks are open for business in Malta and in Turkey;
Calculating Agent	Ms Marlene Micallef Tabone, St. Joseph, Flat 3, Universitas Street, Victoria, Gozo, Malta;
Collection Agent	Arena Faktoring AS, a factoring company registered under the laws of Turkey with company registration number 699837 and registered office address situated at Eski Büyükdere Street Gil No 9 Kat 11, Maslak, Sisli, Istanbul Turkey;
Clearing System Business Day	Any day on which the Clearing System is open for the acceptance and execution of settlement orders in Malta and Turkey;
Collections	All amounts received (net of tax) by the Issuer constituting payments in respect of the Receivables;
Companies Act	The Companies Act, Chapter 386 of the laws of Malta;
Directors	The members of the Board of the SCC;

Early Redemption Date	The date set forth by the Issuer in the Early Redemption Notice for giving effect to an Early Redemption;
Early Redemption Notice	Such notice as the Issuer may at any time give for redeeming all the outstanding ABSs;
Eligible Investors	Persons who are ‘professional clients’ (as that term is defined under MIFID and that are not ‘U.S. persons’ (as that term is defined in Regulation S of the U.S. Securities Act of 1933, as amended));
Event of Default	Each event specified as an event of default in Section 12.12;
Asset Backed Securities (“ABSs”)	ABSs issued by the Issuer in the aggregate nominal amount of up to TL100,000,000 (One hundred million Turkish Lira), divided into 100 ABSs in the denomination of TL1,000,000 each, with a minimum tradable and transferable nominal amount of TL1,000,0000 (One million Turkish Lira). The Issuer may, at its discretion issue the ABSs in several issues;
Asset Backed Securities holder/s	Any holder/s of an ABS or number of ABSs from time-to-time, as evidenced by the relevant entries on register of the Issuer with the Transfer Agent;
Final Terms	The final terms applicable to a Series that will be published by the Issuer from time to time in the form set out in Section 12 to this Base Prospectus;
Financial Markets Act	The Financial Markets Act, Chapter 345 of the Laws of Malta;
IFSM	The Institutional Financial Securities Market of the Malta Stock Exchange is a market designed for institutional investors and regulated by the Listing Authority under the Wholesale Securities Market Listing Rules. Its registered address is at: Garrison Chapel, Castille Place, Valletta VLT 1603, Malta;
Income Tax Act	The Income Tax Act, Chapter 123 of the Laws of Malta;

Insolvency Event	<p>In relation to the Issuer, an event whereby the Issuer:</p> <ul style="list-style-type: none"> (i) Is dissolved (other than pursuant to a consolidation, amalgamation or merger); (ii) Becomes insolvent or is unable to pay its debts or fails or admits in writing in inability generally to pay its debts as they become due; (iii) Makes a general assignment, arrangement or composition with or for the benefit of its creditors; (iv) Institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, a proceeding seeking a judgement of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding up or liquidation by it or such regulator, supervisor or similar official; (v) Has instituted against it a proceeding seeking a judgement of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in Clause (iv) above and either (a) results in a judgement of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding up or liquidation, or (b) is not dismissed, discharged, stayed or restrained in each case within fifteen (15) days of the institution or presentation thereof; (vi) Seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (vii) Has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within fifteen (15) days thereafter; (viii) Causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the effects specified in the above clauses; (ix) Takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.
Investment Services Act	The Investment Services Act, Chapter 370 of the Laws of Malta;
Issue Date	The issue date of a Series, which shall be indicated in the Final Terms for that Series;
Issue Price	The issue price of a Series, which shall be indicated in the Final Terms for that Series;
Issuer	ARN High Yield 1 Cell, a segregated cell of the SCC;
Issuer Account	ARN High Yield 1 Cell corporate account with the Issuer Account Bank;
Issuer Account Bank	Akbank T.A.S.;

Listing Agent	Integra Private Wealth Limited, a private limited liability company registered and incorporated under the law of Malta and having its registered office address at 228, Tower Road, Sliema, SLM 1601, Malta;
Listing Authority	The MFSA acting in its capacity as Listing Authority in terms of the Financial Markets Act;
Listing Rules	The listing rules issued by the Listing Authority for the Wholesale Securities Market;
Major Shareholder	Quark Foundation, a foundation established in accordance with the laws of Malta and bearing Registration Number PFLP-160;
Maturity Date	The ABS shall mature and be redeemed at their Nominal Value as indicated on the final terms of that series;
Memorandum and/or Articles of Association	The memorandum and/or articles of association of the SCC in force at the time of publication of this Base Prospectus;
MFSA	Malta Financial Services Authority as established under the Malta Financial Services Authority Act (Chapter 330 of the Laws of Malta);
MiFID	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2004 on markets in financial instruments and amending Directives 2002/92/EC and 2011/61/EU (recast);
MSE	Malta Stock Exchange p.l.c., as originally constituted by the Financial Markets Act, bearing company registration number C-42525 and with its registered office at Garrison Chapel, Castille Place, Valletta, VLT 1063, Malta;
Net Return	All collections received (net of tax) by the Issuer during the Period in respect of the Securitisation Assets purchased using the proceeds of the issue, less all actual and accrued expenses of the Issuer attributable to the Cell in respect of the same Period;
Nominal Value	In respect of each ABS, TL1,000,000 (One million Turkish Lira), or if different, the net asset value per ABS;
Offering Documents	This Base Prospectus in its entirety, together with any supplement and the relevant Final Terms for each issue of ABSs;
Offering Programme	The TL100,000,000 nominal value (one hundred million Turkish Lira) ARN High Yield 1 Cell Listed ABSs to which this Base Prospectus relates and under which the ABSs may be issued on a continuous basis in multiple Series subject to a minimum issuance of TL5,000,000 nominal value (five million Turkish Lira) for each Series;
Originator	Arena Faktoring AS, a factoring company registered under the laws of Turkey with company registration number 699837 and registered office address situated at Gil No 9 Kat 11, Maslak, Sisli, Istanbul, Turkey

Prospective Directive	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC (as amended from time to time by various instruments, including by Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010);
Prospectus Regulation	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements (as amended from time to time by various instruments, including by Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012, Commission Delegated Regulation (EU) No. 862/2012 of 4 June, 2012, Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015);
Receivable	The securitisation assets, ultimately representing third party factoring by the Originator, which will be sold by the Originator and bought by the Issuer;
Redemption Amount	In respect of each ABS, the Nominal Value of the ABSs or, if different, the net asset value attributable to the investors which value may be higher or lower than the nominal value;
Redemption Date	In respect of each Series, 3 working days after the maturity date;
Redemption Price	The Nominal Value, or if different, the net asset value per ABS;
SCC	Axion Securitisation SCC p.l.c., a public limited liability company established as a securitisation cell company under the Laws of Malta bearing company registration number C-82981 and having its registered office address at Vision Exchange Building, Territorials Street, Mriehel, Birkirkara, BKR 3000, Malta;
SCC Account	The SCC's corporate account with the SCC Account Bank;
SCC Account Bank	Akbank T.A.S.;
SCC Regulations	The Securitisation Cell Companies Regulations (Subsidiary Legislation 386.16);
Securitisation Act	The Securitisation Act (Chapter 484 of the Laws of Malta);
Securitisation Assets	The SCC, via the Issuer, has issued the ABSs for subscription by Eligible Investors, out of which proceeds the Issuer shall acquire the Receivables from the Originator (Arena Factoring AS) as specified in the cell resolution constituting the Issuer or equivalent. The securitisation assets backing the ABSs issued by the Issuer are the Receivables granted by the Originator, which Receivables refers to third party debts;
Securitisation Law	The Securitisation Act and the SCC Regulations;

Segregated Portfolio	The ring fenced and separately managed pool of Securitisation Assets available only to the ABS holders (and other eligible creditors of the Issuer and/or the Cell) whose ABSs have been issued exclusively in respect of the Issuer;
Series	Each series of ABSs to be issued by the Issuer under the Offering Programme in accordance with the provisions of this Base Prospectus (as may be amended, supplemented and updated from time to time) and the applicable Final Terms. Such series will be identical in all respect, except for the Issue Dates and the consequent difference in the Issue Price due to their zero-coupon nature;
Stock Exchange	IFSM or any other regulated Stock Exchange of a member State of the European Union, on which the Securities may be admitted to listing;
Subscription and Operating Account	The Issuer's Subscription and Operating account with the Issuer Account Bank;
Terms and Conditions	The Terms and Conditions of the ABSs that are set out in Section 12 of this Base Prospectus;
Transfer Agent	Alter Domus Fund Services (Malta) Limited, a company licensed by the Malta Financial Services Authority;
Trustee	Bastille Malta Trustees Limited, having company registration number C25994 and its registered office located The Penthouse, Carolina Court, Triq Guzeppi Cali, Ta Xbiex, Malta, duly authorized by the MFSA to provide trusteeship and fiduciary services in accordance with the Trust and Trustees Act (Chapter 331 of the Laws of Malta).

1. RISK FACTORS

1.1 General

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

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

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

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

1.2 Forward Looking Statements

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

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

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

1.3 Risks Relating to the Issuer

1.3.1 Concentration Risk / Issuer's Ability to Meet its Obligations under the ABSs

The Issuer is a special purpose segregated cell of a special purpose securitisation vehicle and its activities are therefore, by definition, not diversified. The Issuer will have no assets other than the Receivables and any payments received by the Issuer in respect of the Receivables. Concentration risk may arise because of lack of diversification in the Issuer's business that may lead to excessive exposure or concentration to a single counterparty. The Receivables are expected to constitute the only assets of the Issuer, which means that the Issuer's financial position and its ability to meet its obligations to the ABS holders will be heavily dependent on the extent of collections and recoveries from the Receivables and any other amounts payable to the Issuer in respect of the Asset Pool. Although the Asset Pool is expected to generate sufficient returns to fund the Issuer's obligations to the ABS holders, the Issuer has no other source of income that would enable it to meet these obligations should this turn out not to be the case.

There is no assurance that, over the life of the ABSs or on redemption of the ABSs (on a Redemption Date), there will be sufficient funds to enable the Issuer to repay the ABSs in full.

1.3.2 Credit Risk

The Issuer is subject to the credit risk of the Originator's underlying debtors defaulting on their obligations towards the Issuer in respect of the Receivables. Any default or inability of such debtors to pay the Issuer the amounts due in respect of the Receivables will prejudice the ability of the Issuer to make payments to ABS holders.

1.3.3 Liquidity Risk

The Issuer is also subject to liquidity risk, which is the risk that the Issuer may be unable to meet its obligations as they become due. The ability of the Issuer to meet its obligations in respect of the ABSs is dependent on, *inter alia*, the timely payment of any amounts due to the Issuer in terms of the Receivables. The Issuer is subject to the risk of delay arising between the scheduled payment dates for principal and other amounts owed to the Issuer in respect of the Receivables and the date of actual receipt of those payments.

1.3.4 Special Purpose Vehicle / No Operating History

The SCC is a special purpose vehicle established for the purpose of undertaking securitisation transactions and issuing securities such as ABSs. The SCC was incorporated under Maltese law on 1st November, 2017. The Issuer is a segregated cell of the SCC and was established via a cell resolution taken on 27th April, 2018. Neither the SCC nor the Issuer has any operating history that can be evaluated as a basis for the Issuer's potential performance.

1.3.5 The Securitisation Law

The Issuer is established as a securitisation cell company in terms of the SCC Regulations and subject to the Securitisation Act. As at the date of this document, there has been limited interpretation of the application of the Securitisation Law by the local regulatory authority and there have not been any judgments of the Maltese courts relating to the same. Consequently, it is possible that further regulations, guidance or judgments may be issued relating to the Securitisation Law or to the interpretation thereof, the impact of which cannot be predicted by the Issuer or any other party as at the date of this document.

There is also a risk that, in the event of insolvency proceedings of the Issuer brought before the courts of a jurisdiction other than Malta, the provisions of the Securitisation Law, particularly the provisions of the SCC Regulations that provide for the segregation of assets and liabilities into distinct securitisation cells (including in the event of insolvency), might not be enforced as a matter of public policy of that jurisdiction.

1.3.6 Dependence on the Board of Directors

The Board of Directors shall be responsible for the general management of the Issuer's affairs and has delegated to the Calculating Agent the selection of the Securitisation Assets.

1.4 Risks Relating to the Portfolios

1.4.1 No Independent Investigation in relation to the Securitisation Assets

None of the Issuer nor any other person (other than the Originator) has undertaken or will undertake any investigation, searches or other actions to verify the details of the Securitisation Assets assigned by the Originator to the Issuer and transferred to the Asset Pool.

Neither the Issuer nor any other person (other than the Originator) has carried out any due diligence in respect of the Securitisation Assets in order to, without limitation, ascertain whether the Securitisation Assets contain provisions limiting their transferability in any way.

The Issuer will rely on the representations and warranties given by the Originators in the Assignment Agreements. The only remedies of the Issuer in respect of the occurrence of a breach of a representation and warranty which materially and adversely affects the value of a Securitisation Assets will be the requirement that the Originator indemnifies the Issuer for the damage deriving therefrom.

In particular, The Originator will, pursuant to the Assignment Agreement, make certain representations and warranties, and undertaking related indemnification obligations, in respect, inter alia, of: (i) the validity and existence of the relevant Securitisation Assets; (ii) the validity, effectiveness and proper execution of the Factoring Agreements; (iii) the validity of the assignment to the Issuer by the Originator; and (iv) the accuracy with respect to any data provided to the Issuer. The indemnification obligations undertaken by the Originator under the Assignment Agreement are unsecured claims of the Issuer and no assurance can be given that the Originator can or will pay the relevant amounts if and when due.

1.4.2 Collection Agent of the Securitisation Assets

Pursuant to the Collection Agent Agreement and as of its date of execution, the Collection Agent will manage the Asset Pool of Receivables. The net cash flows from the Receivables may be affected by decisions made, actions taken, and the collection procedures adopted pursuant to the provisions of the Collection Agent Agreement. In addition, no assurance can be given that the Collection Agent will promptly forward to the Issuer all amounts collected from the debtors in respect of the Receivables in accordance with the Collection Agent Agreement. The failure of the Collection Agent could result in the failure of or delay in the processing of payments in respect of the Receivables and ultimately could adversely affect payments on the ABSs.

1.4.3 Claw-back on Sale of a Factoring Asset

A transfer pursuant to the Securitisation Law may be subject to a claw-back action of such sale by a liquidator of the transferor: (a) when there is fraud on the part of the Issuer or (b) in respect of any assignment of assets to the Issuer entered into at a time at which the Issuer knew or ought to have known that an application for the dissolution and winding up of the Originator by reason of insolvency was pending, or that the Originator had taken formal steps under any applicable law to bring about its dissolution and winding up by reason of insolvency. Provided that unless the Issuer had actual knowledge of such matter, it shall be deemed that the securitisation vehicle could not have known that an application for the dissolution and winding up of the Originator by reason of insolvency was pending, or that the Originator had taken formal steps under any applicable law to bring about its dissolution and winding up by reason of insolvency, if no document or other record was registered to this effect in a public register and was publicly accessible at the time. Accordingly, the relevant transfer may, in the aforementioned circumstances, be subject to claw-back by a liquidator of the Originator. Under each Assignment Agreement, the Originator will represent that it is solvent as of the date of the transfer of the relevant Securitisation Assets, and that such representations shall be deemed to be repeated as of each Issue Date.

1.4.4 ABSs are Redeemable at the Option of the Issuer

Any or all of the ABSs may be redeemed at the option of the Issuer on an Early Redemption on the Early Redemption Date upon prior written notice to the relevant ABS holders being given. ABS holders will be entitled to, in respect of the ABSs being redeemed, payment of the Redemption Amount, but once the ABSs are redeemed the relevant ABS holders will no longer be entitled to any rights in relation to those ABSs. If ABSs are redeemed on an Early Redemption an ABS holder would receive the value of the liquidation proceeds thereof, if any, which value can be different from the Nominal Value.

1.4.5 No Assurance of Active Secondary Market for the ABSs

Recent events in the securitisation markets, as well as the debt markets generally, have caused significant dislocations, illiquidity and volatility in the market for asset-backed securities, as well as in the wider global financial markets. As at the date of this Base Prospectus, the secondary market for asset-backed securities is continuing to experience difficulties resulting from, among other factors, reduced investor demand for such securities. This has had a materially adverse impact on the market value of asset-backed securities and resulted in the secondary market for asset-backed securities experiencing very limited liquidity. Structured investment vehicles, hedge funds, issuers of collateralised debt obligations and other similar entities have been experiencing funding difficulties and have been forced to sell asset-backed securities into the secondary market. The price of credit protection on asset-backed securities through credit derivatives has also risen materially. Limited liquidity in the secondary market may continue to have an adverse effect on the market value of asset-backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the requirements of limited categories of investors.

Consequently, whilst these market conditions continue to persist, an investor in the ABSs may not be able to sell or acquire credit protection on its ABSs readily and market values of the ABSs are likely to fluctuate. Any of these fluctuations may be significant and could result in significant losses to ABS holders. It is not known for how long these market conditions will continue and it cannot be assured that these market conditions will not continue to occur or whether they will become more severe.

As of the date of this Base Prospectus, no securities of the Issuer have been listed on any stock or other recognised or regulated investment exchange or otherwise publicly or privately traded. The existence of an orderly and liquid market for the ABSs will depend on several factors, including the presence of willing buyers and sellers of the ABSs at any given time and over whom the Issuer has no control. Accordingly, it is impossible to guarantee a liquid or any secondary market for the ABSs after their admission to trading or that such a market, should it develop, will subsist. There can be no assurance that ABS holders will be able to sell the ABSs at or above the price at which the Issuer issued the ABSs or at all.

In addition, illiquidity means that an ABS holder may not be able to find a buyer to buy its ABSs readily or at prices that will enable the ABS holder to realise a desired yield. Illiquidity can have a severe adverse effect on the market value of the ABSs. Consequently, any sale of ABSs by ABS holders in any secondary market may be at a discount to the original purchase price of those ABSs.

Prospective ABS holders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date hereof), whereby there is a general lack of liquidity in the secondary market for instruments similar to the ABSs. Moreover, the current liquidity crisis has stalled the primary market for a number of financial products, including instruments similar to the ABSs. While it is possible that the current liquidity crisis may soon alleviate for certain sectors of the global credit markets, there can be no assurance that the market for securities similar to the ABSs will recover at the same time or to the same degree as such other recovering global credit market sectors.

1.4.6 No Assurance of Future Price Level of ABSs

The Issuer cannot provide any assurance as to the future price level of the ABSs. If any of the ABSs are traded following their issue, they may trade at a discount or premium from their initial issue price. In addition to the Issuer's creditworthiness, many other factors may affect the trading market for, and market value of, the ABSs. These factors include political conditions, general economic conditions, the time remaining to maturity, redemption or repayment features and the level, direction and volatility of market interest rates generally.

1.4.7 No Rating

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

1.4.8 Change of Law

The Terms and Conditions of the ABSs offered pursuant to this Base Prospectus are based on Maltese law in effect as at the date hereof. No assurance can be given that a future judgment by the Maltese courts or a change in Maltese law or administrative practice after the date of this Base Prospectus will not result in any adverse effects on the rights of the ABS holders.

1.4.9 Liability under the ABSs/ No Guarantor

The ABSs are an obligation of the Issuer only and do not establish any liability or other obligation of any other person mentioned in this Offering Document. There is no guarantor of the Offering Programme or the ABSs so the ABS holders are taking the full credit risk of the Issuer and its assets. In particular, the

ABSs will not be obligations or responsibilities of or be guaranteed by the Originator (in any capacity), the Collection Agent or the Accounts Bank. No such person (or any other person mentioned in this Offering Document) accepts any liability whatsoever in respect of any failure by the Issuer to make any payment of any amount due on the ABSs.

1.4.10 No Recourse to Other Cells

It is possible that the ABS holders may not receive some or all payments due under the ABSs to the extent that the proceeds received by the Issuer in respect of the Asset Pool are insufficient to enable the Issuer to meet those payment obligations to ABS holders. The ABS holders will have no claim against the assets of any other cell of the SCC or against the SCC's non-cellular assets.

1.4.11 No Recourse to the Issuer

None of the ABS holders or any other party entitled to any claims against the Issuer in connection with the ABSs shall take any corporate action or other steps or legal proceedings for the winding-up, dissolution or reorganisation or for the appointment of a receiver, administrator, administrative receiver, agent, liquidator, examiner, sequestrator or similar officer of the Issuer or of any or all of the revenues and assets of the Issuer, or have any right to take any steps, except in accordance with the provisions of this Base Prospectus, for the purpose of obtaining payment of any amounts payable to it under the Offering Programme by the Issuer or take any steps to recover any debts whatsoever owing to it by the Issuer.

None of the ABS holders or any other party entitled to any claims against the Issuer in connection with the ABSs (or any person acting on behalf of any of them) shall have any recourse against any director, shareholder, member, agent or officer of the Issuer in respect of any obligations by the Issuer, pursuant to this Base Prospectus or any notice which the Issuer is required to make pursuant to this Base Prospectus.

1.4.12 Liability for the ABSs

The ABSs are an obligation of the Issuer only and do not establish any liability or other obligation of any other person mentioned in this Offering Document including but not limited to the Collection Agent, the Accounts Bank and/or any of the Issuer's other service providers.

1.4.13 Suitability

Prospective investors should determine whether an investment in the ABSs is appropriate in their particular circumstances and should consult with their legal, business or tax advisers to determine the consequences of an investment in the ABSs and to arrive at their own evaluation of the investment. Investment in the ABSs is only suitable for investors who: (a) have the requisite knowledge and experience in financial and business matters to evaluate such merits and risks of an investment in the ABSs; (b) have access to, and knowledge of, appropriate analytical tools to evaluate such merits and risks in the context of their financial situation; (c) are capable of bearing the economic risk of an investment in the ABSs; and (d) recognise that it may not be possible to dispose of the ABSs for a substantial period of time, if at all.

Prospective investors in the ABSs should make their own independent decision whether to invest in the ABSs and whether an investment in the ABSs is appropriate or proper for them, based upon their own judgement and upon advice from such advisers as they may deem necessary.

Prospective investors in the ABSs should not rely on or construe any communication (written or oral) of the Issuer or the Originator as investment advice or as a recommendation to invest in the ABSs, it being understood that information and explanations in this Offering Document (or in any other document referred to herein) shall not be considered to be investment advice or a recommendation to invest in the ABSs. Moreover, no communication (written or oral) received from the Issuer or the Originator or from any other person shall be deemed to be an assurance or guarantee as to the expected results of an investment in the ABSs.

1.4.14 Regulatory Capital and Other Requirements

In Europe, the United States and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset-backed securities and may thereby affect the liquidity of such securities. Investors in the ABSs are responsible for analysing their own regulatory position and none of the Issuer or the Originator makes any representation to any prospective investor or purchaser of the ABSs regarding the regulatory capital treatment of (or regarding any other regulatory requirements resulting from) their investment in the ABSs on the relevant Issue Date or at any time in the future.

THE FOREGOING RISK FACTORS ARE NOT EXHAUSTIVE AND DO NOT PURPORT TO BE A COMPLETE LIST OF ALL OF THE RISKS AND CONSIDERATIONS INVOLVED IN INVESTING IN THE ABSs. IN PARTICULAR, THE ISSUER'S PERFORMANCE MAY BE AFFECTED BY CHANGES IN POLITICAL, MARKET OR ECONOMIC CONDITIONS AS WELL AS LEGAL, REGULATORY AND TAX REQUIREMENTS APPLICABLE TO THE ISSUER AND/OR THE ABSs WHICH COULD NEGATIVELY AFFECT THE PRICE OF THE ABSs, POSSIBLY RENDERING THEIR VALUE TO ZERO.

2. PERSONS RESPONSIBLE

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

3. STATUTORY AUDITORS

Ernst & Young Malta Limited, have been appointed as the Issuer's statutory auditors until the next general meeting of the Issuer. The Auditors holds a warrant to practice the profession of accountants and a practicing certificate to act as auditors in terms of the Accountancy Profession Act (Chapter 281 of the Laws of Malta). They are also a registered audit firm with the Accountancy Board of Malta with registration number C30252.

4. THE ISSUER

4.1 Information about the Issuer

Legal & Commercial Name:	Axion Securitisation SCC P.L.C.
Company Registration Number:	C-82981
Legal Form:	A public limited company established as a securitisation cell company under the Malta Companies Act, the Malta Securitisation Act and the Malta SCC Regulations
Place of Registration & Domicile:	Malta
Date of Establishment of the Issuer:	1 st November 2017
Registered Office Address:	Vision Exchange Building, Territorials Street, Mriehel, Birkirkara, BKR 3000, Malta
E-mail Address:	admt-aafa@alterdomus.com

4.2 Business Overview

The SCC was established as a special purpose vehicle for the purpose of undertaking securitisation transactions and issuing securities such as the ABSs. The SCC has the power to establish one or more segregated cells, each for the purpose of undertaking one or more securitisation transactions.

The Issuer is a segregated cell of the SCC that has been established exclusively for issuance of the securities under the Offering Programme. The Issuer does not carry on any other business.

4.3 Administrative, Management and Supervisory Bodies

4.3.1 The Board

As at the date of this Base Prospectus, the Board is composed of:

- **Ms Gul Ayse Colak**, with Turkish Passport No U03645674 and business address at, Gil No 9 Kat 11, Maslak, Sisli, Istanbul, Turkey. Ms Colak is also a Board member of the Originator;

- **Virtue Resources Limited**, a private limited liability company, established under Maltese law (registration number C 56748), having its registered office at Vision Exchange Building, Territorials Street, Mriehel, Malta;
- **Mr Mario Buttigieg**, with Maltese Identity Card No 15370G and business address at, “Serenity”, Triq ir-Rumani, Xlendi, Gozo, XLN 1431, Malta.

4.3.2 Capital Structure and Major Shareholder

As at the date of this Base Prospectus, the SCC’s authorised and issued share capital is EUR46,588, divided into 46,587 Ordinary Core ‘A’ Shares having a nominal value of EUR1 each and 1 Ordinary Core ‘B’ Share having a nominal value of EUR 1. The SCC’s issued share capital is 25% paid up.

The Ordinary Core ‘A’ Shares have the right to (i) receive notice of, attend, speak and vote at meetings of the SCC, (ii) appoint directors, (iii) receive dividends upon any distributions, and (iv) participate in the profits or assets of the SCC in a repayment of capital or in a winding up of the SCC. The Ordinary Core ‘A’ Shares are held by Quark Foundation, a foundation established in accordance with the laws of Malta bearing Registration Number PFLP-160. The Ordinary Core ‘B’ Shares is held by Mr Emre Tezmen (Belgian Passport No EN812792) and these Shares have the same rights as those of the Ordinary Core ‘A’ Shares.

4.3.3 Working Capital

It is in the opinion of the Directors that the working capital is sufficient for the Issuer’s present requirements, having also the Majority Shareholder offering its support as necessary.

4.4 Interests of Persons Involved in the Issue

There is a potential conflicts of interest for Ms Ayse Colak, acting as director of the Issuer, Originator and Collection Agent and being a shareholder of the Originator and Collection Agent. Potential conflicts of interest situations regarding Board members are specifically regulated by the Companies Act and by Article 19(d) of the Articles of Association, pursuant to which a Director is required to declare his interest in any contract or arrangement which is being discussed by the Board, even though he shall not be precluded from voting on that contract or arrangement at the meeting. Moreover, the minutes of Board meetings will invariably include a suitable record of such declaration and of the action taken by the individual Director concerned.

4.5 Financial Information

This is a new set-up and thus there is no historical Financial Information on the Issuer.

4.6 Legal and Arbitration Proceedings

No governmental, legal or arbitration proceedings whatsoever are pending or threatened by or against the Issuer. Nor have any such proceedings been pending or threatened since the date of incorporation of the Issuer.

5. THE ASSET POOL

The Issuer will be using the Offering Programme to raise money which will be utilized to purchase Securitisation Assets in the form of factoring Receivables from the Originator through an asset transfer agreement governed by Turkish law. The Receivables and all their payments and other amounts due to and received by the Issuer in respect of such Receivables will form part of the Asset Pool.

5.1 Composition of the Receivables

The Receivables' being transferred from the Originator to the Issuer are in the name of Turkish corporate obligors' own receivables from third party debtors. These Turkish corporate obligors operate in a variety of sectors, with the main ones coming from:

- Construction;
- Food;
- Manufacturing industry;
- Machine technology spare parts;
- Excavation and infrastructure;
- Textile;
- Durable consumption materials;
- Mining; and
- Transportation.

The weighted default rate on the Originator's total factoring receivables during the last 3 years was of 0.4% per annum when calculated as at the financial year ends or 0.22% when considering the total annual turnover of the receivables.

The average duration of the Originator's factoring Receivables is of 108 days.

The initial Receivables in the Asset Pool will reflect the above sectors, expected default rates and duration. The Asset Pool will not be exposed to 20% or more of any sector or underlying obligors of the Originator.

The respective agreements between the Originator and the Turkish corporate obligors are governed by Turkish law.

5.2 Origination of the Receivables

The Originator has acquired the "with recourse" receivables from the Turkish corporate obligors, obtaining the right to receive the payment from the latter's debtors directly. If there is a default by the Turkish corporate obligors' debtors, the Originator have recourse against both the Turkish corporate obligors and their respective debtors and such recourse can be exercised also by the Issuer.

The acquisition by the Originator is done at a discount and such fee is amortised over the duration of the acquired receivable using a straight-line method. The relative costs and bad debt provision are expensed against such income, this resulting in the net profit to the Originator.

The Originator is eventually transferring a random portion of these receivables to the Issuer on a "without recourse" basis, and these receivables will form the Issuer's Asset Pool of the asset Receivables.

5.3 Selection of Receivables

The Receivables will be randomly selected by the Originator from its portfolio of factoring Receivables that meet the selection criteria. The Originator will, pursuant to the Asset Transfer Agreement, make certain representations and warranties, and undertaking related indemnification obligations, in respect, inter alia, of the:

- validity and existence of the relevant factoring Receivables;
- validity, effectiveness and proper execution of the factoring agreements between the Originator and the obligors;
- validity of the assignment to the Issuer by the Originator; and
- accuracy with respect to any data provided by to the Issuer, this including that each Receivable:
 - is payable in Turkish Lira;
 - has a positive net present value;
 - is evidenced by an unsecured factoring agreement entered into between the Originator and the Turkish corporate obligor;
 - is not overdue; and
 - has no less than 60 days remaining, except when the days remaining till Maturity Date are of less than 60 days, in which case a lesser duration is allowed to coincide on or before the Maturity Date.

5.4 Management and Valuation of Receivables

The Issuer has appointed the: (a) Collection Agent to manage the Receivables and, apart from other duties, ensure efficiency and maximization in such collections; and (b) Calculating Agent to, apart from other duties, establish the initial value of the Receivables transferred to the Asset Pool as well as the valuation of such Receivables when being replaced by new ones or in cash.

5.5 Turnover of Receivables

During the period till or before the Maturity Date of the ABSs, the Issuer will keep a dynamic Asset Pool and it is expected that during a year there will be from 2 to 6 Asset Pool changes. Such changes can however be less or more frequent depending on future market conditions and opportunities.

5.6 Receivables as Collateral

The Receivables within the Asset Pool will be used as collateral and, through also the accumulation and reinvestment of the cash generated by the factoring Receivables, will be used to finance the redemption of the ABSs on Maturity Date or earlier as contemplated for in the Base Prospectus.

6. THE ORIGINATOR

The Originator, Arena Faktoring AS, is a factoring company registered under the laws of Turkey. It purchases and sells all types of invoiced receivables related to the domestic trade and import/export transactions and engages in factoring activities in accordance with the foreign trade and foreign exchange legislation, and carries out other factoring operations listed under the purpose and subject matter of its article of association, provided that they are related to its main field of activity and in compliance with the Financial Leasing, Factoring and Financing Companies Law Nr:6361; Regulations; Circulars; The Financial Crimes Investigation Board, by staying faithful to its vision, mission and values.

The services covered include:

- Purchasing, selling, taking in possession all types of invoiced receivables related to the domestic trade transactions, or conducting their assignment operations to others in accordance with the international factoring rules and practices;
- Conducting the trading of term receivables compliant with the practices in the international factoring transactions, taking them in possession or handling their assignment operations to others;
- Conducting factoring transactions in accordance with the provisions of the foreign trade and foreign exchange legislation;
- Setting up the organisation necessary for the collection of receivables assigned to the company;
- Providing consultancy services for the company's Turkish clients on the credit standing of their ultimate customers;
- Engaging in financial transactions required by its field of activity, executing fund creating and raising transactions and agreements with the local and international institutions in accordance with the provisions of the relevant legislation.

The products include:

- Discount
 - Interest and commission are calculated over the sum of checks/bills using the average maturity;
 - Since the interest is calculated upfront and deducted from the sum of checks/bills, it remains fixed until the account is closed;
 - The account is closed by the maturing checks automatically (should all checks be fully collected).
- Current Account
 - It runs on the basis of reducing balance system. The interest begins to accrue over the advance payment made plus the commission (if any);
 - Each collection being made is reduced from the balance on which interest accrues and the accrual of interest continues on the remaining amount;
 - The accumulated interest is collected at the end of each month;

- Interest amendment can be made depending on the market conditions until the account is closed.
- Spot Transaction

The fixed factoring interest and the commission are applied to the calculated average maturity; the principal, interest and fees are collected at the end of the maturity, and the collections are reduced from the principal balance; and the service invoices are issued according to the maturity dates.
- Export Factoring
 - Since 1968, FCI (Factors Chain International) has devoted substantial resources to creating the world's biggest factoring company network. Today FCI's over 400 members located in 90 countries play an active role in one-half of the total volume of cross-border trade in the world. It has 18 members in Turkey and Arena Factoring is a member of the FCI's global network since 2016;
 - Export factoring provides 100% guarantee, receivable and collection management and financing services on open account sales;
 - Advance Payment; Where funding limits are available, 80% of invoices assigned are transferred to customers' account;
 - Payments; Following receipt of a payment, within the term of the invoice, the balance remaining after all previously made advance payments, as well as costs plus interest plus commissions and other legal fees are deducted from the total amount transferred to debtors' account;
 - Payment Under Guarantee; In case of non-payment for any reason such as insolvency, default, bankruptcy, or plain refusal to pay – except by reason of dispute – client will receive payment under guarantee 90 days after the maturity date of the approved invoice.

The Originator has been appointed by the Issuer to act as the Collection Agent of the Asset Pool.

7. THE TRUSTEE

Bastille Malta Trustees Limited has been appointed to act as a trustee in terms of the deed of trust and it shall represent the interests of Investors and shall have the right of access to appropriate and relevant information relating to the Securities and the Collateral comprised in the Cell.

The Issuer shall be entitled to replace the Trustee at any time with another bank or financial services institution or authorised trustee having its head office or a branch office within a country of the European Economic Area.

The agreement engaging the Trustee shall be available for inspection by Investors at the Issuer's registered office during normal office hours.

8. THE CALCULATING AGENT

Ms Marlene Micallef Tabone has been engaged by the Issuer to act as Calculating Agent and to: (a) establish, maintain and review policies and procedures which seek to ensure a sound, transparent and appropriately documented valuation process; and (b) establish initially as at the date when the factoring receivables are transferred from the Originator to the Issuer and then afterwards as at the financial year end of the Issuer or earlier as required by the directors of the Issuer the:

- validity and existence of the relevant factoring receivables, including the effectiveness and proper execution of the factoring agreements;
- validity of the factoring receivables assignment to the Issuer by the Originator of the factoring receivables;
- accuracy with respect to any data provided to the Originator of the factoring receivables;
- valuation of the factoring receivables pool transferred by the Originator to the Issuer;
- valuation of new factoring receivables before they become part of the Company's asset pool; and
- valuation of the factoring receivables being replaced by new factoring receivables or for which cash is being received by the Issuer in full or partial payment.

The Issuer shall be entitled to replace the Calculating Agent at any time with another suitably qualified person having its head office or a branch office within a country of the European Economic Area.

The agreement engaging the Calculating Agent shall be available for inspection by ABS Investors at the Issuer's registered office during normal office hours.

9. THE TRANSFER AGENT

The ABS Transfer Agent is Alter Domus Fund Services (Malta) Limited, a company licensed by the Malta Financial Services Authority.

The main responsibilities of the Transfer Agent are the collection and processing of application forms and subscription monies from Applicants, processing of transfers and redemptions of ABSs and ensuring that the issuance, transfer and redemption of the ABSs are registered in accordance with the Terms and Conditions of the ABSs.

10. STRUCTURE OF THE TRANSACTION AND CASH FLOW

10.1 Subscription

Subscription application forms will be available from the Issuer or Transfer Agent upon request following the publication of the relevant Final Terms. Unless an exception is made by the Issuer, all Application Forms must be received by the Transfer Agent by no later than 2 Business Days prior to the Issue Date.

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

Each applicant shall be required to deposit in cleared funds subscription monies in the Issuer Account Bank by no later than 10:00 on the relevant Issue Date of the ABSs.

The Issuer reserves the right to withdraw any offer prior to the Issue Date for reasons beyond its control. In such case, Approved Investors who have already paid or delivered subscription monies for the ABSs will be entitled to reimbursement (without any interest and net of any bank charges) of such amounts.

The proceeds shall be held in such account for the Applicants' benefit until the ABSs can be issued to the Approved Investors.

10.2 Subscription money utilisation

The Issuer expects that the proceeds from the issue will be utilised to pay and accrue for the present and future expenses, with the full remaining balance used to acquire the Securitisation Assets from the Originator. The Originator will transfer the legal title of the Securitisation Assets to the Issuer without recourse.

The future portion of the Collection Agent fees will also be invested to purchase Securitisation Assets, with the latter being released to match the due date of such fees. The remaining portion of the fees and the expenses will be transferred from the Issuer Account Bank ("Cell level") to the SCC Account Bank ("Core level") and used to finance future payments.

Any liquidity on the Issuer Account Bank will be placed in liquid assets consisting of bank accounts, government bonds or treasury bills with a maturity date of no more than the expected payment date of the respective dues. The Directors shall be responsible for such liquidity investments.

It is anticipated that at intervals of between 2 to 6 months, the whole or part of the Securitisation Assets will be replaced or changed with new Securitisation Assets in line with the Asset Transfer Agreement between the Issuer and the Originator. The incoming Securitisation Assets will possess the same characteristics and nature of the outgoing Securitisation Assets and the Calculating Agent will be assessing this in line with Section 9.

10.3 Redemptions

It is expected that during most of the period, the Asset Pool will be mainly composed of Factoring Assets, however the Issuer retains the right to liquidate and keep in cash part or the whole of the Factoring Asset. Cash payments to the Issuer in respect of the Asset Pool are used to fund the Issuer's obligations towards the ABS investors. There are no other arrangements upon which payment of the Redemption Amounts to the ABS investors will be dependent.

The Issue has an agreement with the Originator for the latter to take back any remaining balance of the Securitisation Assets as at Maturity Date in exchange for cash which will be utilised to finance the redemption of the ABSs. This will ensure that the Issuer's Asset Pool is invested as much as possible in intended Factoring Assets.

All payments of all amounts under the ABSs shall be made to the Issuer Account Bank, or to its order for credit to the relevant Investors' account holders. Subject to applicable fiscal, and other laws and regulations, payments of amounts due in respect of the ABSs shall be made in Turkish Lira (TL).

If the due date for delivery of the Nominal Value (Redemption Price) or any other amount in respect of any ABS is not a Business Day, then the ABS holder shall not be entitled to payment until the next Business Day, and shall not be entitled to interest or other payment in respect of such delay.

The Issuer also have the right to make early redemptions of the whole or part of all Investors' ABSs and in any case without any discrimination on any ABS Investors. In such event the Investors will get back the value of their ABSs, if any, by reference to the Calculating Agent valuation. Such calculated redemption value could result in a value of zero or other value which could be higher or lower than the Nominal Value.

All payments with respect to the ABSs are subject in all cases to any pledge (duly constituted) of the ABSs and to any applicable fiscal or other laws and regulations. In particular, but without limitation, all payment by the Issuer in respect of the ABSs shall be effected net of any amount to be deducted or withheld for or on account of any present or future taxes, duties, assessments or other government charges of whatsoever nature imposed or levied by or on behalf of the Government of Malta or authority thereof or therein having power to tax.

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

1. All taxes owed by the Issuer, whether to the Maltese tax authorities or otherwise;
2. Fees and expenses of the Account Banks;
3. Fees and expenses of the Issuer's other service providers; and
4. Payment of Redemption Amounts to ABS holders.

The Directors expect that the level of collateralisation in respect of the ABSs on the Maturity Date shall be one hundred percent (100%). Any balance or shortfall will be a profit or loss respectively to the ABS holders. Consequently, the ABS holders will receive the attributable net assets value of the cell, without any priority of payment to any ABS holder, and such net asset value can result to be higher or lower than the Nominal Value.

10.4 The SCC and Issuer Account Bank: Akbank T.A.S.

The SCC and Issuer Account Bank provides the SCC and the Issuer with the bank account. Akbank T.A.S. is a public limited liability company, with 51.1% of its shares floated on the Istanbul Stock Exchange. Its registered address is Konaklar Mah., Sabancı Ak Center Girişi Sabancı Center No:2, 34330, 4 Levent, Beşiktaş, İstanbul, Turkey.

Akbank T.A.S. is licensed to provide corporate, commercial, investment, private and commercial banking services and is authorised and regulated by the Banking Regulation and Supervision Agency in Turkey. Apart from the banking business, it also provides leasing, brokerage and asset management.

The SCC and Issuer Account Bank assumes no responsibility for the contents of this Base Prospectus and has no duty to monitor or oversee the operations of the SCC and/or Issuer or any of their service providers or counterparties.

10.5 No Post-Issuance Reporting

The Issuer does not nor do it intend to provide post-issuance transaction reporting regarding the ABSs and/or the performance of the Asset Pool.

11. THE OFFERING PROGRAMME

11.1 General Description of the Offering Programme

The following general description does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and the Final Terms applicable to the relevant Series.

The Issuer may from time to time issue ABSs under the Offering Programme. The maximum aggregate nominal amount of the ABSs from time to time outstanding under the Offering Programme will not exceed TL100,000,000 (or its equivalent in any other currency). ABSs will be issued on a continuous basis and may be issued in multiple Series subject to a minimum issuance of TL5,000,000 (in Nominal Value of ABSs issued) for each Series. Each Series will be fungible with other Series as per the specific terms of the relevant Series as set out in the applicable Final Terms. All ABSs will be issued to Eligible Investors and accordingly, no Series issued under the Offering Programme shall constitute an ‘offer of securities to the public’ within the meaning of the Companies Act.

The specific terms governing each Series will be set out in the applicable Final Terms, which shall be published by the Issuer in the form set out in Section 12. Any notice so given will be deemed to have been validly given on the date of such publication. The Final Terms for each Series may be obtained free of charge from the registered office of the Issuer.

11.2 Subscription and Issuance of ABSs

ABSs are issued in Turkish Lira in the aggregate Nominal Amount of up to TL100,000,000 (One hundred million Turkish Lira), divided into 100 ABSs having a Nominal Value of TL1,000,000 (one million Turkish Lira) each and an Issue Price of TL465,980 (Four hundred and sixty-five thousand, nine hundred and eighty Turkish Lira) each, with a minimum tradable and transferable nominal amount of TL1,000,000 (one million Turkish Lira). The Issuer may at its discretion, issue the ABSs in different series.

The Issuer has established an aggregate minimum issuance amount of TL5,000,000 (in nominal amount of ABSs issued) as a condition for the issue of each Series. In the event that such condition is not met, the issue of a Series will be revoked unilaterally by the Issuer and, within five (5) Business Days of the revocation taking effect, the Application monies will be returned by the Issuer, without interest and net of any banks’ charges, by direct credit into the Applicant’s bank account as indicated by the Applicant on the Application Form. Subject to the aggregate maximum amount of ABSs that may be issued under the Offering Programme, the Issuer shall issue ABSs to each Applicant in the respective amount subscribed to by each of them. The ABSs will be subject to a minimum subscription amount at Issue Price per Applicant of TL465,980 (Four hundred and sixty-five thousand, nine hundred and eighty Turkish Lira).

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

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

Each Applicant shall be required to deposit in cleared funds subscription monies in the Issuer Account Bank. The Issuer agrees that it will issue ABSs to Approved Investors who have provided proof of payment in respect of all of the ABSs that are the subject of the relevant Application Form by no later than 10:00 am (CET) on the relevant Issue Date for those ABSs.

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

11.3 Payment of Expenses

All of the Issuer's fees and expenses, including the Issuer's initial and ongoing fees and expenses payable to the Issuer's advisers and other service providers will be payable out of the proceeds of the Offering Programme. Based on a Nominal Issue of TL100,000,000 and the exchange rate between the Euro and the Turkish Lira as at date of this document, such fees are expected to be less than 2% of such nominal value for the whole 5-year period.

12. TERMS AND CONDITIONS OF THE ABSs

12.1 General

The ABSs are being created under the provision of regulation 6(1) of the Securitisation Cell Companies Regulations (S.L. 386.16), through a resolution signed by the Board of Directors of Axion Securitisation SCC P.L.C. on 27th April, 2018.

By subscribing for ABSs each ABS holders agrees to be bound by the applicability of this Base Prospectus and the Terms and Conditions to the issuance of the ABSs.

12.2 Currency and Denomination, Form and Title

12.2.1 Currency and Denomination

The ABSs will be issued in Turkish Lira (TL). The aggregate Nominal Value of ABSs that the Issuer may issue under the Offering Programme is TL100,000,000 (one hundred million Turkish Lira), divided into 100 ABSs, having a Nominal Value of of TL1,000,000 (one million Turkish Lira) each and an Issue Price of TL465,980 (four hundred and sixty-five thousand, nine hundred and eighty Turkish Lira) each.

12.2.2 Form and Title

The ABSs will be issued in registered form in the name of the Applicant. Bearer ABSs are not allowed.

12.3 Status

The obligations of the Issuer to make payments to ABS holders (the Redemption Amount) shall constitute direct and general obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

12.4 No Interest

Each ABSs will be issued as zero-coupon and thus no interest is applicable. Assuming the full issuance is subscribed to, the yearly indicative yield to maturity is of 16.5%.

12.5 Payments

12.5.1 The Issuer will discharge all its payment obligations under the ABSs by making payments to the accounts of the respective ABS holders indicated in the Issuer's register of ABS holders.

12.5.2 Payments of Redemption Amounts will be made in Turkish Lira on the relevant Redemption Date, by the Issuer to the person in whose name such ABSs are registered as at the close of business on the Redemption Date. The Issuer shall not be responsible for any loss or delay in transmission of payment. Upon full repayment of the principal the ABSs shall be redeemed and the appropriate entry made in the Issuer's register of ABS holders.

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

1. All taxes owed by the Issuer, whether to the Maltese tax authorities or otherwise;
2. Fees and expenses of the Accounts Banks;
3. Fees and expenses of the Issuer's other service providers; and
4. Payment of Redemption Amounts.

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

12.5.5 All payments with respect to the ABSs are subject in all cases to any pledge (duly constituted) of the ABSs and to any applicable fiscal or other laws and regulations. In particular, but without limitation, all payments by the Issuer in respect of the ABSs may be made net of any amount to be deducted or withheld for or on account of any present or future taxes, duties, assessments or other government charges of whatsoever nature imposed or levied by or on behalf of the Government of Malta or any other authority thereof or therein having power to tax. The Issuer shall not be bound to increase any payment to the ABS holders or to affect any gross-up of the amount payable to the ABS holders where any tax deduction is to be made by the Issuer in accordance with applicable fiscal laws.

12.5.6 No commissions or expenses shall be charged by the Issuer to ABS holders in respect of such payments. The Issuer shall not be liable for charges, expenses and commissions levied by parties other than the Issuer.

12.5.7 Any claim against the Issuer by ABS holders in connection with all payments due to them in respect of the ABSs shall be prescribed (time-barred) upon the lapse of five (5) years from the day on which an action in relation to the same can be exercised.

12.6 Redemption

12.6.1 The Issuer shall redeem the ABSs at the Redemption Price on the Maturity Date. All ABSs will, immediately following the payment of the relevant Redemption Amount be deemed to be discharged in full and any amount due and payable in respect of the ABSs will be final.

12.6.2 When determining the relevant Redemption Price which can be higher or lower than the Nominal Value, the Issuer may deduct therefrom further justifiable amounts in respect of costs, losses and/or expenses incurred or expected to be incurred by or on behalf of the Issuer in connection with the realisation of the Securitisation Assets comprised in the Issuer, and/or the redemption of the ABS. Such costs, losses and/or expenses will reduce the amount received by the ABS holders on redemption and may even reduce the redemption amount to zero.

12.6.3 The notice of redemption shall oblige the Issuer to make, and the ABS holders to accept, such redemption on the Redemption Date specified in the notice.

12.6.4 Redemption of the ABS shall take place on the relevant Redemption Date by payment in full of the applicable Redemption Amount in respect of each ABS being redeemed.

12.6.5 In case of any of the following (a) any change in the tax or regulatory treatment of the Issuer or in relation to the ABSs, whether on basis of changes of law or the administrative practice of regulatory or tax authorities; (b) an event of default occurs, the Issuer may, at any time, redeem all but not some only of the outstanding ABSs on the Early Redemption Date by paying on the Early Redemption Date to such ABS holders an amount equal to the value of the relative assets being liquidated to redeem the ABSs.

12.6.6 Once delivered an Early Redemption Notice is irrevocable.

12.6.7 An Event of Default on the Securitisation Assets backing the ABSs occurs if:

- (a) Default is made for more than three (3) Business Days in the payment of any sum or delivery due in respect of the Securitisation Assets;
- (b) The issuer of the Securitisation Assets does not perform or comply with any one or more of its other obligations under the Securitisation Assets which default is capable of remedy or, if capable of remedy, is not in the opinion of the Issuer remedied with five (5) Business Days after notice of such default shall be given to the issuer of the Securitisation Assets by the Issuer;
- (c) An Insolvency Event occurs.

12.6.8 Upon issuing an Early Redemption Notice, the Issuer shall apply best efforts to liquidate the Securitisation Assets in accordance with the conditions hereof and pay out of any payments received by the Issuer from the Liquidation, on the day following the date of receipt of such payments (the Liquidation Proceeds) to the ABS holders. Prior to making such payment the Issuer shall inform the ABS holders of the Liquidation Proceeds and the date of payment in favour of the ABS holders.

12.6.9 In the case of an Early Redemption the Issuer shall obtain quotes for the sale or redemption of the Securitisation Assets from at least three recognized parties in the sector, and sell the Securitisation Assets for the most favorable offer.

12.7 Purchase and Cancellation

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

12.8 Transferability of the ABSs

12.8.1 The ABSs are freely transferable through a written instrument as may be requested from the Issuer or Transfer Agent, signed by or on behalf of the transferor and the transferee and submitted to the Transfer Agent together with the certificate representing the ABS being transferred for registration of the transfer by the Board.

12.8.2 Any person becoming entitled to an ABS in consequence of the death or bankruptcy of an ABS holder may, upon such evidence being produced as may from time to time properly be required by the Issuer, elect either to be registered himself as holder of the ABS 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 a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered, he shall testify his election by executing to that person a transfer of the ABS.

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

12.8.4 The Issuer will not register the transfer or transmission of ABSs for a period of fifteen (15) days preceding the due date for any payment of principal on the ABSs.

12.9 Further Issues

The Issuer may from time to time, without the consent of any existing ABS holders, issue further fungible Series (provided that the Issuer may only issue up to TL100,000,000 of ABSs under the Offering Programme). Although the amount of ABSs that may be issued under the Offering Programme is limited to TL100,000,000, there is no other restriction on the amount of debt which the Issuer may issue. Accordingly, the Issuer may incur additional indebtedness (other than the indebtedness incurred in relation to the issue of the ABSs), including through the issuance of debt securities that are not issued under the Offering Programme) without the consent of the ABS holders.

12.10 Meetings of the ABS holders

For all intents and purposes any meeting of ABS holders, including but not limited to meetings held for the purposes set out in Section 12.11 below, shall be held in accordance with the provisions of this Section.

12.10.1 The Issuer may from time to time call meetings of ABS holders for the purpose of consultation with ABS holders or for the purpose of obtaining the consent of ABS holders on matters which, in terms of this Base Prospectus, require the approval of an ABS holders' meeting.

12.10.2 A meeting of the ABS holders may also be convened on the requisition of an ABS holders or ABS holders holding in aggregate, at the date of the deposit of the requisition, not less than seventy-five percent (75%) in aggregate Nominal Value of the ABSs then outstanding, which requisition shall state the objects of the meeting and shall be signed by the requisitioning ABS holders/s and deposited at the registered office of the Issuer. The Issuer must then proceed duly to convene a meeting of ABS holders within twenty-one (21) days from the date of the deposit of the requisition that complies with the requirements of this Section.

12.10.3 A meeting of ABS holders shall be called by the Board by giving all ABS holders listed on the register of ABS holders as at a date being not more than thirty (30) days preceding the date scheduled for the meeting, not less than fourteen (14) days' notice in writing. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendments that is proposed to be voted upon at the meeting and seeking the approval of the ABS holders. Following a meeting of ABS holders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the ABS holders whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval by the ABS holders in accordance with the provisions of this Section at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.

12.10.4 The amendment or waiver of any of the provisions of and/or conditions contained in this Base Prospectus, may only be made with the approval of ABS holders at a meeting called and held for that purpose in accordance with the terms hereof.

A meeting of ABS holders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose, one (1) or more ABS holders present, in person or by proxy, representing not less than seventy-five percent (75%) in Nominal Value of the ABSs then outstanding, shall constitute a quorum. If a quorum is not present within thirty (30) minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Board

to the ABS holders present at that meeting. The Issuer shall within two (2) days from the date of the original meeting notify all ABS holders in writing of the date, time and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than seven (7) days, and not later than fifteen (15) days, following the original meeting. At an adjourned meeting: the number of ABS holders present, in person or by proxy, shall constitute a quorum; and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at, the adjourned meeting.

12.10.5 Any person who in accordance with the Memorandum and Articles of Association is to chair the annual general meetings of shareholders shall also chair meetings of ABS holders.

12.10.6 Once a quorum is declared present by the chairman of the meeting, the meeting may then proceed to business and address the matters set out in the notice convening the meeting. In the event of decisions being required at the meeting the directors or their representative shall present to the ABS holders the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall allow reasonable and adequate time to ABS holders to present their views to the Issuer and the other ABS holders present at the meeting. The meeting shall then put the matter as proposed by the Issuer to a vote of the ABS holders present at the time at which the vote is being taken, and any ABS holders taken into account for the purpose of constituting a quorum who are no longer present for the taking of the vote shall not be taken into account for the purpose of such vote.

12.10.7 The voting process shall be managed by the Company Secretary of the Issuer.

12.10.8 The proposal placed before a meeting of ABS holders shall only be considered approved if at least seventy-five percent (75%) in Nominal Value of the outstanding ABSs held by the ABS holders present at the meeting at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal.

12.10.9 Save for the above, the rules generally applicable to proceedings at general meetings of shareholders of the Issuer shall *mutatis mutandis* apply to meetings of ABS holders.

12.11 Amendments to the Terms and Conditions

12.11.1 The provisions of the Terms and Conditions of the ABSs may be amended with the approval of the ABS holders at a meeting called for that purpose in accordance with these Terms and Conditions or by written instructions of ABS holders holding not less than seventy-five percent (75%) in Nominal Value of the outstanding ABSs.

12.11.2 In the event that the Issuer wishes to amend any of the provisions set out in these Terms and Conditions, it must send a request to the ABS holders in writing seeking their consent to such amendment or amendments and call a meeting of the ABS holders for this purpose. Subject to having obtained the necessary approval by the said ABS holders at a meeting of the ABS holders, any such proposed amendment or amendments to the provisions of the Terms and Conditions shall subsequently be given effect to by the Issuer.

12.12 Events of ABSs Default and Enforcement

12.12.1 The following shall be considered Events of ABSs Default in terms of this Base Prospectus:

1. if the Issuer fails to repay the Redemption Amount on any ABS when due and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by the ABS holders; or

2. if the Issuer fails to perform or observe any material covenant, material condition or material provision contained in the Terms and Conditions or this Base Prospectus and such failure is incapable of remedy or is not remedied within forty-five (45) days after notice of such default shall have been given to the Issuer by the ABS holders; or
3. if the Issuer is deemed unable or admits its inability to pay its debts as they fall due within the meaning of Article 214(5) of the Companies Act; or
4. if the Issuer stops or suspends payments with respect to the ABSs or announces an intention to do so or ceases or threatens to cease to carry on its business or a substantial part of its business; or
5. If the Issuer is adjudicated or found bankrupt or insolvent, or an order is made by any competent court, or a resolution is passed by the Issuer or any other action is taken for the dissolution, liquidation, or winding-up of the Issuer; or
6. An Event of Default on the Securitisation Assets backing the ABSs occurs as per Section 12.6.7.

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

12.12.3 At any time after notice has been given to the Issuer by the ABS holders that the ABSs shall have become immediately due and payable in accordance with this Section, the ABS holders may institute such proceedings as they may think fit against the Issuer to enforce repayment of the principal.

12.13 ABSs held subject to Usufruct

In respect of an ABS held subject to usufruct, the usufructuary shall, for all intents and purposes, be deemed vis-à-vis the Issuer to be the holder of the ABS so held and shall have the right to vote at meetings of the ABS holders, but shall not, during the continuance of the ABS, have the right to dispose of the ABS so held without the consent of the bare owner.

12.14 Notices to ABS holders

Notices to the ABS holders shall be mailed to them at their respective addresses contained in the Issuer ABS register and shall be deemed to have been served at the expiration of three (3) calendar days after the date of mailing. In providing such service, it shall be sufficient to prove that a prepaid letter containing such notice was properly addressed to such ABS holder at the address contained in the Issuer ABS register of holders.

12.15 Governing Law and Jurisdiction

12.15.1 Governing Law

From their inception, the ABSs, their form and content, all the rights and obligations of the ABS holders and the Issuer, and any non-contractual obligations arising out of or in connection with the ABSs, shall be governed by and construed in accordance with Maltese law.

12.15.2 Jurisdiction

The Courts of Malta shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the ABSs, all the rights and obligations of the ABS holders and/or the Issuer, and any non-contractual obligations arising out of or in connection with the ABSs. The Issuer and each of the ABS holders hereby irrevocably submit to the exclusive jurisdiction of the Courts of Malta to hear and determine any proceedings and to settle any dispute which may arise out of, or in connection with the ABSs.

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

13. FORM OF FINAL TERMS

FINAL TERMS

ARN HIGH YIELD 1 CELL (the “Issuer”), a segregated cell of Axion Securitisation SCC P.L.C.

These Final Terms reflects the current expectations of the Issuer in relation to the offer and issue of ABSs in line with the Base Prospectus. It is the intention of the Issuer that the ABSs will be listed on the Institutional Financial Securities Market of the Malta Stock Exchange.

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

To the best of the knowledge and belief of the Issuer the information contained in the Final Terms and respective Base Prospectus is in accordance with the facts and does not omit anything likely to affect its import.

The Final Terms do not constitute an offer to sell or a solicitation of an offer to buy the ABSs, whether to the public or otherwise. Any offer and subscription of the ABSs may take place only on the basis of and pursuant to a Base Prospectus for the ABSs drawn up by the Issuer in accordance with Directive 2003/71/EC (the “Prospectus”) and approved by the Malta Financial Services Authority as the Listing Authority for the Institutional Financial Securities Market. Prospective investors should not take any decision to invest in the ABSs before reading and carefully understanding all of the information contained in the Base Prospectus. The terms and conditions of the ABSs as set out herein could potentially be modified and the final terms and conditions of the ABSs are contained in the Base Prospectus as approved by the MFSA.

Issuer	Axion Securitisation SCC P.L.C, with company registration number C-82981
Cell	ARN High Yield 1 Cell, a segregated cell created through a board resolution of the Issuer on 16.01.2019, with MFSA notification acknowledged on 23.01.2019.
Series	Series 1
Financial Instrument	Listed Asset Backed Security
Currency	Turkish Lira (“TL”)
Issued amount (maximum)	TL 46,598,000
Issued amount (minimum per issue)	TL 2,329,900
Issued value per ABS	TL 465,980
Nominal amount of issue (maximum)	TL 100,000,000
Nominal amount (minimum per issue)	TL 5,000,000
Nominal value per ABS	TL 1,000,000

Minimum subscription per Investor	TL 465,980
Term	5 years
Issue Date	01.02.2019
Maturity Date	31.01.2024
Maturity Amount	the Nominal Value of the ABSs or, if different, the net asset value attributable to the investors which value may be higher or lower than the Nominal Value
Interest type	The issue is a zero-coupon one, with indicative yield at 16.5% per year (based on a Nominal Issue of TL100,000,000)
Use of Proceeds	The Issuer will use the proceeds of the issue, net of fees and expenses, to acquire factoring assets from the Originator
Listing	Application will be made to the Listing Authority for admissibility of the ABSs to listing and to the Institutional Financial Securities Market of the Malta Stock Exchange for the ABSs to be admitted to listing
Listing Authority	MFSA acting in its capacity as Listing Authority in terms of the Financial Markets Act
Form	Fully registered and certificated forms, represented by appropriate certificate of holding and entry in electronic register maintained by the Transfer Agent on behalf of the Issuer
Investors eligibility criteria	The Notes will be offered and issued to 'qualified investors' only, as such term is defined under Article 2(3)(e) of the Companies Act (Chapter 386 of the Laws of Malta)
Allocation Policy	In case of oversubscription, the Issuer will be allocating the ABSs firstly to the largest applicants. In this case, any multiple applications from the same Applicant will be treated as one
Fees and expenses	Based on a Nominal Issue of TL100,000,000 and the exchange rate between the Euro and the Turkish Lira as at date of this document, such fees are expected to be less than 2% of such nominal value for the whole 5-year period
Originator of the Securitisation Assets	Arena Faktoring AS, a factoring company registered under the laws of Turkey
Early Redemption	The ABSs are redeemable at any time prior to maturity at the option of the Issuer
Assets backing the Securities	The ABSs are backed by the Asset Pool representing factoring Receivables which the Originator will transfer to the Issuer on a "without recourse" basis. There are no credit enhancements or securities to the Asset Pool
Governing Law & Jurisdiction	Malta

14. TAXATION

Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation in respect of the ABSs, 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 the holders of the ABSs, in so far as taxation in Malta is concerned. This information, which does not constitute legal or tax advice, and which does not purport to be exhaustive refers only to the holders who do not deal in ABSs in the course of a trading activity.

The information below is based on an interpretation of tax law and practice relative to the applicable legislation in Malta, as known to the Issuer at the date of this Base Prospectus. Investors are reminded that tax law and practice and their interpretation as well as the levels of tax on the subject-matter referred to in the preceding paragraph, may change from time to time and may vary depending on the jurisdiction of the investor.

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

14.1 Taxation of Discounts Paid to ABS holders

Any amount received by an ABS holders upon a redemption of ABSs against consideration in excess of the Issue Price thereof should represent a taxable discount in terms of Article 4(1)(c) of the Income Tax Act. However, any such discount derived by non-resident ABS holder should be wholly exempt from tax in Malta provided that:

- the ABS holder is not engaged in any trade or business in Malta through a permanent establishment situated in Malta and/or the financial instruments in respect of which the discount is paid are not connected with such permanent establishment; and
- the ABS holder is not owned and controlled by, directly or indirectly, nor acts on behalf of an individual or individuals who are ordinarily resident and domiciled in Malta.

14.2 Capital Gains on the Transfer of the ABSs

ABSs should not fall to be characterised as constituting chargeable “securities” in terms of Article 5(1)(b) of the Income Tax Act, which defines “securities” as “... shares and stocks and such like instrument that participate in any way in the profits of the company and whose return is not limited to a fixed rate of return ...”.

As a result, any capital gains realised by an ABS holder upon a transfer of ABSs should fall outside the scope of Maltese income tax.

14.3 Duty on Documents and Transfers on Transfer of the ABSs

ABSs should not fall to be characterized as constituting “marketable securities” in terms of Article 2 of the Duty on Documents and Transfers Act, which defines “marketable securities” as “... a holding of share capital in any company and any document representing the same”.

As a result, no stamp duty should be due upon any transfer of ABSs.

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

15. SELLING RESTRICTIONS

15.1 Eligible Investors

The ABSs may only be offered, sold or delivered to, and accepted by, Eligible Investors.

15.2 United States of America

The ABSs have not been and will not be registered under the Securities Act of 1933 of the United States of America and accordingly may not be offered or sold within the United States or to or for the account or benefit of a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended).

16. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for physical inspection at the Issuer's registered office for the duration of the ABSs and can also be provided to prospective investors or ABS holders in electronic format upon request to the Issuer:

1. The Memorandum and Articles of Association of the Issuer;
2. The Asset Transfer Agreement specifying the terms and conditions of the Securitisation Assets being transferred as collateral between the Originator and the Issuer;
3. The Trust Deed between the Trustee and the Issuer; and
4. The Calculating Agent Agreement.

The Audited financial statements and audit reports of the Issuer will also be available for inspection at the Issuer's registered office upon becoming available.

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