

Prospectus  
dated 16<sup>th</sup> September 2016

Issue of €8,000,000  
5% Unsecured Bonds 2026

by

**D I Z Z**  
FINANCE PLC







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# Summary Note

Dated 16<sup>th</sup> September 2016

This Summary Note is issued in accordance with the provisions of Chapter 4 of the Listing Rules issued by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended by Commission Delegated Regulation (EU) No 486/2012 of the 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, Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015.

Issue of Bonds by

**Dizz Finance p.l.c.**

A public limited liability company registered in Malta with company registration number C 71189

with the joint and several guarantee\* of

**Dizz Group of Companies Limited**

A private limited liability company registered under the laws of Malta with company registration number C 64435.

\*Prospective investors are to refer to the Guarantee contained in Annex III of the Securities Note forming part of this Prospectus for a description of the scope, nature and term of the Guarantee. Reference should also be made to the sections entitled "Risk Factors" contained in the Registration Document and the Securities Note for a discussion of certain risk factors which should be considered by prospective investors in connection with the Bonds and the Guarantee provided by Dizz Group of Companies Limited.

Sponsor



Registrar & Manager



Legal Counsel

**CAMILLERI PREZIOSI**  
ADVOCATES

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

**THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE 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 OF THE PROSPECTUS INCLUDING ANY LOSSES INCURRED BY INVESTING IN THESE SECURITIES.**

**A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY LISTED FINANCIAL INSTRUMENTS. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE SECURITIES OF AN ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT FINANCIAL ADVISOR.**

# Important Information

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THIS SUMMARY NOTE CONSTITUTES PART OF A PROSPECTUS AND CONTAINS INFORMATION IN RELATION TO DIZZ FINANCE P.L.C. IN ITS CAPACITY AS ISSUER AND DIZZ GROUP OF COMPANIES LIMITED IN ITS CAPACITY AS GUARANTOR. THIS DOCUMENT INCLUDES INFORMATION GIVEN IN COMPLIANCE WITH: (A) THE COMPANIES ACT (CAP. 386 OF THE LAWS OF MALTA) AND COMMISSION REGULATION (EC) NO. 809/2004 OF 29 APRIL 2004 IMPLEMENTING DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AS REGARDS INFORMATION CONTAINED IN PROSPECTUSES AS WELL AS THE FORMAT, INCORPORATION BY REFERENCE AND PUBLICATION OF SUCH PROSPECTUSES AND DISSEMINATION OF ADVERTISEMENTS (AS AMENDED BY 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, COMMISSION DELEGATED REGULATION (EU) NO. 382/2014 OF 7 MARCH 2014 AND COMMISSION DELEGATED REGULATION (EU) NO. 2016/301 OF 30 NOVEMBER 2015); AND (B) THE RULES AND REGULATIONS APPLICABLE TO THE ADMISSION OF SECURITIES ON THE OFFICIAL LIST OF THE MSE.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER OR ITS DIRECTORS TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE ISSUER OTHER THAN THOSE CONTAINED IN THE PROSPECTUS AND IN THE DOCUMENTS REFERRED TO HEREIN, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER, ITS DIRECTORS, OR ADVISERS. THE ADVISERS ENGAGED BY THE ISSUER FOR THE PURPOSE OF THIS BOND ISSUE ARE ACTING EXCLUSIVELY FOR THE ISSUER.

IT IS THE RESPONSIBILITY OF ANY PERSON IN POSSESSION OF THIS DOCUMENT TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE APPLICANTS FOR ANY SECURITIES THAT MAY BE ISSUED BY THE ISSUER SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF APPLYING FOR ANY SUCH SECURITIES AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

A COPY OF THIS DOCUMENT HAS BEEN SUBMITTED TO THE LISTING AUTHORITY AND THE MSE, AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES. APPLICATION HAS BEEN MADE TO THE MSE, FOR THE BONDS TO BE ADMITTED TO THE OFFICIAL LIST OF THE MSE. **A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT FINANCIAL ADVISOR.**

THE CONTENTS OF THE ISSUER'S WEBSITE OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER'S WEBSITE DO NOT FORM PART OF THIS DOCUMENT. ACCORDINGLY NO RELIANCE OUGHT TO BE MADE BY ANY INVESTOR ON ANY INFORMATION OR OTHER DATA CONTAINED IN SUCH WEBSITES AS THE BASIS FOR A DECISION TO INVEST IN ANY FINANCIAL INSTRUMENTS AND SECURITIES ISSUED BY THE ISSUER.

ALL THE ADVISERS TO THE ISSUER HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THIS PROSPECTUS AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION OR RESPONSIBILITY TOWARDS ANY OTHER PERSON. NONE OF THE ADVISERS ACCEPT ANY RESPONSIBILITY TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE CONTENTS OF, AND ANY INFORMATION CONTAINED IN, THE PROSPECTUS, ITS COMPLETENESS OR ACCURACY OR ANY OTHER STATEMENT MADE IN CONNECTION THEREWITH. THE DIRECTORS OF THE ISSUER CONFIRM THAT WHERE INFORMATION INCLUDED IN THIS

PROSPECTUS HAS BEEN SOURCED FROM A THIRD PARTY, SUCH INFORMATION HAS BEEN ACCURATELY REPRODUCED, AND AS FAR AS THE DIRECTORS OF THE ISSUER ARE AWARE AND ARE ABLE TO ASCERTAIN FROM INFORMATION PUBLISHED BY THAT THIRD PARTY, NO FACTS HAVE BEEN OMITTED WHICH WOULD RENDER THE REPRODUCED INFORMATION INACCURATE OR MISLEADING.

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 BOND ISSUE, YOU SHOULD CONSULT A LICENSED STOCKBROKER OR AN INVESTMENT ADVISER LICENSED UNDER THE INVESTMENT SERVICES ACT, CAP. 370 OF THE LAWS OF MALTA.

THIS DOCUMENT AND ALL AGREEMENTS, ACCEPTANCES AND CONTRACTS RESULTING THEREFROM SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF MALTA, AND ANY PERSON ACQUIRING ANY BONDS PURSUANT TO THE PROSPECTUS SHALL SUBMIT TO THE JURISDICTION OF THE MALTESE COURTS, WITHOUT LIMITING IN ANY MANNER THE RIGHT OF THE ISSUER TO BRING ANY ACTION, SUIT OR PROCEEDING, IN ANY OTHER COMPETENT JURISDICTION, ARISING OUT OF OR IN CONNECTION WITH ANY PURCHASE OF BONDS, OR AGREEMENT, ACCEPTANCE OR CONTRACT RESULTING HEREFROM, OR THE PROSPECTUS AS A WHOLE.

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.

**THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE 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 OF THE PROSPECTUS.**



This Summary Note is prepared in accordance with the requirements of the Regulation.

Summaries are made up of disclosure requirements known as 'Elements'. These Elements are numbered in Sections A – E (A.1– E.7). This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'.

Except where the context otherwise requires, the capitalised words and expressions used in this Summary Note shall bear the meanings assigned to them in the Registration Document and the Securities Note, as the case may be.

## Section A. Introduction and Warnings

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

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

### A.2 Consent required in connection with the use of the Prospectus by the Authorised Financial Intermediaries; prospective investors are hereby informed that:

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i. for the purposes of any subscription for Bonds through any of the Authorised Financial Intermediaries and any subsequent resale, placement or other offering of Bonds by such Authorised Financial Intermediaries in circumstances where there is no exemption from the requirement to publish a prospectus under the Prospectus Directive, the Issuer consents to the use of this Prospectus (and accepts responsibility for the information contained therein) with respect to any such subsequent resale or placement or other offering of Bonds, provided this is limited only:

- a. in respect of Bonds subscribed for through Authorised Financial Intermediaries listed in Annex I of the Securities Note during the Issue Period;
- b. to any resale or placement of Bonds subscribed for as aforesaid, taking place in Malta;
- c. to any resale or placement of Bonds subscribed for as aforesaid, taking place within the period of 60 days from the date of the Prospectus.

**ii. in the event of a resale, placement or other offering of Bonds by an Authorised Financial Intermediary, the Authorised Financial Intermediary shall be responsible to provide information to investors on the terms and conditions of the resale, placement or other offering at the time such is made.**

## Section B. Issuer and Guarantor

- B.1 The legal and commercial name of the Issuer is Dizz Finance p.l.c. The legal and commercial name of the Guarantor is Dizz Group of Companies Limited.  
B.19
- B.2 The Issuer was registered in Malta in terms of the Act on 24 June 2015, as Dizz Rentals Limited, a private limited liability company, and was  
B.19 subsequently converted to a public limited liability company on 15 February 2016. The Guarantor was registered in Malta in terms of the Act on 28 March 2014, as a private limited liability company. The Issuer and the Guarantor are domiciled in Malta.
- B.4b The following is an overview of the most significant recent trends affecting the Issuer and the Guarantor and the markets in which the Group operates.  
B.19 There has been no material adverse change in the prospects of the Issuer and/or Guarantor since the date of publication of their latest audited financial statements. As at date of publication of the Prospectus, the Issuer considers that generally it shall be subject to the business risks associated with the current operations of both the Company and the Group, and believes that there are no further risks apart from the normal risks associated with the current operations of both the Company and the Group. Barring unforeseen circumstances, the Issuer does not anticipate any particular trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be deemed likely to have a material effect on its upcoming prospects, for at least the current financial year. However, investors are strongly advised to carefully read the

risk factors in the Prospectus.

The Retail Market: Marketline (2015) envisages that the European retail apparel market shall grow at a Compound Annual Growth Rate (CAGR) of 2% between 2015 and 2019 and turnover from fashion retail operations for the Group is projected to increase at an average growth rate of 3% per annum as from 2017. The Terranova and the Calliope brands are expected to remain the key revenue streams and revenue will increase further once the two new megastores are effectively in operation and running.

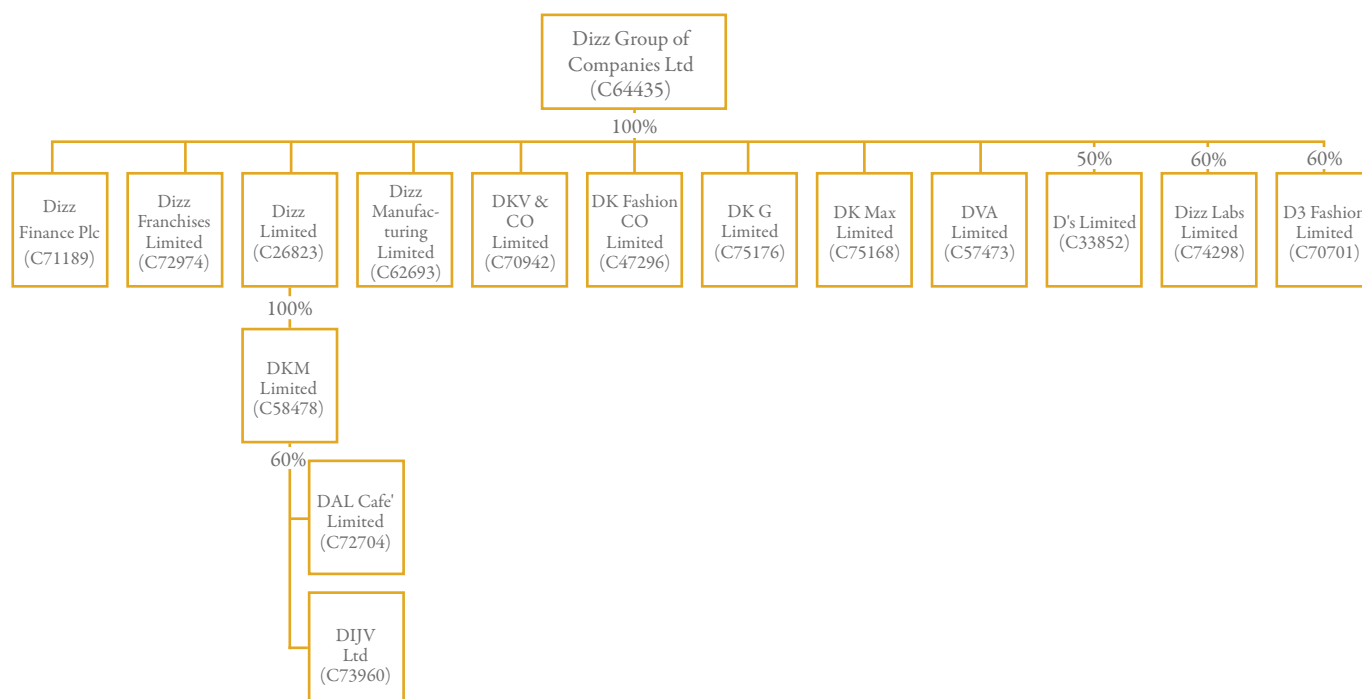
Franchise Agreements: the Group has a number of franchise agreements in place with established brands which are expected to be renewed on expiry. The Group is also currently in the process of concluding the acquisition of a number of new high-end retail brands.

The Catering Market: at present, the Group operates four Café Pascucci outlets. Revenue from this sector is expected to increase significantly during the first five years as the Group plans on opening two cafeterias in 2018 and a further outlet in 2020.

Leasing of investment property is a significant source of income for the Issuer, which is seeking to expand the Company's property portfolio through the acquisition of further properties. Rental income from such property investments is expected to grow proportionately to the amount of new property acquired.

B.5 The organisational structure of the Group is illustrated in the diagram below:

B.19



B.9 Not Applicable: no profit forecasts or estimates have been included in the Prospectus.

B.10 Not Applicable: the audit reports on the audited financial statements for the years ended 31 December 2014 and 2015 of the Guarantor and the audited financial statements of Dizz Rentals Limited (converted to a public limited liability company and renamed Dizz Finance p.l.c.) for the period ended 31 December 2015 do not contain any material qualifications.

B.12 The following historical financial information has been audited by Kenneth Swain – SWK Certified Public Accountants:

B.19

- the historical consolidated financial statements of the Group for each of the financial years ended 31 December 2014 and 2015, prepared on the basis of the audited financial statements referred to in (b) and (c) below;
- the historical financial information of the Issuer for the financial period ended 31 December 2015 which is set out in the audited financial statements of Dizz Rentals Limited (converted to a public limited liability company and renamed Dizz Finance p.l.c.); and
- the individual financial statements of each of the other Subsidiaries for each of the financial years ended 31 December 2014 and 2015 (as applicable depending on date of incorporation of the respective Subsidiary).

The abovementioned audited consolidated financial statements of the Group and audited financial statements of the Issuer are available on the Issuer's website [www.dizz.com.mt](http://www.dizz.com.mt).

Save for certain investments, there were no significant changes to the financial or trading position of the Issuer or the Guarantor since the end of the financial period to which their respective last audited financial statements relate.

Extracts of the historical financial information of the Issuer and the Guarantor referred to above are set out on the following pages:

**Issuer's Condensed Statement of Comprehensive Income**  
**For the year ended 31 December 2015**

€

Management fees	15,000
Administrative expenses	(9,813)
<b>Profit before tax</b>	<b>5,187</b>
Income tax	(4,744)
<b>Profit for the period</b>	<b>443</b>
<b>Other comprehensive income for the period</b>	<b>685,077</b>
<b>Total comprehensive income for the period</b>	<b>685,520</b>

**Issuer's Statement of Financial Position**  
**As at 31 December 2015**

€

**Assets**

Non-current assets	2,659,970
Current assets	32,381
<b>Total Assets</b>	<b>2,692,351</b>

**Equity**

<b>Total equity</b>	<b>1,585,520</b>
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**Liabilities**

Non-current liabilities	1,081,340
Current liabilities	25,491
<b>Total liabilities</b>	<b>1,106,831</b>

**Total equity and liabilities**

**2,692,351**

**Issuer's Condensed Statement of Cash Flows**  
**For the year ended 31 December 2015**

€

Net cash from operating activities	14,953
Net cash used in investing activities	(1,831,919)
Net cash from financing activities	1,797,619
<b>Net decrease in cash and cash equivalents</b>	<b>(19,347)</b>
Cash and cash equivalents at beginning of period	-
<b>Cash and cash equivalents at 31 December</b>	<b>(19,347)</b>

**Group's Condensed Statement of Comprehensive Income**  
For the year ended 31 December

	2015 €	2014 €
Revenue	6,284,407	5,117,863
Cost of sales	(2,830,911)	(2,342,016)
Other income	14,800	38,695
Administrative, selling and marketing expenses	(3,214,076)	(2,656,091)
<b>Operating profit before finance costs</b>	<b>254,220</b>	<b>158,451</b>
Share of results from associate	-	326
Finance income	-	1,750
Finance costs	(43,972)	(40,020)
<b>Profit before tax</b>	<b>210,248</b>	<b>120,507</b>
Income tax	(51,437)	(28,497)
<b>Profit for the period</b>	<b>158,811</b>	<b>92,010</b>
<b>Total Comprehensive Income</b>	<b>366,005</b>	<b>92,010</b>

**Group's Condensed Statement of Financial Position**  
As at 31 December

	2015 €	2014 €
<b>Assets</b>		
Non-current assets	4,798,057	2,512,522
Current assets	724,120	659,893
<b>Total Assets</b>	<b>5,522,177</b>	<b>3,172,415</b>
<b>Equity</b>		
Share capital and reserves	2,989,426	853,103
Non-controlling interest	53,603	9,799
<b>Total Equity</b>	<b>3,043,029</b>	<b>862,902</b>
<b>Liabilities</b>		
Non-current liabilities	874,299	1,093,448
Current liabilities	1,604,849	1,216,065
<b>Total liabilities</b>	<b>2,479,148</b>	<b>2,309,513</b>
<b>Total equity and liabilities</b>	<b>5,522,177</b>	<b>3,172,415</b>

**Group's Condensed Statement of Cash Flows**  
For the year ended 31 December

	2015 €	2014 €
Net cash from operating activities	229,020	253,727
Net cash used in investing activities	(2,006,195)	(580,170)
Net cash from financing activities	1,153,053	391,379
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(624,122)</b>	<b>64,936</b>
Cash and cash equivalents at 1 January	(12,039)	(76,975)
Upon acquisition	(15,417)	-
<b>Cash and cash equivalents at 31 December</b>	<b>(651,578)</b>	<b>(12,039)</b>

- B.13 Not Applicable: neither the Issuer nor the Guarantor are aware of any recent events which are to a material extent relevant to the evaluation of their solvency.
- B.14 The Issuer was set up by the Guarantor in 2015 as a fully owned subsidiary of the Guarantor. The Guarantor holds 1,909,999  
B.19 ordinary shares of €1 each of the Issuer, and the remaining one ordinary share is held by Diane Izzo. The Issuer does not itself carry on any trading activities apart from the raising of capital and advancing thereof to members of the Group as and when the demands of their business so require. Accordingly, the Issuer is economically dependent on the Group.
- The Guarantor is the parent company of the Group and has an authorised and issued share capital of €3,290,000 divided into 3,290,000 ordinary shares of a nominal value of €1 each, fully paid up. Diane Izzo and Karl Izzo each hold 1,645,000 ordinary shares of €1 per share in the Guarantor. As the holding company of the Group, the Guarantor is ultimately dependent upon the operations and performance of its subsidiaries and their respective operations.
- B.15 As at the date of the Prospectus, the Issuer does not itself carry on any trading activities apart from the raising of capital  
B.19 and advancing thereof to members of the Group as and when the demands of their business so require. In terms of its M&As, the principal object of the Issuer is to carry on the business of a finance and investment company in connection with the activities of the Group. The principal business of the Guarantor is to act as a holding company and invest in local as well as overseas subsidiary companies.
- B.16 The Issuer is a fully owned subsidiary of the Guarantor and has an authorised and issued share capital of €1,910,000 divided  
B.19 into 1,910,000 ordinary shares of a nominal value of €1 each, fully paid up. The Guarantor holds 1,909,999 ordinary shares of €1 each of the Issuer, and the remaining one ordinary share is held by Diane Izzo. The Guarantor has an authorised and issued share capital of €3,290,000 divided into 3,290,000 ordinary shares of a nominal value of €1 each, fully paid up. Diane Izzo and Karl Izzo each hold 1,645,000 ordinary shares of €1 per share in the Guarantor.
- B.17 Not Applicable: neither the Issuer nor the Guarantor has sought the credit rating of an independent rating agency, nor there has been any assessment by any independent rating agency of the Bonds issued by the Issuer.
- B.18 For the purposes of the Guarantee, the Guarantor irrevocably and unconditionally guarantees to each Bondholder that if for any reason the Issuer fails to pay any sum payable by it to such Bondholder, pursuant to the terms and conditions of the Bonds as and when the same shall become due under any of the foregoing, the Guarantor will pay to such Bondholder on demand the amount payable by the Issuer to such Bondholder. Furthermore, in connection with the Guarantee, the Guarantor undertakes that following issue of the Bonds, the Guarantor shall not declare dividends in excess of 35% of the profits available for distribution until such time as the Guarantor shall have accumulated retained earnings equivalent to at least 50% of the outstanding Bond amount. Save as otherwise specified in the foregoing, the obligations of the Guarantor under the Guarantee shall remain in full force and effect until no sum remains payable to any Bondholder pursuant to the issue of the Bonds.

## Section C. Securities

- C.1 The Issuer shall issue an aggregate of €8,000,000 in Bonds having a face value of €100 per bond, subject to a minimum holding of €3,000 in Bonds. The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD. On admission to trading the Bonds will have the following ISIN: MT0001201202. The Bonds shall bear interest at the rate of 5% per annum.
- C.2 The Bonds are denominated in Euro (€).
- C.5 The Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time.
- C.8 Investors wishing to participate in the Bonds will be able to do so by duly executing an Application Form in relation to the Bonds. Execution of the Application Form will entitle such Bondholder to:
- (i) the repayment of capital;
  - (ii) the payment of interest;
  - (iii) seek recourse from the Guarantor pursuant to the Guarantee, in case of failure by the Issuer to pay any sum payable by it to Bondholders pursuant to the terms of the Bonds detailed in the Securities Note;
  - (iv) ranking with respect to other indebtedness of the Issuer;
  - (v) attend, participate in and vote at meetings of Bondholders in accordance with the terms and conditions of the Bonds; and
  - (vi) enjoy all such other rights attached to the Bonds emanating from the Prospectus.

The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer, guaranteed by the Guarantor, and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt of each of the Issuer and the Guarantor, if any. Furthermore, subject to the negative pledge clause, third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect.

As at the date of this Securities Note, the Issuer does not have any subordinated indebtedness. As at 30 June 2016 Group indebtedness amounted to €2,276,512 and comprised of guarantees, overdraft facilities, bank loans and other borrowings from related companies. Such bank borrowings and facilities are secured by privileges and hypothecs, and therefore, to the extent that such borrowings and/or facilities remain outstanding, the indebtedness being created by the Bonds would, specifically in respect of the assets constituting the said security, rank after all these bank borrowings and/or facilities. In addition, the Bonds would also rank after any future debts which may be secured by a cause of preference such as a privilege and/or a hypothec, in so far as the asset constituting the relevant security is concerned.

- C.9 The issue and allotment of the Bonds is conditional upon the Bonds being admitted to the Official List. The Bonds shall bear interest from and including 7<sup>th</sup> October 2016 at the rate of 5% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The nominal value of the Bonds will be repayable in full upon maturity on the 7<sup>th</sup> October 2026 unless they are previously re-purchased and cancelled. The first interest payment will be effected on 7<sup>th</sup> October 2017. Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds at 7<sup>th</sup> October 2026 is five per cent (5%). The remaining component of Element C.9 is Not Applicable, given that no representative of debt security holders has been appointed.
- C.10 Not Applicable: there is no derivative component in the interest payments on the Bonds.
- C.11 The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 16<sup>th</sup> September 2016. Application has been made to the MSE for the Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List. The Bonds are expected to be admitted to the MSE with effect from 17<sup>th</sup> October 2016 and trading is expected to commence on 18<sup>th</sup> October 2016.

## Section D. Risks

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

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

This document contains statements that are, or may be deemed to be, "forward-looking statements", which relate to matters that are not historical facts and which may involve projections of future circumstances. They appear in a number of places throughout the Prospectus and include statements regarding the intentions, beliefs or current expectations of the Issuer and/or its' Directors. These forward looking statements are subject to a number of risks, uncertainties and assumptions and important factors that could cause actual risks to differ materially from the expectations of the Issuer's Directors. No assurance is given that the future results or expectations will be achieved.

Prospective investors are advised to read the Prospectus in its entirety and, in particular, the sections entitled "Risk Factors" in the Registration Document and Securities Note, for an assessment of the factors that could affect the Issuer's and Guarantor's future performance.

The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds will be repayable in full upon maturity, unless the Bonds are previously re-purchased and cancelled. An investment in the Bonds involves certain risks, including those described below.

An investment in the Issuer and the Bonds may not be suitable for all recipients of the Prospectus and prospective investors are urged to consult an independent investment advisor licensed under the Investment Services Act (Cap 370 of the laws of Malta) as to the suitability or otherwise of an investment in the Bonds before making an investment decision.

The risk factors set out below are a summary of the principal risks associated with an investment in the Issuer and the Bonds – there may be other risks which are not mentioned in this summary.

#### i. Risks relating to the Group: the Group and its Business

##### *Dependence on the Maltese Market*

The Group's business activities are concentrated in and aimed at the Maltese market and is highly susceptible to Maltese economic trends. Negative economic factors and trends in Malta, particularly those having an effect on consumer demand, may have a negative impact on the business of the Group.

##### *Group's Business Subject to Market and Economic Conditions generally*

The Group's business activities are subject to general market and economic conditions, both locally and overseas. Were general market and economic conditions to experience a downturn, these weakened conditions may have an adverse impact on the financial position and operational performance of the Group's business activities, potentially having a serious effect on the Issuer's financial position, cash flows, operational performance and its ability to fulfil its obligations under the Bonds.

##### *Fixed Operating Expenses*

A significant portion of the Group's costs are fixed and the Group's operating results are vulnerable to short-term changes in its revenues. The Group's inability to react swiftly to changes in its revenue by reducing its operating expenses could have a material adverse effect on its business, financial position and results of operations.

##### *Increases in Operating and Other Expenses*

The Group's operating and other expenses could increase without a corresponding increase in turnover or revenue. The factors which could materially increase operating and other expenses include, : increases in the rate of inflation, payroll, property taxes and other statutory charges, insurance premia, the costs of maintaining properties or capital expenditure; changes in laws, regulations or government policies; reputational risks and strategic and business risks materialising; and unanticipated expenses as a result of acts of nature and their consequences. Such increases could have a material adverse effect on the Group's financial position and operational performance.

### *The Group's Indebtedness*

The Group has a material amount of debt and may incur additional debt in connection with its future growth in terms of acquisitions and developments. The agreements regulating the Group's bank debt impose and are likely to impose significant operating restrictions and financial covenants on the Group which could limit the Group's ability to obtain future financing, make capital expenditure or withstand a future downturn in business or economic conditions generally. In the event that the Group's generated cash flow were to be required to make principal and interest payments on any existing or prospective debt, this could give rise to a reduction in the amount of cash available for distribution by the Group. The Guarantor may in certain cases also be required to provide guarantees for debts contracted by its Subsidiaries. Defaults under financing agreements could lead to the enforcement of security over property, where applicable, and/or cross-defaults under other financing agreements.

### *Key Senior Personnel and Management*

The Group's key senior personnel and management remain material to its growth. If one or more of the members of the team were unable or unwilling to continue in their present position, the Group might not be able to replace them within the short term, which could have a material adverse effect on the Group's business, financial condition and results of operations. Although no single person is instrumental in fulfilling the Group's business objectives, there is no guarantee that these objectives will be achieved to the degree expected following the loss of key personnel.

### *The Group's Insurance Policies*

The Group maintains insurance at levels determined to be appropriate in light of the cost of cover and the risk profiles of the business in which the Group operates. With respect to losses for which the Group is covered by its policies, it may be difficult and may take time to recover such losses from insurers. In addition, the Group may not be able to recover the full loss incurred from the insurer. No assurance can be given that the Group's current insurance coverage would be sufficient to cover all potential losses, regardless of the cause, nor can any assurance be given that an appropriate coverage would always be available at acceptable commercial rates.

### *Risk of Litigation*

Since the Group operates in an industry which involves the continuous provision of goods and services to customers and consumers and such operation necessarily requires continuous interaction with suppliers, employees, franchisors and regulatory authorities, the Group is exposed to the risk of litigation from its customers, actual and potential partners, suppliers, employees, regulatory authorities, and/or franchisors. No assurance can be given that disputes which could have a significant effect on the Group's financial position or operational performance will not arise in the future. Furthermore, exposure to litigation or fines imposed by regulatory authorities may affect the Group's reputation even though the monetary consequences may not be significant.

### *Risks of Integration and Operation of Acquired Businesses*

The integration and operation of acquired businesses and additional franchises may disrupt the Group's business and create additional expenses, and the Group may not achieve the anticipated benefits of its acquisitions and expansion. The success of integration of acquired businesses or additional franchises typically assumes certain synergies and other benefits. There is no assurance that these risks or other unforeseen factors will not offset the intended benefits of the acquisitions or expansion, in whole or in part.

### *Reliance on non-proprietary Software Systems and third-party I.T. Providers*

To varying degrees, the Group is reliant upon technologies and operating systems (including IT systems) developed by third parties for the running of its business, and are exposed to the risk of failures in such systems. Disruption to those technologies or systems and/or lack of resilience in operational availability could adversely affect the efficiency of the Group's business, financial condition and/or operating performance.

The Issuer and the Guarantor have a leveraged capital structure

### *The Issuer's capital structure is dependent on debt financing through the Bonds.*

The Group's capital structure is, and is expected to remain, highly leveraged, and the debt service obligations resulting from such capital structure are expected to absorb a significant portion of cash generation of the Group. This high level of gearing is also reflective of a limited asset cover at both Issuer and Group level, which heightens the dependence on the Group's projected cash generation as the principal basis for the repayment of the Bonds. Adverse changes to the Group's projected cash flows will reduce the projected level of debt service cover and the ability of the Issuer to fulfill its obligations under the Bonds.

## **ii. Risks relating to the Group: the development of the Hub and/or properties leased by the Group**

### *General Property Market Conditions*

The health of the property market may be affected by a number of factors such as national economy, political developments, introduction of or changes to government regulations, changes in planning or tax laws and interest rate fluctuations. Such factors may be expected to cause property prices to fluctuate and an increase in the supply could impact negatively upon capital values and income streams of the property.

### *Property Valuations*

The valuation of property is intrinsically subjective. The valuation is prepared by independent qualified architects in accordance with the valuation standards published by the Royal Institution of Chartered Surveyors (RICS). In providing a market value of the Property in question, the independent architects have made certain assumptions which ultimately may cause the actual values to be materially different from any future values that may be expressed or implied by such forward-looking statements or anticipated on the basis of historical trends, as reality may not match the assumptions. There can be no assurance that such valuations of property and property-related assets will reflect actual market values.

### *Construction and Counter-parties*

Construction projects are subject to a number of specific risks inherent in this field, including in particular: the risk of cost overruns; the risk of insufficiency of resources to complete and the risk of rental/sale transactions not being effected at the prices and within the timeframe envisaged. If these risks were to materialise, they would have an adverse impact on the Issuer's revenue generation, cash flows and financial performance. Furthermore, for completion of certain projects the Issuer places certain reliance on counterparties such as contractors and subcontractors engaged in the demolition, excavation, construction and finishing of developments. Such parties may fail to perform or

default on their obligations to the Issuer due to insolvency, lack of liquidity, market or economic downturns, operational failure or other reasons which are beyond the Issuer's control.

#### *The Issuer may be exposed to environmental liabilities attached to property*

The Issuer may become liable for the costs of removal, investigation or remediation of any hazardous or toxic substances that may be located on or in a property developed, owned or occupied by it. Laws and regulations, which may be amended over time, may also impose liability for the presence of certain materials or substances or the release of certain materials or substances into the air, land or water or the migration of certain materials or substances from a property and such presence, release or migration could form the basis for liability to third for personal injury or other damages. These environmental liabilities, if realised, could have a material adverse effect on its business, financial condition and results of operations.

#### *Operating and Other Expenses*

The Group's operating and other expenses incurred in maintaining and operating the Hub and the manufacturing and packaging plant situated therein could increase without a corresponding increase in revenue, which could have an adverse impact on the Issuer's financial condition and operational performance.

#### *Dependence on Tenants fulfilling their Obligations*

The Issuer is dependent, for raising of rental income relative to properties owned by it, on tenants fulfilling their obligations under their lease agreements. The business, revenue and projected profits of the Issuer would be negatively impacted if tenants were to fail to honour their respective lease obligations. In cases of early termination by tenants prior to the expiration of the lease term there is a risk of loss of rental income if the tenant is not replaced in a timely manner.

#### *Permissions that may be required from time to time*

Any alterations to the plans approved in the permit issued in respect of the Hub would be subject to regulatory approval. Furthermore, prior to commencing works, the proposed development would need to be approved by the Government Property Division. Any failure by the Issuer to obtain either of such approvals to commence works on the Hub or to obtain approval for improvements to the development which, if approved, may increase the financial viability of such development could result in delays in or failure of completion of the Hub or increased costs.

### **iii. Risks relating to the Group: Property Investment**

#### *Liquidity Risk*

The lack of liquidity and alternative uses of property investments could significantly limit the Group's ability to respond to adverse changes in the performance of its properties thereby potentially harming its financial condition. Furthermore, the Group's ability to vary its portfolio or dispose of or liquidate part of its portfolio in a timely fashion and at satisfactory prices in response to changing economic, financial and investment conditions, is limited by market demand. The property market is affected by many factors, such as general economic conditions, availability of financing, interest rates and other factors, including supply and demand, or the exercise by tenants of their contractual rights such as those enabling them to vacate properties occupied by them prior to, or at, the expiration of the lease term, that are beyond the Group's control.

#### *Costs incurred when proposed property investment is aborted*

The Issuer or the Group may at times incur significant costs in connection with the assessment of potential property investment opportunities. These may involve costs associated with property surveys, valuation reports, title and environmental investigations. If a proposed real estate investment were not to proceed to completion after such costs have been incurred, the Issuer will be unable to recoup same directly from that investment, which could have a negative impact on profitability.

### **iv. Risks relating to the Group: Retail Sector**

#### *General Retail Market Conditions*

The health of the retail market may be affected by a number of factors, including, *inter alia*, consumer demand, tastes, preferences, trends, inflation, fluctuation in interest rates/exchange rates, direct and indirect taxation, regulations, and other general market and economic conditions which are particularly accentuated owing to the size of the Maltese market. Adverse factors could cause customers and potential customers to postpone or reduce spending on products or services or put downward pressure on prices, which could have an adverse effect on the Group's business, results of operations or cash flows, consequently adversely impacting the Issuer.

#### *Competition*

The Group already operates in a highly competitive market and this level of competition may increase, which may limit the future ability of the Group to maintain its market share and revenue level. Current and potential competitors may have longer operating histories, greater name recognition, and greater financial, technical, marketing and other resources than the Issuer. There can be no assurance that the Group will be able maintain or increase its market share and to compete effectively with current or future competitors or that the competitive pressures will not consequently have a material adverse effect on Issuer's business, financial condition, operational performance and its ability to fulfil its obligations under the Bonds.

#### *Dependence on franchise agreements*

The Group's retail and fashion business is presently focused on the franchise agreements or arrangements. The Group's existing retail operations include a significant concentration on the Terranova and Calliope brands, subject to franchise agreements currently based on a tacit annual renewal and which can be terminated by either party subject to three months' notice being given. The Group is dependent on maintaining a good relationship with each of the franchise owners to ensure continuity and renewal of the respective franchise agreements. A termination of any of the Brand franchises would have an adverse effect on the Group's operations and income.

#### *Franchisors' ability to anticipate trends and respond to changing consumer preferences*

The success of each Brand is dependent upon both the priority customers place on fashion and the franchisors' ability to anticipate, identify



and capitalise upon emerging fashion trends. If either or all of the franchisors fails to anticipate, identify or react appropriately, or in a timely manner, to fashion trends, the Group's outlets could experience reduced customer acceptance of their products. These factors could result in decreased sales volume and lower product margins, and could have a material adverse effect on the Group's results of operations. In addition, the Group is constrained from autonomous action over certain matters and the franchisors maintain a level of control over marketing and advertising decisions. Consequently, the inability of the franchisor to understand and adapt to the conditions and developments in the local retail market may adversely affect the Group's business and operational results.

#### *Exposure to exchange rate risk*

The Group can be impacted by transaction risk, which is the risk that the currency of the costs and liabilities fluctuates in relation to the Euro being its reporting currency, which fluctuation may adversely affect its operating performance.

#### *Governing Law and Jurisdiction*

The Terranova, Calliope, Max&Co, Pascucci, Liu Jo and 7 Camicie franchise agreements are governed by the laws of Italy and any disputes arising under such agreements are subject to arbitration in Italy. In addition to this, the Italian version shall always prevail. These factors increase the complexity involved in any dispute or legal proceeding arising on the basis of this agreement, as a foreign legal element is involved. Similarly, these risks arise in respect of the Make Up Store Agreement, which is governed by the law of Sweden and is subject to legal proceedings in Sweden and the Guess agreement which is governed by the law of Switzerland and is subject to legal proceedings in Switzerland.

#### *Relationship with Lease Agreements*

The majority of the Group's lease agreements, in respect of its warehouses and retail outlets leased to house its Brands, are intrinsically linked to, and dependent upon, the corresponding franchise agreement, and This implies that the Group's inability to fulfil its obligations under a lease agreement, leading to its termination, could consequently lead to the simultaneous termination of the corresponding franchise agreement, or . This simultaneous termination of lease and franchise agreements may have a material adverse effect on the Group's business and results of operations.

#### *Territoriality and Ownership Rights*

Although in the majority of the Group's franchise agreements, the franchisor undertakes to refrain from proceeding to directly open outlets of its own or from granting the right to enter and participate in the Maltese market to third parties, the franchisor does not explicitly grant territorial exclusivity to the Group for the retailing of the Brands in Malta. Consequently, no claim whatsoever may be raised by the Group against the franchisor should the latter enter into contracts/relationships with third parties for the retailing of the Brands in Malta.

### **v. Risks relating to the Group: the Catering Sector**

#### *General Catering Market Conditions*

The Group's cafeteria establishments operated under the Pascucci brand are subject to a number of factors that affect the restaurant industry generally, including: changes in the general economic conditions of the market and changes in consumer confidence, competition with respect to price, service, location and food quality; changes in demographic trends, and changes in the regulatory framework regulating such business. Adverse changes in any one or more of these factors could reduce customer transactions at its cafeteria establishment, impose limits on pricing or cause the Group to incur additional expenditure in modifying its concepts, any or all of which could adversely affect the Group's business and the results of its operations.

#### *Competition*

As the market in this particular area of the catering sector is already highly concentrated, the Group faces significant competition to its cafeteria establishments. In the event that the Group were to be unable to compete successfully, this could adversely affect the Group's business and the results of its operations. The Group's operations are also dependent on its ability to avoid any degradation in product quality and, or service levels for customers, which could undermine confidence in the services provided by the Group and cause a loss of customers or make it more difficult to attract new ones. The business of the Group could be significantly hurt from these delays, errors, failures or faults.

#### *Regulation*

The Group's cafeteria establishments are subject to various laws and regulations. In particular, they are subject to licensing and regulation by a number of governmental authorities, which may include alcoholic beverage controls, smoking laws, health and safety measures, disability access requirements and fire safety requirements. Difficulties in obtaining, or any failure to obtain, or maintaining the required licenses or approvals, or the loss thereof, could adversely affect the Group's business and the results of its operations. Various bodies have the power to conduct inspections of the Group's catering establishment and to close down any in the case of failure to comply with the regulations.

#### *Risk of Complaints and Litigation*

The Group may be the subject of complaints or claims from customers alleging food-related illness, injuries suffered on the Group's premises, or other food quality, health or operational concerns. Adverse publicity resulting from such allegations may materially affect sales revenues generated by the Group's establishment. Litigation may be expensive and time-consuming, and divert management's attention away from the operation of the business. In addition, the Group cannot be certain that its insurance coverage will be sufficient to cover one or more substantial claims. Moreover, under the Café Pascucci franchise agreement, all rights or claims to indemnity or payment for lost customers, business goodwill and brand diffusion are clearly and expressly excluded by the franchisor. In addition, other litigation may divert financial and management resources that would otherwise be used to benefit the future performance of the Group's operations.

#### *Dependence on Café Pascucci Franchise Agreement*

The Group's business in the catering industry is presently focused on its Café Pascucci franchise agreement. The Group is thus dependent on maintaining a good relationship with this franchisor, to ensure continuation and renewal of this franchise agreement. A termination would have an adverse effect on the Group's operations and income, and at present, would effectively constitute the Group's withdrawal from the catering industry. Furthermore, the success of the Brand in Malta is susceptible to the success and reputation of the respective Brand internationally, which is beyond the control of the Group.

### *Governing Law and Jurisdiction*

The agreement covering the Pascucci franchise is governed by the law of Italy and is subject to Arbitration Proceedings in Italy. These factors increase the complexity involved in any dispute or legal proceeding arising on the basis of this agreement, as a foreign legal element is involved.

### **vi. Risks relating specifically to the Issuer**

#### *Dependence of the Issuer on the Group*

The Issuer is a finance and investment company and is mainly dependant on the business prospects of the Group, and consequently, the operating results of the Group have a direct effect on the Issuer's financial position and performance. The risks intrinsic in the business and operations of the Group shall have a direct effect on the ability of the Issuer to meet its obligations in respect of principal and interest under the Bonds when due. As a majority of its assets consist of loans issued to companies within the Group, the Issuer is largely dependent, including for the purpose of servicing interest payments and the repayment of the principal on maturity date, on receipt of interest and loan repayments from the Group companies. The ability of Group companies to effect payments to the Issuer will depend on their respective cash flows and earnings which may be restricted by: changes in applicable laws and regulations; by the terms of agreements to which they are or may become party, including the indenture governing their existing indebtedness, if any; or by other factors beyond the control of the Issuer. The occurrence of any such factors could in turn negatively affect the ability of the Issuer to meet its obligations in respect of the payment of interest on the Bonds and repayment of principal when due.

#### *Limited Operating History*

The Issuer was established on 24 June 2015 and has a limited operating history that can be evaluated as a basis for the Issuer's potential performance. The risks attendant with a newly incorporated company may have a direct effect on the ability of the Issuer to meet its obligations in respect of the repayment of principal and interest under the Bonds.

#### *Concentration of Shareholding*

The Group, through the Parent, is owned exclusively by Diane Izzo and Karl Izzo, in equal proportions respectively. In turn, the Issuer is owned as to 99% by the Parent and 1% by Diane Izzo, meaning the owners of the Group together exercise effective control over the Issuer. These individuals are considered important to the success of the Issuer and the unexpected loss of any of these persons or a dilution in their influence over the Issuer and its business could have an adverse effect on the Issuer. There can be no assurance that such persons will not at any time during the term of the Bonds dispose of any interest, direct or indirect, in the Group.

#### *Funding Risk*

There can be no guarantee that cash generated by operations or additional debt or equity financing will be available or will be sufficient to meet the Issuer's funding requirements to pursue its future strategic decisions or that if additional debt or equity financing is available, that it will be on terms acceptable to the Issuer. The Issuer's inability to access sufficient capital for its operations may have a material adverse effect on its financial condition, results of operations and prospects.

#### *Certain Financial Markets Risks*

The Issuer may be exposed to a variety of financial risks associated with the unpredictability inherent in financial markets, including market risk (such as the risk associated with fluctuations in interest rates and fair values of investments), credit risk (the risk of loss by the Issuer due to its debtors not respecting their commitments), currency risk and interest rate risk (such as the risk of potential changes in the value of financial assets and liabilities in response to changes in the level of market interest rates and their impact on cash flows).

#### *Enforcement of security over the Issuer's assets*

Borrowings are likely to be secured over part of the Group's assets. In the event that a member of the Group defaults under the terms of any borrowing agreements entered into, the lender concerned may seize title to such assets by enforcing its security. In addition, any amounts owing under borrowing agreements will rank ahead of Bondholder entitlements.

## **D.3 Key information on the key risks specific to the Bonds:**

An investment in the Bonds involves certain risks, including those set out below in this section. In deciding whether to make an investment in the Bonds, prospective investors are advised to carefully consider, with their own independent financial and other (including tax, accounting, credit, legal and regulatory) professional advisers, the following risk factors (not listed in order of priority) and other investment considerations, together with all the other information contained in the Prospectus:

- i. There can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Nor can there be any assurance that an investor will be able to sell or otherwise trade in the Bonds at or above the Bond Issue Price or at all. A public trading market depends on a number of factors over which the Issuer has no control;
- ii. Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds;
- iii. A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference, if different;
- iv. No prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time;
- v. The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer, guaranteed by the Guarantor, and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured obligations of each of the Issuer and the Guarantor. The Bonds will, however, rank subordinate to the present and future secured creditors of the Issuer and the Guarantor. Furthermore, subject to the negative pledge clause, third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer and of the Guarantor, as the case may be, for so long as such security interests remain in effect. In essence, this means that for so long as the Issuer may have secured, privileged or other higher-ranking creditors, in the event of insolvency of the Issuer

the Bondholders would rank after such creditors but equally between themselves and with other unsecured creditors (if any) of the Issuer;

vi. Repayment of interest and capital on the Bonds is being guaranteed by the Guarantor, and therefore Bondholders are entitled to request the Guarantor to pay the full amounts due under the Bonds if the Issuer fails to meet any amount, when due. The strength of this undertaking on the part of the Guarantor and, therefore, the level of recoverability by the Bondholders from the Guarantor of any amounts due under any of the Bonds, is dependent upon and directly linked to, the financial position and solvency of the Guarantor, and in the case of insolvency of the Guarantor, such level of recoverability is further dependent upon the existence or otherwise of any prior ranking claims over the assets of the Guarantor;

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

viii. In the event that the Issuer wishes to amend any of the Terms and Conditions of the Bond Issue it shall call a meeting of Bondholders in accordance with the provisions of section 5.13 of the Securities Note. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority. Furthermore, the Guarantor has the power to veto any changes to the Terms and Conditions of the Bonds which are issued with the benefit of its Guarantee. Were the Guarantor to exercise such right of veto, any proposed amendments to the Terms and Conditions of the Bonds would not be put into effect;

ix. The Terms and Conditions of the Bond Issue are based on the requirements of the Listing Rules of the Listing Authority, the Companies Act and the Commission Regulation EC No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council in effect as at the date of the Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Maltese law or administrative practice after the date of the Prospectus;

x. Even after the Bonds are admitted to trading on the MSE, the Issuer is required to remain in compliance with certain requirements relating to the free transferability, clearance, and settlement of the Bonds in order to remain a listed company in good standing. Moreover, the Listing Authority has the power to suspend trading or listing of the Bonds if, it comes to believe that such a suspension is required for the protection of investors or the integrity or reputation of the market. The Listing Authority may discontinue the listing of the Bonds on the MSE. Any such trading suspensions or listing revocations/discontinuations described above could have a material adverse effect on the liquidity and value of the Bonds.

## Section E. Offer

E.2b The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €7,700,000, will be used by the Issuer for the following purposes, in the amounts and order of priority set out below:

(i) a maximum amount of circa €2,900,000 of the net Bond Issue proceeds will be advanced by the Issuer to the respective Group companies to: settle outstanding payments on the acquisition of the Guess, 7 Camicie and Brooks Brothers brands, and the refurbishment and roll-out of the Max & Co and Elisabetta Franchi outlets and the Terranova megastore in Iklın; and to acquire new franchises and to purchase the inventories and equipment pertaining thereto, negotiations in respect of which are, as at the date of this Prospectus, in their final stages;

(ii) a maximum amount of circa €2,300,000 of the net Bond Issue proceeds will be advanced by the Issuer to the respective Group companies to reduce the bank indebtedness of the Group through the refinancing of certain outstanding loans, bank overdraft and general banking facilities; and

(iii) the remaining balance of the net Bond Issue proceeds, amounting to approximately €2,500,000, will be applied by the Issuer to the following two uses, in the following order of priority:

a. a maximum amount of circa €1,200,000 of the remaining balance of net Bond Issue proceeds will be advanced by the Issuer to Dizz Manufacturing Limited for the purpose of part funding the construction and development of the Hub;

b. a maximum amount of circa €1,300,000 of the remaining balance of net Bond Issue proceeds will be advanced by the Issuer to the respective Group companies for general corporate funding purposes.

In the event that the Bond Issue is not fully subscribed, the Issuer will proceed with the listing of the amount of Bonds subscribed for provided that in the event that the amount of Bonds subscribed for does not exceed the amount specified in para (i) above, the Issuer reserves the right not to proceed with the Issue of the Bonds, and all Applicants shall be refunded accordingly (at zero interest). In the event that the uses specified above require funding in addition to that which shall be raised through the Bond Issue these shall be financed from the Group's operating cash flows. With particular reference to the use of proceeds identified in section (iii)(a) above, the cost of the development of the Hub shall be funded in part by Bond Issue proceeds as aforesaid and in part (estimated at €2,460,000) by the Group cash flows as and when necessary.

E.3 The Bonds are open for subscription to all categories of investors. Applications for subscription to the Bonds may be made through the Sponsor and any of the Authorised Financial Intermediaries. The following is a synopsis of the general terms and conditions applicable to the Bonds. A Bondholder is deemed to have invested only after having received, read and understood the contents of the Prospectus, including the full terms and conditions contained in the annexes thereto.

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

The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD. The Bonds will be issued without interest coupons, in denominations of any integral multiple of €1,000 provided that on subscription the Bonds will be issued for a minimum of €3,000 per individual Bondholder. Financial intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €3,000 to each underlying client. Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments) as the absolute owner of such Bond. Title to the Bonds may be transferred as provided in the Securities Note.

### **2. Interest**

Details of interest payable on the Bonds is provided in Element C.9 of this Summary Note.

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

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

### **4. Payments**

Payment of the principal amount of a Bond will be made in Euro by the Issuer to the person in whose name such Bonds are registered, with interest accrued up to the 7<sup>th</sup> October 2026, by means of direct credit transfer into such bank account as the Bondholder may designate from time to time. Such payment shall be effected within seven (7) days of the 7<sup>th</sup> October 2026. Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business fifteen (15) days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time. Such payment shall be effected within seven (7) days of the Interest Payment Date.

### **5. Redemption**

Unless previously purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 7<sup>th</sup> October 2026.

### **6. Events of Default**

The Bonds shall become immediately due and repayable, at their principal amount together with accrued interest, in an event of default. Subject to agreed exceptions, materiality qualifications, reservations of law and grace periods, an event of default shall occur if: (i) the Issuer fails to pay any interest on any Bond when due; or (ii) the Issuer is in breach of any material obligation contained in the terms and conditions of the Bonds; or (iii) the Issuer is inter alia dissolved, liquidated or bankrupt; or (iv) the Issuer stops or suspends payments, or announces to do so, to all or any class of its debts or ceases or threatens to cease to carry on its business or a substantial part thereof; or (v) the Issuer is unable to pay its debts; or (vi) a judgment by a court is made against the Issuer for the payment in excess of €2 million; or (vii) any default occurs relating to any financial indebtedness of the Issuer in excess of €2 million.

### **7. Transferability of the Bonds**

The Bonds are freely transferable and, once admitted to the Official List shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time. All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations. The cost and expenses of effecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Issuer shall so require, the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the Issuer. The Issuer will not register the transfer or transmission of Bonds for a period of fifteen (15) days preceding the due date for any payment of interest on the Bonds.

### **8. Register of Bondholders**

Certificates will not be delivered to Bondholders in respect of the Bonds in virtue of the fact that the entitlement to Bonds will be represented in an uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer by the CSD. There will be entered in such electronic register the names, addresses, identity card numbers, registration numbers and MSE account numbers of the Bondholders and particulars of the Bonds held by them respectively, and the Bondholders shall have, at all reasonable times during business hours, access to the register of Bondholders held at the CSD for the purpose of inspecting information held on their respective account.

### **9. Further Issues**

The Issuer may, from time to time, without the consent of the Bondholders, create and issue further debentures, debenture stock, bonds, loan notes, or any other debt securities either having the same terms and conditions as any outstanding debt securities of any series (including the

Bonds) and so that such further issue shall be consolidated and form a single series with the outstanding debt securities of the relevant series (including the Bonds) or upon such terms as the Issuer may determine at the time of their issue.

#### 10. Meetings of Bondholders

The Terms and Conditions of the Bonds may be amended or waived with the approval of the Bondholders at a meeting called for that purpose by the Issuer.

#### 11. Governing Law and Jurisdiction

The Bonds shall be governed by and shall be construed in accordance with Maltese law. Any legal action, suit, action or proceeding against the Issuer and/or the Guarantor arising out of or in connection with the Bonds shall be brought exclusively before the Maltese Courts and the Bondholder shall be deemed to acknowledge that it is submitting to the exclusive jurisdiction of the Maltese Courts as aforesaid.

E.4 Save for the possible subscription for Bonds by Authorised Financial Intermediaries (which includes Financial Planning Services Limited), and any fees payable in connection with the Bond Issue to Financial Planning Services Limited as Sponsor, so far as the Issuer is aware no person involved in the Issue has an interest material to the Issue.

E.7 Professional fees, and costs related to publicity, advertising, printing, listing, registration, sponsor, management, registrar fees, selling commission, and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €300,000.

<b>Time-Table</b>	
1. Application Forms available to the general public	20 <sup>th</sup> September 2016
2. Private placing date	26 <sup>nd</sup> September 2016
3. Issue Period (Opening and closing of subscription lists, respectively)	28 <sup>th</sup> September 2016 to 30 <sup>th</sup> September 2016, both days included
4. Commencement of interest on the Bonds	7 <sup>th</sup> October 2016
5. Announcement of basis of acceptance	7 <sup>th</sup> October 2016
6. Refunds of unallocated monies	14 <sup>th</sup> October 2016
7. Expected dispatch of allotment advices	14 <sup>th</sup> October 2016
8. Expected date of admission of the securities to listing	17 <sup>th</sup> October 2016
9. Expected date of commencement of trading in the securities	18 <sup>th</sup> October 2016

The Issuer reserves the right to close the Bond Issue before 30<sup>th</sup> September 2016 in the event of over-subscription, in which case the events set out in steps 5 to 9 above shall be brought forward, although the number of workings days between the respective events shall not be altered.



# Registration Document

Dated 16<sup>th</sup> September 2016

This Registration Document is issued in accordance with the provisions of Chapter 4 of the Listing Rules issued by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements as amended by 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, Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015.

Issue of Bonds by

**Dizz Finance p.l.c.**

A public limited liability company registered in Malta with company registration number C 71189  
with the joint and several Guarantee\* of

**Dizz Group of Companies Limited.**

A private limited liability company registered under the laws of Malta with company registration number C 64435

\*Prospective investors are to refer to the Guarantee contained in Annex III of the Securities Note forming part of this Prospectus for a description of the scope, nature and term of the Guarantee. Reference should also be made to the sections entitled "Risk Factors" contained in this Registration Document and the Securities Note for a discussion of certain risk factors which should be considered by prospective investors in connection with the Bonds and the Guarantee provided by Dizz Group of Companies Limited.

Sponsor



Registrar & Manager



Legal Counsel

**CAMILLERI PREZIOSI**  
ADVOCATES

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

THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE 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 OF THE PROSPECTUS INCLUDING ANY LOSSES INCURRED BY INVESTING IN THESE SECURITIES.

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY LISTED FINANCIAL INSTRUMENTS. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE SECURITIES OF AN ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT FINANCIAL ADVISOR.

# Important Information

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THIS REGISTRATION DOCUMENT CONTAINS INFORMATION ON DIZZ FINANCE P.L.C. IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES OF THE LISTING AUTHORITY, THE COMPANIES ACT (CAP. 386 OF THE LAWS OF MALTA) AND COMMISSION REGULATION (EC) NO. 809/2004 OF 29 APRIL 2004 IMPLEMENTING DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AS REGARDS INFORMATION CONTAINED IN PROSPECTUSES AS WELL AS THE FORMAT, INCORPORATION BY REFERENCE AND PUBLICATION OF SUCH PROSPECTUSES AND DISSEMINATION OF ADVERTISEMENTS AS AMENDED BY 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, COMMISSION DELEGATED REGULATION (EU) NO. 382/2014 OF 7 MARCH 2014 AND COMMISSION DELEGATED REGULATION (EU) NO. 2016/301 OF 30 NOVEMBER 2015.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER OR ITS DIRECTORS TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SALE OF SECURITIES OF THE ISSUER OTHER THAN THOSE CONTAINED IN THIS REGISTRATION DOCUMENT AND IN THE DOCUMENTS REFERRED TO HEREIN, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER OR ITS DIRECTORS OR ADVISORS.

**THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE 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 OF THE PROSPECTUS.**

THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR SECURITIES: BY ANY PERSON IN ANY JURISDICTION IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED OR IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO; OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION.

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



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

IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (OTHER THAN MALTA), WHICH HAS IMPLEMENTED 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 OR WHICH, PENDING SUCH IMPLEMENTATION, APPLIES ARTICLE 3.2 OF SAID DIRECTIVE, THE SECURITIES CAN ONLY BE OFFERED TO “QUALIFIED INVESTORS” (AS DEFINED IN SAID DIRECTIVE), AS WELL AS IN ANY OTHER CIRCUMSTANCES WHICH DO NOT REQUIRE THE PUBLICATION BY THE ISSUER OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF SAID DIRECTIVE.

A COPY OF THIS DOCUMENT HAS BEEN SUBMITTED TO THE LISTING AUTHORITY IN SATISFACTION OF THE LISTING RULES, THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES, IN ACCORDANCE WITH THE ACT.

**STATEMENTS MADE IN THIS REGISTRATION DOCUMENT ARE, EXCEPT WHERE OTHERWISE STATED, BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THEREIN.**

ALL THE ADVISORS TO THE ISSUER AND THE GUARANTOR NAMED IN THE REGISTRATION DOCUMENT UNDER THE HEADING “ADVISORS” IN SECTION 3.3 OF THIS REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND THE GUARANTOR IN RELATION TO THIS PUBLIC OFFER AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

THE CONTENTS OF THE ISSUER’S OR GUARANTOR’S WEBSITES OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER’S OR GUARANTOR’S WEBSITES DO NOT FORM PART OF THIS PROSPECTUS. ACCORDINGLY NO RELIANCE OUGHT TO BE MADE BY ANY INVESTOR ON ANY INFORMATION OR OTHER DATA CONTAINED IN SUCH WEBSITES AS THE BASIS FOR A DECISION TO INVEST IN THE BONDS.

**THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS.**

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# 01. Definitions

In this Registration Document the following words and expressions shall bear the following meanings except where the context otherwise requires:

Act	the Companies Act (Cap. 386 of the Laws of Malta);
Directors or Board	the directors of the Issuer whose names are set out under the heading "Identity of Directors, Senior Management, Advisors and Auditors";
Euro or €	the lawful currency of the Republic of Malta;
Group	the Parent and its Subsidiaries;
Guarantee	the joint and several suretyship of the Guarantor undertaking to effect payment of interest and capital repayments of any amount due by the Issuer to any Bondholder and which remain unpaid by the Issuer after 60 days of the due date for payment thereof. A copy of the Guarantee and a description of the nature, scope and terms of the Guarantee are appended to the Securities Note as Annex III thereof;
Guarantor or Parent	Dizz Group of Companies Limited, a company registered under the laws of Malta with company registration number C 64435 and having its registered office at Dizz Buildings, Triq Il-Harruba, Santa Venera, Malta;
Hub	the property in Triq L-Industria, Imrieħel to be constructed and developed by the Issuer, for the purpose of consolidating the Group's critical operations comprising the management and administration division; the procurement and storage division; a new clothing finishing section and a professional kitchen, as better described in the subsection entitled 'THE HUB' of section 4.2.2 of this Registration Document;
Issuer, Company or Dizz Finance	Dizz Finance p.l.c., a company registered under the laws of Malta with company registration number C71189 and having its registered office at Dizz Buildings, Triq Il-Harruba, Santa Venera, Malta;
Listing Authority	the MFSA, appointed as Listing Authority for the purposes of the Financial Markets Act (Cap. 345 of the laws of Malta) by virtue of Legal Notice 1 of 2003;
Listing Rules	the listing rules of the Listing Authority;
Malta Stock Exchange or MSE	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Cap. 345 of the laws of Malta) with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
MFSA	Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act (Cap. 330 of the laws of Malta);
M&A	the memorandum and articles of association of the Issuer;

Prospectus	collectively, the Registration Document, the Securities Note and the Summary Note;
Registration Document	this document in its entirety;
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 a prospectus and dissemination of advertisements, as amended by: Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 amending Regulation (EC) No. 809/2004 as regards information on the consent to use of the prospectus, information on underlying indexes and the requirement for a report prepared by independent accountants or auditors; Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities; Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of supplements to the prospectus; and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of the prospectus and dissemination of advertisements;
Securities Note	the securities note issued by the Issuer dated 16 <sup>th</sup> September 2016, forming part of the Prospectus;
Subsidiary	<p>each of the following direct or indirect subsidiaries of the Parent: -</p> <ul style="list-style-type: none"> <li>i. The Issuer;</li> <li>ii. Dizz Limited (C26823) (incorporated under the laws of Malta);</li> <li>iii. Dizz Manufacturing Limited (C62693) (incorporated under the laws of Malta);</li> <li>iv. DK Fashion Co. Limited (C47296) (incorporated under the laws of Malta);</li> <li>v. DKV &amp; Co. Limited (C70942) (incorporated under the laws of Malta);</li> <li>vi. D3 Fashion Limited (C70701) (incorporated under the laws of Malta);</li> <li>vii. D'S Limited (C33852) (incorporated under the laws of Malta);</li> <li>viii. DKM Limited (C58478) (incorporated under the laws of Malta);</li> <li>ix. DVA Limited (C57473) (incorporated under the laws of Malta);</li> <li>x. DAL Café Ltd (C72704) (incorporated under the laws of Malta);</li> <li>xi. Dizz Franchises Ltd (C72974) (incorporated under the laws of Malta);</li> <li>xii. Dizz Labs Ltd (C74298) (incorporated under the laws of Malta);</li> <li>xiii. DIJV Ltd (C73960) (incorporated under the laws of Malta);</li> <li>xiv. DK G Limited (C75176) (incorporated under the laws of Malta); and</li> <li>xv. DK Max Limited (C75168) (incorporated under the laws of Malta),</li> </ul> <p>and the term 'Subsidiaries' shall collectively refer to the said companies;</p>
Summary Note	the summary note issued by the Issuer dated 16 <sup>th</sup> September 2016, forming part of the Prospectus.

## 02. Risk Factors

PROSPECTIVE INVESTORS SHOULD, WITH THEIR OWN INDEPENDENT AND OTHER PROFESSIONAL ADVISORS, MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS, AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THIS REGISTRATION DOCUMENT, BEFORE MAKING ANY INVESTMENT DECISION WITH RESPECT TO THE ISSUER AND THE BONDS.

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

SOME OF THE RISKS ARE SUBJECT TO CONTINGENCIES WHICH 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.

IF ANY OF THE RISKS DESCRIBED HEREUNDER WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE ISSUER'S AND/OR GUARANTOR'S FINANCIAL CONDITION AND OPERATIONAL PERFORMANCE AND ON THE ABILITY OF THE ISSUER TO FULFIL ITS OBLIGATIONS UNDER THE BONDS AND/OR ON THE ABILITY OF THE GUARANTOR TO FULFIL ITS OBLIGATIONS UNDER THE GUARANTEE. THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AS SUCH BY THE DIRECTORS OF THE ISSUER, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER AND/OR GUARANTOR FACES. CONSEQUENTLY, ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE ISSUER'S DIRECTORS ARE NOT CURRENTLY AWARE OF, MAY HAVE A SERIOUS EFFECT ON THE ISSUER'S AND/OR GUARANTOR'S FINANCIAL CONDITION AND OPERATIONAL PERFORMANCE AND ON THE ABILITY OF THE ISSUER TO FULFIL ITS OBLIGATIONS UNDER THE BONDS AND/OR ON THE ABILITY OF THE GUARANTOR TO FULFIL ITS OBLIGATIONS UNDER THE GUARANTEE. IN ADDITION, PROSPECTIVE INVESTORS OUGHT TO BE AWARE THAT RISK MAY BE AMPLIFIED DUE TO A COMBINATION OF RISK FACTORS.

NEITHER THE PROSPECTUS NOR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE BONDS ISSUED BY THE ISSUER: (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION NOR (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER OR THE SPONSOR OR AUTHORISED FINANCIAL INTERMEDIARIES THAT ANY RECIPIENT OF THIS PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION THEREWITH, SHOULD PURCHASE ANY BONDS ISSUED BY THE ISSUER.

SECTION 2.1 BELOW SETS OUT RISKS COMMON TO THE ISSUER AND GUARANTOR WHICH ARE CONSIDERED INTRINSIC IN FORWARD-LOOKING STATEMENTS SUCH AS THOSE CONTAINED IN VARIOUS PARTS OF THE PROSPECTUS. SECTIONS 2.2 TO 2.6 BELOW ARE CONSIDERED TO BE RISKS ASSOCIATED WITH THE GROUP, OF WHICH THE GUARANTOR IS THE PARENT COMPANY, AND ACCORDINGLY SUCH RISKS ARE ALL ULTIMATELY RISKS PERTAINING TO THE GUARANTOR ITSELF. SECTION 2.7 BELOW SETS OUR RISKS SPECIFIC TO THE ISSUER.

## 2.1 Forward-looking statements

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The Prospectus and the documents incorporated therein by reference or annexed thereto contain forward-looking statements that include, among others, statements concerning the Issuer's strategies and plans relating to the attainment of its objectives, capital requirements and other statements of expectations, beliefs, future plans and strategies, anticipated developments and other matters that are not historical facts and which may involve predictions of future circumstances. Investors can generally identify forward-looking statements by the use of terminology such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", or similar phrases. These forward-looking statements are inherently subject to a number of risks, uncertainties and assumptions. Important factors that could cause actual results to differ materially from the expectations of the Issuer's Directors include those risks identified under the heading "Risk Factors" and elsewhere in the Prospectus.

As indicated above, if any of the risks described were to materialise, they could have a serious effect on the Issuer's and/or Guarantor's financial condition and operational performance and on the ability of the Issuer to fulfil its obligations under the Bonds to be issued and/or on the ability of the Guarantor to fulfil its obligations under the Guarantee. Accordingly, the Issuer cautions the reader that these forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ from those expressed or implied by such statements and no assurance is given that the future results or expectations will be achieved.

All forward-looking statements contained in this Registration Document are made only as at the date hereof. The Issuer and its Directors expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

## 2.2 Risks relating to the Group: The Group and its Business

### 2.2.1 Dependence on the Maltese Market

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The Group's business activities (as described in section 4.2.2.) are concentrated in and aimed at the Maltese market, which is limited in its geographical scope. Accordingly, the Group is highly susceptible to the economic trends that may from time to time be felt in Malta. Negative economic factors and trends in Malta, particularly those having an effect on consumer demand, may have a negative impact on the business of the Group.

### 2.2.2 Group's Business subject to Market and Economic Conditions generally

---

The Group's business activities are subject to general market and economic conditions, both locally and overseas. These conditions include, inter alia, consumer demand, financial market volatility, inflation, fluctuation in interest rates, exchange rates, direct and indirect taxation, the health of the local retail markets, property prices, energy and fuel costs, unemployment, wage rates, tightening of credit markets, government spending and budget priorities and other general market and economic conditions.

In the event that general market and economic conditions were to experience a downturn, these weakened conditions may have an adverse impact on the financial position and operational performance of the Group's business activity, potentially having a serious effect on the Issuer's financial position, cash flows, operational performance and its ability to fulfil its obligations under the Bonds.

### 2.2.3 Fixed Operating Expenses

---

A significant portion of the Group's costs are fixed and the Group's operating results are vulnerable to short-term changes in its revenues. The Group's inability to react swiftly to changes in its revenue by reducing its operating expenses could have a material adverse effect on its business, financial position and results of operations.

## 2.2.4 Increases in Operating and Other Expenses

---

The Group's operating and other expenses could increase without a corresponding increase in turnover or revenue. The factors which could materially increase operating and other expenses include:

- a. Increases in the rate of inflation, in particular where the income stream of the Group does not increase correspondingly;
- b. Increases in payroll expenses;
- c. Increases in property taxes and other statutory charges;
- d. Changes in laws, regulations or government policies;
- e. Increases in insurance premia;
- f. Unforeseen increases in the costs of maintaining properties;
- g. Unforeseen capital expenditure
- h. Reputational risks and strategic and business risks materialising; and
- i. Unanticipated expenses as a result of acts of nature and their consequences.

Such increases could have a material adverse effect on the Group's financial position and operational performance.

## 2.2.5 The Group's Indebtedness

---

The Group has a material amount of debt and may incur additional debt in connection with its future growth in terms of acquisitions and developments.

Borrowings under bank credit facilities are or may be at variable interest rates, which would render the Group vulnerable to increases in interest rates. The agreements regulating the Group's bank debt impose and are likely to impose significant operating restrictions and financial covenants on the Group. These restrictions and covenants could limit the Group's ability to obtain future financing, make capital expenditure, withstand a future downturn in business or economic conditions generally or otherwise inhibit the ability to conduct necessary corporate activities.

In the event that the Group's generated cash flow were to be required to make principal and interest payments on any existing or prospective debt, this could give rise to a reduction in the amount of cash available for distribution by the Group, which would otherwise be available for funding of the Group's working capital, capital expenditure, development costs, and other general corporate costs, or for the distribution of dividends.

The Parent may in certain cases also be required to provide guarantees for debts contracted by its Subsidiaries. Defaults under financing agreements could lead to the enforcement of security over property, where applicable, and/or cross-defaults under other financing agreements.

## 2.2.6 Key Senior Personnel and Management

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The Group's key senior personnel and management have been and remain material to its growth. The Group believes that its growth is partially attributable to the efforts and abilities of the members of its executive management team and other key personnel, specifically Diane Izzo and Karl Izzo. If one or more of the members of the team were unable or unwilling to continue in their present position, the Group might not be able to replace them within the short term, which could have a material adverse effect on the Group's business, financial condition and results of operations. Although no single person is instrumental in fulfilling the Group's business objectives, there is no guarantee that these objectives will be achieved to the degree expected following the loss of key personnel.



## 2.2.7 The Group's Insurance Policies

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Historically, the Group has maintained insurance at levels determined by the Group to be appropriate in light of the cost of cover and the risk profiles of the business in which the Group operates. With respect to losses for which the Group is covered by its policies, it may be difficult and may take time to recover such losses from insurers.

In addition, the Group may not be able to recover the full loss incurred from the insurer. No assurance can be given that the Group's current insurance coverage would be sufficient to cover all potential losses, regardless of the cause, nor can any assurance be given that an appropriate coverage would always be available at acceptable commercial rates.

## 2.2.8 Risk of Litigation

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Since the Group operates in an industry which involves the continuous provision of goods and services to customers and consumers and such operation necessarily requires continuous interaction with suppliers, employees, franchisors and regulatory authorities, the Group is exposed to the risk of litigation from its customers, actual and potential partners, suppliers, employees, regulatory authorities, and/or franchisers. The Group is not presently involved in any governmental, legal or arbitration proceedings which, so far as the Directors are aware, may have, or have had during the 12 months preceding the date of this Prospectus, a significant effect on the Group's financial position or operational performance. However no assurance can be given that disputes which could have such effect will not arise in the future. Furthermore, exposure to litigation or fines imposed by regulatory authorities may affect the Group's reputation even though the monetary consequences may not be significant.

## 2.2.9 Risks of Integration and Operation of Acquired Businesses

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The integration and operation of acquired businesses and additional franchises may disrupt the Group's business and create additional expenses, and the Group may not achieve the anticipated benefits of its acquisitions and expansion.

Integration of an acquired business or additional franchise involves numerous challenges and risks, including assimilation of operations of the acquired business and conformity with standards set by franchise owners and difficulties in the convergence of IT systems, the diversion of management's attention from other business concerns, risks of entering markets in which the Group has had no or only limited direct experience, assumption of unknown or unquantifiable liabilities, the potential loss of key personnel and/or clients, difficulties in completing strategic initiatives already underway in the acquired companies, and unfamiliarity with partners and clients of the acquired company, each of which could have a material adverse effect on the Group's business, results of operations and financial condition.

The success of integration of acquired businesses or additional franchises typically assumes certain synergies and other benefits. There is no assurance that these risks or other unforeseen factors will not offset the intended benefits of the acquisitions or expansion, in whole or in part.

## 2.2.10 Reliance on non-proprietary Software Systems and third-party I.T. Providers

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To varying degrees, the Group is reliant upon technologies and operating systems (including IT systems) developed by third parties for the running of its business, and are exposed to the risk of failures in such systems. Disruption to those technologies or systems and/or lack of resilience in operational availability could adversely affect the efficiency of the Group's business, financial condition and/or operating performance.

## 2.2.11 The Issuer and the Guarantor have a leveraged capital structure

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The Issuer's capital structure is dependent on debt financing through the Bonds. The Group's capital structure is, and is expected to remain, highly leveraged, and the debt service obligations resulting from such a capital structure are expected to absorb a significant portion of cash generation of the Group. This high level of gearing is also reflective of a limited asset cover at both Issuer and Group level, which heightens the dependence on the Group's projected cash generation as the principal basis for the repayment of the Bonds. Adverse changes to the Group's projected cash flows will reduce the projected level of debt service cover and the ability of the Issuer to fulfil its obligations under the Bonds.

## 2.3 Risks relating to the Group: the Development of the Hub and/or Properties Leased by the Group

### 2.3.1 General Property Market Conditions

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The health of the property market may be affected by a number of factors such as national economy, political developments, introduction of or changes to government regulations, changes in planning or tax laws, interest rate fluctuations, inflation, and the availability of financing and yields of alternative investments. Such factors may be expected to cause property prices to fluctuate and an increase in the supply of could impact negatively upon capital values and income streams of the property.

### 2.3.2 Property Valuations

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The valuation of property is intrinsically subjective. The valuations referred to in the Registration Document are prepared by independent qualified architects in accordance with the valuation standards published by the Royal Institute of Chartered Surveyors (RICS). In providing a market value of the Properties in question, the independent architects have made certain assumptions which ultimately may cause the actual values to be materially different from any future values that may be expressed or implied by such forward-looking statements or anticipated on the basis of historical trends, as reality may not match the assumptions. There can be no assurance that such valuations of property and property-related assets will reflect actual market values.

### 2.3.3 Construction and Counter-parties

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Construction projects are subject to a number of specific risks inherent in this field, including in particular: the risk of cost overruns; the risk of insufficiency of resources to complete; the risk of rental/sale transactions not being effected at the prices and within the timeframe envisaged; higher interest costs; and the erosion of revenue generation. If these risks were to materialise, they would have an adverse impact on the Issuer's revenue generation, cash flows and financial performance.

Furthermore, for completion of certain projects the Issuer places certain reliance on counterparties such as contractors and subcontractors engaged in the demolition, excavation, construction and finishing of developments. Such parties (which may include both third parties as well as related parties) may fail to perform or default on their obligations to the Issuer due to insolvency, lack of liquidity, market or economic downturns, operational failure or other reasons which are beyond the Issuer's control.

If any of the above mentioned risks, many of which are common to the construction industry, were to materialise, they could have an adverse impact on the Issuer's financial position, operational performance and its ability to fulfil its obligations under the Bonds.

### 2.3.4 The Issuer may be exposed to environmental liabilities attached to property

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The Issuer may become liable for the costs of removal, investigation or remediation of any hazardous or toxic substances that may be located on or in, or which may have migrated from, a property developed, owned or occupied by it, which costs may be substantial. The Issuer may also be required to remove or remediate any hazardous substances that it causes or knowingly permits at any property that it owns or may in future own.

Laws and regulations, which may be amended over time, may also impose liability for the presence of certain materials or substances or the release of certain materials or substances into the air, land or water or the migration of certain materials or substances from a property development, including asbestos, and such presence, release or migration could form the basis for liability to third for personal injury or other damages. These environmental liabilities, if realised, could have a material adverse effect on its business, financial condition and results of operations.

### 2.3.5 Operating and Other Expenses

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The Issuer's operating and other expenses incurred in maintaining and operating the Hub and the manufacturing and packaging plant situated therein could increase without a corresponding increase in revenue, which could have an adverse impact on the Issuer's financial condition and operational performance.

### 2.3.6 Dependent on Tenants fulfilling their Obligations

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The Issuer is dependent, for raising of rental income relative to properties owned by it, on tenants fulfilling their obligations under their lease agreements. The business, revenue and projected profits of the Issuer would be negatively impacted if tenants were to fail to honour their respective lease obligations. The Issuer is also subject to the risk that tenants may terminate or elect not to renew their respective lease, either due to the expiration of the lease term or due to an early termination of the lease. In cases of early termination by tenants prior to the expiration of the lease term there is a risk of loss of rental income if the tenant is not replaced in a timely manner.

### 2.3.7 Permissions that may be required from time to time

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Any alterations to the plans approved in the permit issued by the Planning Authority in respect of the Hub would be subject to regulatory approval. Furthermore, prior to commencing works, the proposed development would need to be approved by the Government Property Division. Any failure by the Issuer to obtain either of such approvals to commence works on the Hub or to obtain approval for improvements to the development which, if approved, may increase the financial viability of such development could result in delays in or failure of completion of the Hub or increased costs.

## 2.4 Risks relating to the Group: Property Investment

### 2.4.1 Liquidity Risk

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The lack of liquidity and alternative uses of property investments could significantly limit the Group's ability to respond to adverse changes in the performance of its properties thereby potentially harming its financial condition. Furthermore, the Group's ability to vary its portfolio or dispose of or liquidate part of its portfolio in a timely fashion and at satisfactory prices in response to changing economic, financial and investment conditions, is limited by market demand. The property market is affected by many factors, such as general economic conditions, availability of financing, interest rates and other factors, including supply and demand, or the exercise by tenants of their contractual rights such as those enabling them to vacate properties occupied by them prior to, or at, the expiration of the lease term, that are beyond the Group's control.

## 2.4.2 Costs incurred when proposed property investment is aborted

The Issuer or the Group may at times incur significant costs in connection with the assessment of potential property investment opportunities. These may involve costs associated with property surveys, valuation reports, title and environmental investigations. If a proposed real estate investment were not to proceed to completion after such costs have been incurred, the Issuer will be unable to recoup same directly from that investment, which could have a negative impact on profitability.

## 2.5 Risks relating to the Retail Sector

### 2.5.1 General Retail Market Conditions

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The health of the retail market may be affected by a number of factors, including, *inter alia*, consumer demand, tastes, preferences, trends, inflation, fluctuation in interest rates, exchange rates, direct and indirect taxation, regulations, energy and fuel costs, unemployment, wage rates, availability of credit, government spending and budget priorities, and other general market and economic conditions. These are particularly accentuated owing to the size of the Maltese market.

Adverse factors could cause customers and potential customers to postpone or reduce spending on products or services or put downward pressure on prices, which could have an adverse effect on the Group's business, results of operations or cash flows, consequently adversely impacting the Issuer. For instance, adverse general retail market conditions may impact the Group's ability to maintain the minimum level of annual and/or interim revenue as required under its franchise agreement(s), potentially leading to the termination of such agreement(s).

### 2.5.2 Competition

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The Group already operates in a highly competitive market and this level of competition may increase, which may limit the future ability of the Group to maintain its market share and revenue level. The Group competes with store based retailers as well as internet retailers, for customers, employees, locations and other important aspects of its business.

Current and potential competitors may have longer operating histories, greater name recognition, and greater financial, technical, marketing and other resources than the Issuer. Some of these competitors may be able to respond more quickly, engage in more extensive promotional activities, offer more attractive pricing and terms to their customers and adopt more aggressive pricing policies.

There can be no assurance that the Group will be able maintain or increase its market share and to compete effectively with current or future competitors or that the competitive pressures will not consequently have a material adverse effect on Issuer's business, financial condition, operational performance and its ability to fulfill its obligations under the Bonds.

### 2.5.3 Dependence on franchise agreements

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The Group's retail and fashion business is presently focused on the franchise agreement(s) or arrangement(s) pursuant to which the Group is responsible for the sale of items produced by: Terranova, Calliope, Liu Jo, Make Up Store, Elisabetta Franchi, Pascucci, Guess, 7 Camicie, Brooks Brothers, and Max & Co (collectively referred to as the "Brands" in these risk factors).

The Group's existing retail operations include a significant concentration on the Terranova and Calliope brands, both of which are owned by Teddy S.p.a. Both said brands are subject to franchise agreements which are currently based on

a tacit annual renewal and which can be terminated by either party subject to three months' notice being given. The failure to renew or the termination of the franchise agreement for either of the aforesaid brands would have a material adverse effect on the Group's operations and income.

The Group is dependent on maintaining a good relationship with each of the franchise owners to ensure continuity and renewal of the respective franchise agreements. A termination of any of the Brand franchises would have an adverse effect on the Group's operations and income. Furthermore, the success of the marketing, distribution and retail of the Brands' merchandise in Malta is susceptible to the success and reputation of the respective Brand internationally, which is beyond the control of the Group.

#### 2.5.4 Franchisors' ability to anticipate trends and respond to changing consumer preferences

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The retail and fashion industry is subject to rapidly evolving fashion trends and shifting consumer demands. Accordingly, the success of each Brand, and in turn the success of the Group's outlets in Malta, is dependent upon both the priority customers place on fashion and the franchisors' ability to anticipate, identify and capitalise upon emerging fashion trends. If either or all of the franchisors fails to anticipate, identify or react appropriately, or in a timely manner, to fashion trends, the Group's outlets could experience reduced customer acceptance of their products. These factors could result in decreased sales volume and lower product margins, and could have a material adverse effect on the Group's results of operations.

In addition, the Group is constrained from autonomous action over certain matters, such as, the giving of discounts or the timing and length of sale periods. Similarly, the franchisors maintain a level of control over marketing and advertising decisions. Consequently, the inability of the franchisor to understand and adapt to the conditions and developments in the local retail market may adversely affect the Group's business and operational results.

#### 2.5.5 Exposure to exchange rate risk

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The Group can be impacted by transaction risk, which is the risk that the currency of the costs and liabilities fluctuates in relation to the Euro being its reporting currency, which fluctuation may adversely affect its operating performance.

#### 2.5.6 Governing Law and Jurisdiction

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The Terranova, Calliope, Max&Co, Pascucci, Liu Jo and 7 Camicie franchise agreements are governed by the laws of Italy and any disputes arising under such agreements are subject to arbitration in Italy. In addition to this, the Italian version shall always prevail. These factors increase the complexity involved in any dispute or legal proceeding arising on the basis of this agreement, as a foreign legal element is involved. Similarly, these risks arise in respect of the Make Up Store Agreement, which is governed by the law of Sweden and is subject to legal proceedings in Sweden and the Guess agreement which is governed by the law of Switzerland and is subject to legal proceedings in Switzerland.

#### 2.5.7 Relationship with Lease Agreements

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The majority of the Group's lease agreements, in respect of its warehouses and retail outlets leased to house its Brands, are intrinsically linked to, and dependent upon, the corresponding franchise agreement, and vice-versa. This implies that the Group's inability to fulfil its obligations under a lease agreement, leading to its termination, could consequently lead to the simultaneous termination of the corresponding franchise agreement, or vice-versa. This simultaneous termination of lease and franchise agreements may have a material adverse effect on the Group's business and results of operations.

## 2.5.8 Territoriality and Ownership Rights

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As the franchisors remain the sole and exclusive proprietor of the trademarks, names (logos, images, and the like) referred to in the franchise agreements, the Group is exposed to the risk of litigation and the corresponding costs related to their misuse or misapplication.

Furthermore, a number of the franchise agreements to which Group companies are a party provide that the franchisor does not grant territorial exclusivity to the Group for the retailing of the respective Brand in Malta and/or that the franchisor retains the right to open outlets for the sale and distribution of its merchandise in Malta either directly or through third parties. Consequently, in the cases of these particular franchise agreement, no claim whatsoever may be raised by the Group against the relevant franchisor should the latter enter into contracts or relationships with third parties for the retailing of the respective Brand in Malta, or were it to sell its products directly in Malta through its own stores or over the internet.

## 2.6 Risks relating to the Group: the Catering Sector

### 2.6.1 General Catering Market Conditions

The Group's cafeteria establishments operated under the Pascucci brand are subject to a number of factors that affect the restaurant industry generally, including: changes in the general economic conditions of the market and changes in consumer confidence, disposable income and discretionary spending patterns; competition with respect to price, service, location and food quality; changes in demographic trends, traffic patterns and the type, number and location of competing restaurants; health concerns and potential litigation in relation to health issues; and changes in the regulatory framework setting out the requirements and obligations applicable to, *inter alia*, restaurant-owners and employers in general. Adverse changes in any one or more of these factors could reduce customer transactions at its cafeteria establishment, impose limits on pricing or cause the Group to incur additional expenditure in modifying its concepts, any or all of which could adversely affect the Group's business and the results of its operations.

### 2.6.2 Competition

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As the market in this particular area of the catering sector is already highly concentrated, the Group faces significant competition to its cafeteria establishments. Some of the Group's current and potential competitors may have longer operating histories, greater name recognition, and greater financial and other resources than the Group.

In the event that the Group were to be unable to compete successfully, this could adversely affect the Group's business and the results of its operations. Furthermore, the Group may be adversely affected should any of its competitors change their concepts or pricing to compete more directly with the Group or the menu items and options offered by the Group.

The Group's operations are also dependent on its ability to avoid (and where not possible, mitigate) any degradation in product quality and, or service levels for customers, which could undermine confidence in the services provided by the Group and cause a loss of customers or make it more difficult to attract new ones. The business of the Group could be significantly hurt from these delays, errors, failures or faults.

### 2.6.3 Regulation

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The Group's cafeteria establishments are subject to various laws and regulations. In particular, they are subject to licensing and regulation by a number of governmental authorities, which may include alcoholic beverage controls, smoking laws, health and safety measures, disability access requirements and fire safety requirements. Difficulties in obtaining, or any failure to obtain, or maintaining the required licenses or approvals, or the loss thereof, could adversely affect the Group's business and the results of its operations. Various bodies have the power to conduct inspections of the Group's catering establishment and to close down any in the case of failure to comply with the regulations. To date, the Group has not experienced any claims based on these laws, although no assurance can be given that this will remain the case in the future.

### 2.6.4 Risk of Complaints and Litigation

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In view of the nature of its business, the Group may be the subject of complaints or claims from customers alleging food-related illness, injuries suffered on the Group's premises, or other food quality, health or operational concerns. Adverse publicity resulting from such allegations may materially affect sales revenues generated by the Group's establishment, regardless of whether such allegations are true or whether the Group is ultimately held liable. It is possible that if complaints, claims or legal proceedings such as the aforementioned were to be brought against a direct competitor of the Group, the latter would also be affected due to the adverse publicity brought against, and concerns raised in respect of, the catering industry in general. Litigation may be expensive and time-consuming, and divert management's attention away from the operation of the business. In addition, the Group cannot be certain that its insurance coverage will be sufficient to cover one or more substantial claims. Moreover, under the Café Pascucci franchise agreement, all rights or claims to indemnity or payment for lost customers, business goodwill and brand diffusion are clearly and expressly excluded by the franchisor.

In addition, other litigation including but not limited to disputes with its employees based on claims of, amongst others, discrimination, harassment or wrongful termination, may divert financial and management resources that would otherwise be used to benefit the future performance of the Group's operations.

### 2.6.5 Dependence on Café Pascucci Franchise Agreement

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The Group's business in the catering industry is presently focused on its Café Pascucci franchise agreement. The Group is thus dependent on maintaining a good relationship with this franchisor, to ensure continuation and renewal of this franchise agreement. A termination would have an adverse effect on the Group's operations and income, and at present, would effectively constitute the Group's withdrawal from the catering industry. Furthermore, the success of the Brand in Malta is susceptible to the success and reputation of the respective Brand internationally, which is beyond the control of the Group.

### 2.6.6 Governing Law and Jurisdiction

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The agreement covering the Pascucci franchise is governed by the law of Italy and is subject to Arbitration Proceedings in Italy. These factors increase the complexity involved in any dispute or legal proceeding arising on the basis of this agreement, as a foreign legal element is involved.

## 2.7 Risks relating specifically to the Issuer

### 2.7.1 Dependence of the Issuer on the Group

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The Issuer is a finance and investment company, with its main purpose being that of financing or re-financing the funding requirements of the business of the Group. In this respect, the Issuer is mainly dependant on the business prospects of the Group, and consequently, the operating results of the Group have a direct effect on the Issuer's financial position and performance, and as such the risks intrinsic in the business and operations of the Group shall have a direct effect on the ability of the Issuer to meet its obligations in respect of principal and interest under the Bonds when due.

As a majority of its assets consist of loans issued to companies within the Group, the Issuer is largely dependent, including for the purpose of servicing interest payments on the Bonds described in the Securities Note and the repayment of the principal on maturity date, on receipt of interest and loan repayments from the Group companies.

The interest payments and loan repayments to be effected by the operating companies of the Group are subject to certain risks. More specifically, the ability of Group companies to effect payments to the Issuer will depend on their respective cash flows and earnings which may be restricted by: changes in applicable laws and regulations; by the terms of agreements to which they are or may become party, including the indenture governing their existing indebtedness, if any; or by other factors beyond the control of the Issuer.

The occurrence of any such factors could in turn negatively affect the ability of the Issuer to meet its obligations in respect of the payment of interest on the Bonds and repayment of principal when due.

### 2.7.2 Limited Operating History

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The Issuer was established on 24 June 2015 and therefore has a limited operating history that can be evaluated as a basis for the Issuer's potential performance. The risks attendant with a newly incorporated company (such as that of the Issuer) may have a direct effect on the ability of the Issuer to meet its obligations in respect of the repayment of principal and interest under the Bonds.

### 2.7.3 Concentration of Shareholding

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The Group, through the Parent, is owned exclusively by Diane Izzo and Karl Izzo, in equal proportions respectively. In turn, the Issuer is owned as to 99% by the Parent and 1% by Diane Izzo, meaning the owners of the Group together exercise effective control over the Issuer. These individuals are considered important to the success of the Issuer and the unexpected loss of any of these persons or a dilution in their influence over the Issuer and its business could have an adverse effect on the Issuer. There can be no assurance that such persons will not at any time during the term of the Bonds dispose of any interest, direct or indirect, in the Group.

### 2.7.4 Funding Risk

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There can be no guarantee that cash generated by operations or additional debt or equity financing will be available or will be sufficient to meet the Issuer's funding requirements to pursue its future strategic decisions or that if additional debt or equity financing is available, that it will be on terms acceptable to the Issuer. The Issuer's inability to access sufficient capital for its operations may have a material adverse effect on its financial condition, results of operations and prospects.



## 2.7.5 Certain Financial Markets Risks

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The Issuer may be exposed to a variety of financial risks associated with the unpredictability inherent in financial markets, including market risk (such as the risk associated with fluctuations in interest rates and fair values of investments), credit risk (the risk of loss by the Issuer due to its debtors not respecting their commitments), currency risk and interest rate risk (such as the risk of potential changes in the value of financial assets and liabilities in response to changes in the level of market interest rates and their impact on cash flows).

## 2.7.6 Enforcement of security over the Issuer's assets

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Borrowings are likely to be secured over part of the Group's assets. In the event that a member of the Group defaults under the terms of any borrowing agreements entered into, the lender concerned may seize title to such assets by enforcing its security. In addition, any amounts owing under borrowing agreements will rank ahead of Bondholder entitlements.

## 03. Identity of Directors, Senior Management, Advisors and Auditors of the Issuer and the Guarantor

As at the date of this Registration Document, the Board of Directors of each of the Issuer and the Guarantor are constituted by the following persons:

### 3.1 Directors

#### Directors of the Issuer

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Diane Izzo	Chairperson and Executive Director
Karl Izzo	Executive Director
Nigel Scerri	Executive Director
Edwin Pisani	Executive Director
Joseph C Schembri	Senior Independent Non-Executive Director
Dr Laragh Cassar	Independent Non-Executive Director
Francis Gouder	Independent Non-Executive Director

Notary Sam Abela is the company secretary of the Issuer.

**THE DIRECTORS OF THE ISSUER ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS REGISTRATION DOCUMENT. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS OF THE ISSUER (WHO HAVE ALL TAKEN REASONABLE CARE TO ENSURE SUCH IS THE CASE), THE INFORMATION CONTAINED IN THIS REGISTRATION DOCUMENT IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. THE DIRECTORS ACCEPT RESPONSIBILITY ACCORDINGLY.**

The persons listed under the sub-heading "Advisors to the Issuer and the Guarantor" have advised and assisted the Directors in the drafting and compilation of the Prospectus.

#### Directors of the the Guarantor

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Diane Izzo  
Denise Bonello  
Daniela Bonello  
Jean Paul Muscat  
Edwin Pisani

## 3.2 Advisors to the Issuer and the Guarantor

### Legal Counsel

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Camilleri Preziosi  
Level 3, Valletta Buildings, South Street, Valletta VLT 1103 - Malta

### Sponsor

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Financial Planning Services Limited  
4, Marina Court, G. Cali Street, Ta' Xbiex XBX 1412 – Malta

### Registrar and Manager

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Malta Stock Exchange p.l.c.  
Garrison Chapel, Castille Place, Valletta VLT 1063 – Malta

## 3.3 Auditors

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Kenneth Swain – SWK Certified Public Accountants  
15, Apartment 1, Triq San Gakbu, Xghajra – Malta

The following financial statements have been have been audited by Kenneth Swain – SWK Certified Public Accountants:

- a. the consolidated financial statements of the Group for each of the financial years ended 31 December 2014 and 2015, prepared on the basis of the audited financial statements referred to in (b) and (c) below;
- b. the audited financial statements of the Issuer for the financial period ended 31 December 2015; and
- c. the individual financial statements of each of the other Subsidiaries for each of the financial years ended 31 December 2014 and 2015 (as applicable depending on date of incorporation of the respective Subsidiary).

SWK Certified Public Accountants is a firm of certified public accountants holding a warrant to practice the profession of accountant in terms of the Accountancy Profession Act (Cap. 281 of the Laws of Malta).

## 04. Information About the Issuer and the Guarantor

### 4.1 Historical Development of the Issuer

#### 4.1.1 Introduction

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Full Legal and Commercial Name of the Issuer:	Dizz Finance p.l.c.
Registered Address:	Dizz Buildings, Triq Il-Harruba, Santa Venera, Malta
Place of Registration and Domicile:	Malta
Registration Number:	C 71189
Date of Registration:	24 June 2015
Legal Form:	The Issuer is lawfully existing and registered as a public limited liability company in terms of the Act
Telephone Numbers:	+356 21225589
Fax:	+356 21443681
Email:	office@dizz.com.mt
Website:	www.dizz.com.mt

#### 4.1.2 Principal activities and markets

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The Issuer was registered as Dizz Rentals Limited on 24 June 2015 as a private limited liability company in terms of the Act. On 15 February 2016 the Issuer was converted into a public limited liability company and renamed Dizz Finance plc. The Issuer does not itself carry on any trading activities apart from the raising of capital and advancing thereof to members of the Group as and when the demands of their business so require. Accordingly, the Issuer is economically dependent on the Group. The Issuer operates exclusively in and from Malta.

The Issuer owns a number of properties in Malta which it uses either for the purposes of the furtherance of the business of the Group or for rental to third parties for residential purposes. The Issuer's property portfolio includes both residential properties (apartments and a maisonette) mainly situated in upmarket localities and retail properties including a shop and garage. The latter are used as a Terranova shop and store while the residential properties are leased out to third parties for long-lets. Following a revaluation carried out in the second half of 2015, the aggregate value of the property portfolio held by the Issuer was estimated to be slightly over the €2,000,000 mark. These properties are currently hypothecated in favor of Bank of Valletta plc as security for loan facilities made available to the Group. For the purposes of expanding its residential and commercial property portfolio the Issuer has entered into promise of sale ("POS") agreements for the acquisition of properties during the course of 2016 and 2017. Further information thereon is contained in section 4.1.3 below.

### 4.1.3 Investment Objective

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#### Capital expenditure since the date of the last published financial statements

Since the date of the last published accounts, the Issuer continued to fulfil commitments undertaken under POS agreements already contracted at year-end, with a deposit of €133,000 being paid in 2016. The POS agreements entered into by the Issuer comprise three apartments in central Malta (Sliema, St. Julians and Swieqi) for rental purposes and a commercial property in Gzira to be used as a Pascucci cafeteria.

The Group also completed the acquisition of the site in Mriehel from the Lands Department earmarked for the development of the Hub, with a deposit of €500,000 being paid in May 2016.

In August 2016, the Group acquired two apartments at Waterside Place, Qui Si Sana, Sliema, on plan, to be transferred to the Issuer in shell form. To date, the Issuer has paid a total amount of €770,000 by way of consideration and acquisition costs, with an additional balance of €240,000 due to the vendor upon completion of construction works on the two apartments expected in 2017.

The Group also completed two separate transactions for the acquisition of a number of retail fashion brands. In relation to the acquisition of the brands Guess, 7 Camicie, and Brooks Brothers, the Group paid a deposit of €120,000 in May 2016 in line with the terms of the agreement with SMG Mode Ltd. With regards to the other acquisition of additional brands, the transaction is still subject to the respective franchisor's acceptance of Dizz Group as the local franchisee. The Group has paid a deposit of €187,500 in August 2016 on this potential acquisition.

In January 2016, the Group also incurred costs amounting to circa €140,000 in connection with the opening of the Elisabetta Franchi outlet in Sliema.

#### Future capital expenditure

The Issuer's principal future investments mainly include completing the acquisition of a number of properties currently the subject of POS agreements (as described above). The total value of these properties amounts to €1,164,000, with deposits of €265,000 having been effected to date. The remaining balance of €899,000 is payable during the period 2016 to 2017.

In 2017, the Issuer will also be due to pay the outstanding balance of €240,000 due on the acquisition of the abovementioned two apartments at Waterside Place, Qui Si Sana, Sliema.

Capital expenditure for other Group companies over the period 2016 to 2026 can be broadly split between three main purposes:

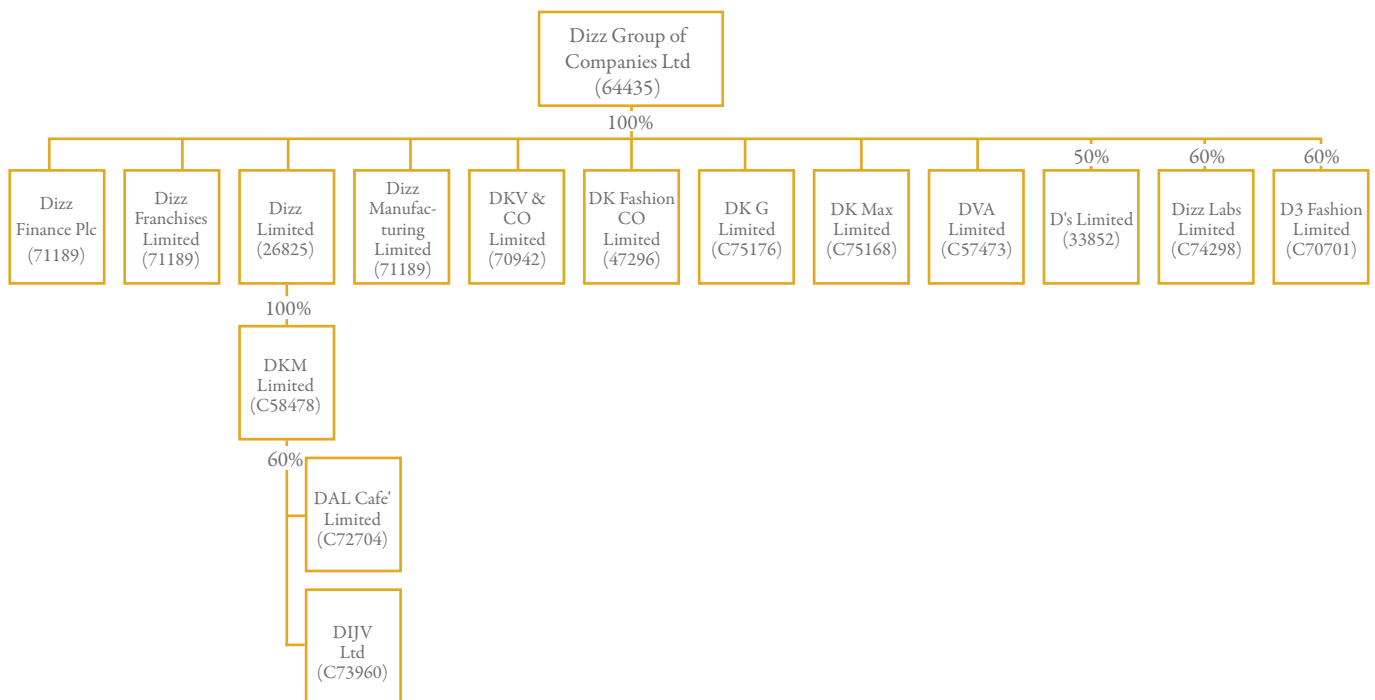
- Development of the Hub, which will cost €4.1million (construction costs of €3.4 million, professional fees of €279,000, furniture and fittings of €200,000, assembly and packaging equipment of €100,000, and Café Pascucci cafeteria (canteen) at reception level of €150,000);
- Acquisition of new brands, projected at €2,042,500 (excluding stock); and
- Opening and refurbishment of new and acquired outlets, projected at €1.1 million.

#### Source of funds

The Issuer's and Group's projected future capital expenditure is expected to be funded through: a portion of net Bond Issue proceeds of approximately €7,700,000 in line with the Use of Proceeds section contained in the Securities Note; shareholders' loans of €1,610,000 (€1,010,000 of which were injected to fully fund the acquisition of the abovementioned two apartments in Qui Si Sana, Sliema and subsequently capitalised to equity share capital); and net cash generated from the Group's operations.

## 4.1.4 Organisational Structure

The organisational structure of the Group is illustrated in the diagram below:



The Issuer is a fully owned subsidiary of the Guarantor and has an authorised and issued share capital of €1,910,000 divided into 1,910,000 ordinary shares of a nominal value of €1 each, fully paid up. The Guarantor holds 1,909,999 ordinary shares of €1 each of the Issuer, and the remaining one ordinary share is held by Diane Izzo.

The Guarantor has an authorised and issued share capital of €3,290,000 divided into 3,290,000 ordinary shares of a nominal value of €1 each, fully paid up. Diane Izzo and Karl Izzo each hold 1,645,000 ordinary shares of €1 per share in the Guarantor.

As the holding company of the Group, the Guarantor is ultimately dependent upon the operations and performance of its subsidiaries and their respective operations.

The Group organisational structure has expanded over the years in line with the development phases and growth of the Group. It is currently set up such that each Subsidiary represents a particular brand/s or fulfils a particular function. The organizational structure places the Guarantor, as the parent company of the Group, as the company responsible for the strategic direction and development of the Group, with the respective boards of the Subsidiaries focusing on achieving the Group's operational objectives. The flagship brands Terranova and Calliope are operated by Dizz Ltd, whereas DKM Ltd operates the Caffè' Pascucci brand. Over the past few months the Group has incorporated the following new companies:

- (i) Dizz Franchises Ltd, to which the Group's franchise agreements are set to be transferred;
- (ii) Dizz Manufacturing Ltd, which will develop the Hub project;
- (iii) Dizz Labs Ltd, to which all administrative functions of the Group will be transferred in 2016; and
- (iv) DK Max Ltd and DK G Ltd, set up to operate the new brands Max & Co, Guess and 7 Camicie.

## 4.2 Historical Development of the Guarantor

### 4.2.1 Introduction

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Full Legal and Commercial Name of the Issuer:	Dizz Group of Companies Limited
Registered Address:	Dizz Buildings, Triq Il-Harruba, Santa Venera, Malta
Place of Registration and Domicile:	Malta
Registration Number:	C 64435
Date of Registration:	28 March 2014
Legal Form:	The Issuer is lawfully existing and registered as a private limited liability company in terms of the Act
Telephone Numbers:	+356 21225589
Fax:	+356 21443681
Email:	office@dizz.com.mt
Website:	www.dizz.com.mt

### 4.2.2. Business Overview of the Dizz Group

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#### **Retail: Fashion and Beauty**

The Dizz Group has played a dynamic role in the fashion sector since its inception in 2000. Following its success in this sector it has also branched out into the beauty and catering markets. Its success is attributable in the main to its owners, Diane and Karl Izzo. Diane occupies the position of Chief Executive Officer, driving the strategic and expansionary plans of the Group. On the other hand, Karl is a reference point for the Group as its Public Relations Officer and assists Diane in all major decisions taken. The Group employs over 165 personnel and is an equal opportunities employer, with Diane being a firm believer in innovative management practices which see empowerment of staff through fewer tiers of management.

The Group's core activity is that of importing and retailing of fashion wear through franchises, warehouse stores and retail outlets. The Group is the franchisee of the prestigious fashion brands Terranova, Calliope, Liu Jo, Guess, 7 Camicie, Brooks Brothers, Max&Co and Make Up Store as well as the coffee franchise Caffè Pascucci. The Group also has arrangements in place for the operation in Malta of the franchise Elisabetta Franchi, which arrangements provide for the right, inter alia, to display and sell Elisabetta Franchi clothing within stores operated by the Group subject to the display area satisfying certain conditions imposed by the franchisor. The first Elisabetta Franchi outlet was opened in January 2016 in Bisazza Street, Sliema. The Issuer also has arrangements in place for the sale of U-Space and Michael Kors products within its retail outlets.

With a view to maintaining growth in the retail market, the Group plans to open further outlets of current and further new brands in strategic locations and shopping malls, with a focus on high end customer shopping experience, spread over larger spaces in order to present a wider variety of clothing, products and services to the Group's customers. The Group is also currently in negotiations with the local franchisors of three renowned brands for the acquisition thereof, subject to the approval by the original franchisors of said brands of the relevant Group company as new franchisee. The synergies that exist with current brands, and the proposed new brands, held together with the strength of equity held by the Group are expected to provide a pathway to further growth and success in the coming years. The Group's existing brand portfolio is detailed hereunder:

## Terranova

Terranova is an international clothing franchise owned by Teddy SpA, a family-owned multinational group established in 1961 that is today one of the largest and more well established clothing companies in Europe. In 1990 the concept of “licensing on consignment” immediately spread abroad and today the Terranova group boasts over 550 stores for its brands Terranova, Calliope and Terranova Kids in 36 countries. The Terranova collection today caters for men’s, women’s and children’s clothing and accessories. Terranova epitomises the ‘Italian spirit’, latest fashion, constantly changing product ranges and ever improving quality.

The next milestone in the Maltese story of the Terranova brand is the opening of two Terranova Megastores in Iklin, which opened on 11 June 2016, and Fgura which is set to open in September 2016. The megastore concept is deemed to be the future for the Terranova brand as this would have an increased footfall in comparison to a normal outlet, which is expected to result in an increase in sales and the average transaction per person. The product lines on display would also be larger.

Terranova Iklin: through the operation of the megastore in Iklin, the Group is targeting increasing its sales of the Terranova brand in the north of the island. The store concept is different to the current stores, giving customers a larger selection of product lines for men, women and children. The megastore is located in heart of Iklin and has a facade expanding over 10 meters overlooking one of Malta’s busiest roundabouts and roads.

Terranova Fgura: this shop will be the largest megastore on the island and will support the customer’s needs, by offering a large selection of product lines for men, women and children. It shall be located on the high street shopping destination in the south of Malta.

## Calliope

Calliope is another franchise brand launched by Teddy SpA in 2005 and Malta was amongst the first countries where the franchise was available. The main aim of the brand is to attract female customers aged 35 and older with refined dressy styles.

## Liu Jo & Liu Jo Uomo

Established in 1995 by the brothers Marco and Vannis Marchi, Liu Jo is a top-end franchise with outlets in several countries. Its designers endeavour to propose modern and attractive creations, characterised by their unmistakable identity – a clear, recognisable stylistic trait, supported by a production standard combining the selection of the best materials, and attention to detail.

## Guess

Guess was founded by the brothers Paul and Maurice Marciano in Los Angeles in 1981, this upscale brand and retailer now operates over 1000 stores across the United States, Canada, Asia and Europe. The brand reflects the American lifestyle and European fashion sensibilities worldwide. Its wide range of clothing collections includes the popular jeans range as well as a wide selection of accessories for men, women and children.

## 7 Camicie

7 Camicie is an Italian franchise specialized in shirts that stand out for the high tailoring content and stylistic originality. The world of 7 Camicie is a world defined by old traditions and modern Italian designs, a brand known for its versatility. The



clothing range is made up of shirts for men together with various accessories such as ties, cufflinks, belts complemented by a selection of blouses for women.

### Brooks Brothers

In 1818, Henry Sands Brooks founded Brooks Brothers, the first ready-to-wear fashion emporium in America. Since then, Brooks Brothers has become an institution that has shaped the American style of dress through fashion innovation, fine quality, personal service, and exceptional value in its products.

### Max&Co

Max&Co is a retail project by Max Mara Fashion Group, a luxury Italian fashion house which has attracted prestigious designers including Karl Lagerfeld, Jean-Charles de Castelbajac, Dolce & Gabbana, Narciso Rodriguez, Luciano Soprani, Anne-Marie Beretta and Guy Paulin. The constantly refreshed collections fuse traditional Italian tailoring with experimental shapes, materials and colors. The company currently has about 2250 stores in 90 countries.

### Make Up Store

The Group has also invested in Make Up Store, one of the fastest growing Swedish companies, with over 200 stores in more than 20 countries. The store offers a personalised service, competent advice and high-quality cosmetic products at affordable prices. With a heritage rooted in education, Make Up Store continues to place its focus on teaching customers, not just selling to them. Make Up Store's clientele includes people in the beauty industry, such as make-up artists, hairdressers and models, as well as teenagers, working executives, grandmothers, men, celebrities and royalty.

### YouVee & Dean Gera

Dizz Group also owns a shareholding in YouVee Sunglasses and the Dean Gera hair salons. DVA Limited, a Subsidiary, has entered into management agreements with Dean Gera for the lease to Dean Gera of the hair salons at The Point, Sliema and the Embassy Complex in Valletta. Born in 1985 into a family of hairdressers, Dean Gera represents an established Maltese brand name in the hair salon industry, having trained under Trevor Sorbie in his famous salon in Convent Garden, London.

### Elisabetta Franchi

The Elisabetta Franchi product range features ready to wear apparel, faux furs, handbags, leather apparel, shoes, jewelry and beachwear. Today, there are more than 70 Elisabetta Franchi monobrand boutiques, 35 in Italy and 35 spread across diverse markets including Abu Dhabi, Dubai, Casablanca, Hong Kong, Moscow, Jakarta, Paris, Stockholm and Porto. The brand is also distributed in over 36 countries through 895 multi-brand stores.

### Catering

#### Caffè Pascucci

The Group has more recently also invested in a number of cafeterias under the exclusive franchise Pascucci. Caffè Pascucci is a new franchise concept present in eight locations throughout Italy and in 13 other countries. Pascucci is Italy's number two coffee producer and, apart from being synonymous with different coffee blends, has a vast range of highly original beverages and snacks. Alberto Pascucci was given an award in 2006 by the Chamber of Commerce for having led the family business to such high quality levels of excellence.

## Leased Properties

The Dizz Group currently operates the following outlets from leased premises:

Branded Outlet	Location of Outlet
Terranova	Baystreet, St. Julians The Point, Sliema Embassy Complex, Valletta Main Street Complex, Paola
Calliope	Baystreet, St. Julians The Point, Sliema
Liu Jo	Baystreet, St. Julians The Point, Sliema Republic Street, Valletta Malta International Airport
Liu Jo Uomo	Tower Road, Sliema
Guess	Baystreet, St. Julians The Point, Sliema Bisazza Street, Sliema Zabbar Road, Fgura
Max&Co	Opening in Republic Street, Valletta
7 Camicie	Treasury Street, Valletta Tower Road, Sliema
Pascucci	Baystreet, St. Julians The Point, Sliema DAL Café, Cospicua
Make Up Store	The Point, Sliema
YouVee	The Point, Sliema
Elisabetta Franchi	Bisazza Street, Sliema

## The Hub

The vision of expansion and growth of the Group is similar to what it has experienced over the past number of years, and it intends to invest in a state of the art building housing the Group's central head office, a manufacturing and packaging plant and storage and distribution facilities. Dizz Manufacturing Limited, a Subsidiary forming part of the Group, has been awarded a tender for the temporary emphyteutical grant of a plot of land in Mriehel, for a duration of 65 years from 26 May 2016, for industrial development subject to *inter alia* the following conditions:

- a. the payment to the Department of Government Property of an annual ground rent of €18,000;
- b. The obligation to invest an amount equivalent to €850,000 in the development of the site for industrial purposes; and
- c. the works required for the development of the site are to be completed within five years from the issue of the required Full Development Permit issued in favour of Dizz Manufacturing Limited on 15 July 2016.

The proposed development will consolidate critical operations under one roof, and house: the management and administration division; the procurement and storage division; an innovative new clothing manufacturing and packaging plant which will open up inroads into the export clothing market sector; and a professional kitchen for the preparation of all food to be served at the Pascucci cafeterias (the "**Hub**").

The Group currently stores its merchandise in a number of rented warehouses throughout the island. Through the development of the Hub the Group intends to centralize its warehousing division under one roof and operate top control frameworks for the release and distribution of the merchandise. The lease agreements relative to the properties currently in use by the Group for the storage of its merchandise shall be terminated consequently increasing cash flow for the Group.

The Mriehel site on which the Hub is to be constructed has an area of circa 1220m<sup>2</sup> with a frontage of circa 43m on Triq L-Industrija. The Hub shall consist of seven floors of which two levels will be located below road level and will be used as ancillary parking. The building shall consist of a frame structure on all levels, giving the Group flexibility as to the uses of the various parts of the building. The plans for the Hub provide that of the project's total floor area above road level, approximately 39% shall be dedicated to storage, 7% to a cafeteria, 15% to the manufacturing plant, 24% to office space and the remaining 15% will consist of circulation space.

The ground level will incorporate a large reception area leading to the upper floors; the entrance to the underground parking area and an area of circa 900m<sup>2</sup> is to serve as a large warehouse for the storage of Terranova products. The two basement levels, shall consist of underground parking serving the Hub which shall be linked to the stores and offices by means of two separate cores consisting of a stairwell and lifts: one of the cores shall be used for the transport of goods and the other shall to be utilised by the users of the offices.

The ground floor is intended to be set on double height to increase the storage capacity for the Brands and loading and unloading bays will serve the storage located both on the ground floor and on other levels, the latter by means of goods

lifts. Entrances to the underground carpark, by means of a ramp, and the entrance to the reception area servicing the offices situated on the upper levels shall also be located on the ground floor. This shall be complemented by a lounge area with a bar/cafeteria which is expected to cover 7% of the Hub.

The floor internally numbered as 'Level 1' shall consist of an intermediate level consisting of stores and a separate intermediate level overlooking the reception. Around two thirds of the area of the first floor shall consist of a double height with level 0. Level 2 will include six storage areas of circa 150m<sup>2</sup> per brand.

The third floor will consist of: office space for the management and administration arm of the Group and a canteen therefor; an area dedicated to printing of promotional materials; area dedicated to finishing of Terranova garments (this is described in further detail in the following paragraph); and a professional kitchen which will serve the canteen and also be used to produce food products which will be distributed to the Pascucci cafeterias. The fourth floor (recessed level) will consist solely of office space.

A novel enterprise for the Group will be the establishment of a finishing plant within the Hub which will be used for the completion of garments. This is estimated to cover 15% of the floor area of the Hub. At present the Group is in negotiations with the Terranova franchisor for the importation of Terranova garments requiring finishing touches, such as the stitching of buttons, zips, labelling and packaging, which products would then either be retailed on the local market or be exported on to North African countries. This arrangement is foreseen to be beneficial to the Group in that a larger percentage of the profits from the sale of such garments will be directed towards Group companies.

## 05. Trend Information and Financial Performance

### 5.1 Trend Information

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There has been no material adverse change in the prospects of the Issuer and/or Guarantor since the date of publication of their latest audited financial statements.

As at date of publication of the Prospectus, the Issuer considers that generally it shall be subject to the business risks associated with the current operations of both the Company and the Group, and believes that there are no further risks apart from the normal risks associated with the current operations of both the Company and the Group, including those specified in the Prospectus. Barring unforeseen circumstances, the Issuer does not anticipate any particular trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be deemed likely to have a material effect on its upcoming prospects, for at least the current financial year. However, investors are strongly advised to carefully read the risk factors in the Prospectus.

The following is an overview of the factors and trends expected in the main areas of operation of the Issuer and the Group in the foreseeable future.

#### Trends specific to the Group

##### **The retail market**

Marketline (2015) envisages that the European retail apparel market is expected to grow at a Compound Annual Growth Rate (CAGR) of 2% between 2015 and 2019<sup>1</sup>. Turnover from fashion retail operations for the Group is projected to increase at an average growth rate of 3% per annum as from 2017, which would be in line with the European market. This is expected to be achieved through the acquisition of new high-end retail brands and stores. The Terranova and the Calliope brands are expected to remain the key revenue streams and revenue will increase even further once the two new megastores are effectively in operation and running.

The Group has a number of leased properties in place to use as retail selling points. These properties are located in strategic locations and thus it is of utmost importance to ensure that the lease term is renewed upon expiry. Current lease agreements are expected to expire between 2020 and 2030. This ensures that the retail revenue streams will not be interrupted anytime soon.

##### **Franchise agreements**

The Group has a number of franchise agreements in place with a number of established brands. These are expected to be renewed as soon as they are expired. The Group is also currently in the process of concluding the taking over of a number of new high-end retail brands, in line with management's drive to seek and pursue new opportunities and enhance the Group's and its brands' market share.

##### **Catering market**

At present, the Group operates four Café Pascucci outlets. Revenue from this sector is expected to increase significantly during the first five years, from €800,000 in 2016 to €1,400,000 in 2020 as the Group plans on opening two cafeterias in 2018 and a further outlet in 2020. Revenue is then expected to stabilise at 3% per annum as from 2021 onwards.

<sup>1</sup>Global Data. 2015. Apparel Retail in Europe. Available at: <http://store.globaldata.com/market-reports/retail/apparel-retail-in-europe>. This information was derived from the said online source on 13 July 2016 and has been accurately reproduced by the Issuer. As far as the Issuer is aware and is able to ascertain from information published by such source, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## Trends specific to the Issuer

### Investment property

Leasing of investment property is a significant source of income for the Issuer. The plan is to expand the Company's property portfolio by ensuring the acquisition of further properties. Rental income from such property investments is expected to grow proportionately to the amount of new property acquired. Management assume that the lease term of the current contracts in place will be extended once expired.

## 5.2 Key Financial Review

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The financial information about the Issuer relates to the period from 24 June 2015 (being the Issuer's incorporation date) up to 31 December 2015, as extracted from the audited financial statements of Dizz Rentals Limited (converted to a public limited liability company and renamed Dizz Finance plc) for the period ended 31 December 2015.

With regards to the Guarantor, the financial information included in this section relates to the consolidated financial statements for the financial years ended 31 December 2014 and 2015, highlights of which are set out hereunder. The Guarantor was constituted on 28 March 2014, which is also the date of formation of the Group. Prior to this date, the individual operating companies were already carrying out their operating business and undertaking actual transactions. Accordingly, the consolidation for the financial year ended 31 December 2014 comprises the transactions of the Parent only as from 28 March 2014, the date of its incorporation. In respect of both financial years 2014 and 2015, the transactions of the Subsidiaries are comprised to the extent that such companies were in existence during the period in question.

The said statements have been published and are available on the Issuer's website ([www.dizz.com.mt](http://www.dizz.com.mt)) and at its registered office.

## Financial review of the Issuer

### Issuer's Statement of Comprehensive Income: For the period ended 31 December 2015

€

Management fees	15,000
Administrative expenses	(9,813)
<b>Profit before tax</b>	<b>5,187</b>
Income tax	(4,744)
<b>Profit for the period</b>	<b>443</b>

### Other comprehensive income

Property revaluation	836,417
Deferred tax thereon	(151,340)

### Other comprehensive income for the period

685,077

### Total comprehensive income for the period

685,520

### Issuer's Statement of Financial Position:

As at 31 December 2015

€

### Assets

Property, plant and equipment	409,920
Investment property	2,118,400
Deposits on property	131,650
<b>Total non-current assets</b>	<b>2,659,970</b>

Trade and other receivables

32,381

### Total current assets

32,381

### Total Assets

2,692,351

### Equity

Share Capital	900,000
Revaluation Reserve	685,077
Retained Earnings	443
<b>Total equity</b>	<b>1,585,520</b>

### Liabilities

Long-term borrowings	930,000
Deferred tax	151,340
<b>Total non-current liabilities</b>	<b>1,081,340</b>

Short-term borrowings

19,347

Accruals

1,400

Tax payable

4,744

### Total current liabilities

25,491

### Total liabilities

1,106,831

### Total equity and liabilities

2,692,351

**Issuer's Statement of Cash Flows:**  
**For the period ended 31 December 2015**

€

<b>Cash flow from operating activities</b>	
Profit for the period	5,187
<b>Adjustment for:</b>	
Depreciation	8,366
	<hr/>
	<b>13,553</b>
Change in trade and other payables	1,400
	<hr/>
<b>Net cash generated from operating activities</b>	<b>14,953</b>
 <b>Cash flows from investing activities</b>	
Acquisition of property, plant and equipment	(418,286)
Acquisition of investment property	(1,281,983)
Deposits on property	(131,650)
	<hr/>
<b>Net cash used in investing activities</b>	<b>(1,831,919)</b>
 <b>Cash flows from financing activities</b>	
Movements in shareholder loans	(32,381)
Movement in related company loan	930,000
Issue of share capital	900,000
	<hr/>
<b>Net cash from financing activities</b>	<b>1,797,619</b>
 <b>Net increase in cash and cash equivalents</b>	 <b>(19,347)</b>
Cash and cash equivalents at beginning of period	-
	<hr/>
<b>Cash and cash equivalents as at 31 December</b>	<b>(19,347)</b>

**Review of the performance of the Issuer**

During 2015 the Issuer charged management fees of €15,000 to Dizz Limited as compensation for costs incurred by Dizz Finance plc in connection with preparation for the Bond Issue. Profit after tax during 2015 amounts to €443.

Following the valuation carried out by an independent architect during 2015, the carrying value of the Issuer's investment property was revalued by €836,417. This fair value movement gave rise to a deferred tax liability of €151,340, which was recognised in the Issuer's revaluation reserve. Total comprehensive income for the Issuer during 2015 amounted to €685,520

**Statement of affairs of the Issuer**

As at 31 December 2015, the Issuer's total assets amounted to €2,692,351, mainly comprising:

- Investment property with an estimated fair value of €2,118,400;
- Property, plant and equipment worth €409,920, primarily including the value of movables (equipment, furniture and fittings) within the investment properties owned by the Issuer;
- Payments on account of €131,650 relating to deposits on properties which, as at 31 December 2015, were under Promise of Sale agreement; and



- Amounts due from Dizz Group of Companies of €32,381. The amount is unsecured and interest free.

The Issuer's liabilities as at 31 December 2015 mainly include intra-group borrowings of €930,000 from Dizz Limited, negative cash balances of €19,347 relating to unpresented cheques, and deferred tax liability of €151,340.

Shareholders' equity as at 31 December 2015 amounted to €1,585,520 comprising share capital of €900,000, revaluation reserve of €685,077 arising on the revaluation of the Issuer's investment property, and retained earnings of €443.

## Financial review of the Group

<b>Group Statement of Comprehensive Income: For the year ended 31 December</b>	<b>2015 €</b>	<b>2014 €</b>
Revenue	6,284,407	5,117,863
Cost of sales	(2,830,911)	(2,342,016)
<b>Gross profit</b>	<b>3,453,496</b>	<b>2,775,847</b>
Other income	14,800	38,695
Administrative, selling and marketing expenses	(3,214,076)	(2,656,091)
<b>Operating profit before finance costs</b>	<b>254,220</b>	<b>158,451</b>
Share of results from associate	-	326
Finance income	-	1,750
Finance costs	(43,972)	(40,020)
<b>Profit before tax</b>	<b>210,248</b>	<b>120,507</b>
Income tax	(51,437)	(28,497)
<b>Profit for the period</b>	<b>158,811</b>	<b>92,010</b>
<b>Profit attributable to:</b>		
Owners of parent	132,536	79,262
Non-controlling holders	26,275	12,748
<b>Other comprehensive income</b>	<b>158,811</b>	<b>92,010</b>
Property revaluation	358,534	-
Deferred tax thereon	(151,340)	-
	<b>207,194</b>	-
<b>Total Comprehensive Income</b>	<b>366,005</b>	<b>92,010</b>
<b>Attributable to:</b>		
Owners of parent	339,730	79,262
Non-controlling holders	26,275	12,748
	<b>366,005</b>	<b>92,010</b>

<b>Group Statement of Financial Position: As at 31 December</b>	<b>2015 €</b>	<b>2014 €</b>
<b>Assets</b>		
Property, plant and equipment	3,075,480	2,360,260
Investment property	1,296,900	-
Deposits on property	131,650	-
Intangible assets	279,842	148,892
Investment in associates	-	826
Deferred tax assets	14,185	2,544
<b>Total non-current assets</b>	<b>4,798,057</b>	<b>2,512,522</b>
Inventories	565,206	470,703
Trade and other receivables	151,280	55,234
Cash at bank and in hand	7,634	133,956
<b>Total current assets</b>	<b>724,120</b>	<b>659,893</b>
<b>Total Assets</b>	<b>5,522,177</b>	<b>3,172,415</b>
<b>Equity</b>		
Share Capital	2,280,000	468,076
Revaluation Reserve	685,077	477,883
Retained Earnings	24,349	(92,856)
	<b>2,989,426</b>	<b>853,103</b>
Non-controlling interest	53,603	9,799
<b>Total Equity</b>	<b>3,043,029</b>	<b>862,902</b>
<b>Liabilities</b>		
Interest-bearing loans and borrowings	722,959	1,093,448
Deferred tax liability	151,340	-
<b>Total non-current liabilities</b>	<b>874,299</b>	<b>1,093,448</b>
Interest-bearing loans and borrowings	912,336	396,649
Trade and other payables	658,344	735,597
Tax payable	34,169	83,819
<b>Total current liabilities</b>	<b>1,604,849</b>	<b>1,216,065</b>
<b>Total liabilities</b>	<b>2,479,148</b>	<b>2,309,513</b>
<b>Total equity and liabilities</b>	<b>5,522,177</b>	<b>3,172,415</b>

<b>Group Statement of Cash Flows</b>	<b>2015</b>	<b>2014</b>
<b>For the year ended 31 December</b>	<b>€</b>	<b>€</b>
<b>Cash flows from operating activities</b>		
Profit for the period	210,248	120,507
Adjustments for:		
Depreciation	316,028	313,920
Amortisation	43,663	29,912
	<b>569,939</b>	<b>464,339</b>
Change in inventories	(11,503)	(291,943)
Change in trade and other receivables	(83,733)	(14,761)
Change in trade and other payables	(129,261)	98,684
	<b>345,442</b>	<b>256,319</b>
<b>Cash generated from operating activities</b>		
Tax paid	(116,422)	(2,592)
<b>Net cash generated from operating activities</b>	<b>229,020</b>	<b>253,727</b>
<b>Cash flows used in investing activities</b>		
Acquisition of property, plant and equipment	(873,675)	(480,533)
Acquisition of investment property	(955,870)	-
Deposits on property	(131,650)	-
Purchase of goodwill	(45,000)	(99,637)
<b>Net cash used in investing activities</b>	<b>(2,006,195)</b>	<b>(580,170)</b>
<b>Cash flows from financing activities</b>		
Movements in shareholder loans	(876,922)	298,660
Movements in bank loans	218,051	92,719
Issue of share capital	1,811,924	-
<b>Net cash from financing activities</b>	<b>1,153,053</b>	<b>391,379</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(624,122)</b>	<b>64,936</b>
Cash and cash equivalents as at 1 January	(12,039)	(76,975)
Upon Acquisition	(15,417)	-
<b>Cash and cash equivalents as at 31 December</b>	<b>(651,578)</b>	<b>(12,039)</b>

## Review of the Group's performance

Total Group revenue in 2015 amounted to €6.3 million, increasing from €5.1 million in the preceding year. This revenue figure represents the consolidated revenues of all subsidiaries of the Group, including fashion retail, F&B operations, beauty and apparel, and rental income.

With respect to fashion retail, the Group recorded an increase in revenue from €4.8 million in 2014 to €5.7 million in 2015, equivalent to a growth rate of 18% over the period. The Group's main brand, Terranova, accounted for 67% of fashion retail revenue in 2015. Gross profit margin on fashion retail averaged at 53% during 2014 and 2015.

During the two years under review, operating profit increased from €158,451 in 2014 to €254,220 in 2015. Finance costs increased marginally from €40,020 in 2014 to €43,972 in 2015. Overall, the net results of the Group improved from a net profit after tax of €92,010 in 2014 to €158,811 in 2015.

In 2015, the Group registered an increase of €358,534 in the fair value of the Investment Property and Property, Plant and Equipment which is reflected in the Group's Statement of Comprehensive Income. A deferred tax liability of €151,340 in connection with this fair value movement was recognised during 2015. Total comprehensive income for the Group increased from €92,010 in 2014 to €366,005 in 2015.

## Statement of affairs of the Group

As at 31 December 2015, the Group's total assets amount to €5.5 million, mainly comprising:

- Property, plant and equipment of €3.1 million (2014: €2.4 million) primarily relating to the Group's properties used in the retail operations, and furniture and fittings in the Group's outlets;
- Investment property of €1.3 million, relating to real estate investments held by the Group to generate rental income and for capital appreciation;
- Deposits on properties of €131,650, relating to deposits on investment properties under Promise of Sale agreement as at 31 December 2015;
- Goodwill of €289,842 (2014: €148,892), relating to the carrying amount of the key money paid by the Group to lease its outlets;
- Inventories of €565,206 (2014: €470,703), relating to Group's stock of fashion clothing;
- Trade and other receivables of €151,280 (2014: €55,234); and
- Cash balances of €7,634 (2014: €133,956).

The Group's liabilities as at 31 December 2015 comprise trade and other payables of €658,344, bank loans of €976,083, and bank overdraft of €659,212. As at the same date, total equity amounts to €3 million, including a revaluation reserve of €685,077 in relation to the revaluation of the Group's properties in 2015.

## 06. Management

### 6.1 The Board of Directors of the Issuer

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The Board of Directors of the Issuer is to consist of a minimum of two and a maximum of seven Directors. Presently there are seven directors. The Board meets regularly to establish and review the policies and strategies of the Issuer and to monitor the implementation thereof and the overall performance of the Issuer.

#### 6.1.1 Executive Directors

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The Executive Directors of the Issuer are entrusted with the company's day-to-day management and are also a director or officer of other companies within the Group. The Executive Directors are supported in this role by several consultants and benefits from the know-how gained by members and officers of the Group.

The Executive Directors of the Issuer are Diane Izzo, Karl Izzo, Edwin Pisani and Nigel Scerri.

#### 6.1.2 Non-Executive Directors

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The main functions of the Non-Executive Directors are to monitor the operations of the Executive Directors and their performance, as well as to review any proposals tabled by the Executive Directors.

The Non-Executive Directors are Dr. Laragh Cassar, Francis Gouder and Joseph C Schembri.

#### 6.1.3 Curriculum Vitae of Directors

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##### **Diane Izzo**

Diane Izzo formed the Group with her husband in 2000. The spouses came across the Terranova brand whilst in Hungary and immediately recognized its potential in Malta. The first Terranova outlet was subsequently opened in Baystreet, St Julians.

In the following years new outlets were opened for Terranova and other brands were subsequently acquired, including Calliope and Liu Jo in the fashion apparel sector. Dizz Group acts as the exclusive agent in Malta for franchises Terranova, Terranova Kids, Calliope, Liu Jo, Pascucci, Guess, 7 Camicie, Brooks Brothers, and Max & Co and Makeup Store. The Company also owns Caffe Pascucci and YouVee Sunglasses and has arrangements in place for the retailing of the Elisabetta Franchi brand.

##### **Karl Izzo**

Karl Izzo has been a Director of the Group since its inception. He is responsible for Public Relations of the Group. He is also pivotal in the relationships between the Group and the franchisors, attending all important company meetings both locally and overseas, and assisting Diane in all major decisions taken and with ongoing developments.

On the sporting front, Karl was appointed coach of the National Waterpolo team in 2013, a position he holds to date. Prior to that, Karl advanced from playing waterpolo, where he formed part of junior national teams, to assistant head coach and

coach of a number of local water polo clubs.

### **Nigel Scerri**

Warranted as a Certified Public Accountant and Auditor by age twenty-three, Nigel Scerri obtained a professional degree in Finance (ACCA), a second professional degree in Management Accounting (CIMA) and a Masters Degree in Business Administration from Maastricht School of Management.

Now in his thirties and having served as Audit and Tax Manager for KSi Malta and subsequently as Group Financial Controller for the Fortel Group, he runs his own private practice and serves as a financial and management consultant for leading local and international groups of companies.

Nigel is a director of Mediterranean Offshore Bunkering Co. Ltd, Pafri Limited and Fripa Limited. Nigel is currently the Chief Financial Officer of the Group, a post he has held for the past three years.

### **Dr Laragh Cassar B.A. LL.M. (Lond.) LL.D.**

Dr Laragh Cassar holds a degree in Law from the University of Malta (Doctor of Laws, 2002) and a post-graduate Master degree in Banking and Finance from the University of London (2003). She started her career with Camilleri Preziosi in 2003 and was admitted to partnership in 2010 and was responsible for the investment services department. Over the years, Laragh has been actively involved in a large number of note and equity listings on the regulated market of the Malta Stock Exchange as well as assisting with the ongoing obligations of listed companies. In June 2015, she set up a firm with Stefan Camilleri under the name 'Camilleri Cassar Advocates', a general civil and commercial law firm. Laragh is responsible for the capital markets and investment services areas of practice of the firm. Laragh is a director of APS Bank Limited, Falcon Ventures Limited, Sundown Court Limited and Sundown Holdings Limited.

### **Joseph C Schembri**

Joseph C Schembri qualified as an accountant in 1973 and in 1977 he was admitted as a partner of Joseph Tabone & Co, Certified Public Accountants, acting as an audit partner. In 1998, he was appointed as Senior Partner of KPMG where he served as Senior Partner till his retirement. During his term at KPMG he also acted as Head of Audit and Human Resource Partner of the firm which employed over 250 professionals. As an audit engagement partner he signed off on seven listed companies ranging from banks to communications, oil and gas and computer software developing entities. In his capacity as Senior Partner of KPMG Malta, he served for a period of fifteen years as a Board member of KPMG regional island practices which specialised in financial services.

During the period 2012 to 2014, he assisted in setting up a member firm of KPMG in Libya. Joseph acted as Head of Audit and as Risk Management Principal for the Libyan firm which was licenced in December 2012. This position had to be terminated in view of the political situation in Libya post July 2014.

Joseph had acted for a three year period as director of Enemalta Corporation, as well as a member of the Disciplinary Committee of the Accountancy Board and the Malta Institute of Accountants. He joined Baker Tilly Sant in July 2014 as a consultant and audit engagement leader. In April 2015, Joseph was appointed as a non-executive director on the Board of Directors of GlobalCapital Plc, and is also serving as Chairman of the Audit Committee and as non-executive director of

GlobalCapital Life Insurance Ltd, GlobalCapital Health Insurance Limited, and SMDL Holdings Limited.

### **Edwin Pisani**

Between 2000 and 2005 Edwin Pisani was engaged with the Water Services Corporation assisting with HR related matters. His responsibilities included the management and administration of employee's statutory leave; establishing and monitoring of employee pay scales; conducting job analysis and job evaluations, employment verifications and investigations; and the development and enforcement of company policy and procedures relating to all phases of human resources activity. Edwin spent four years as a personnel assistant with HSBC between 2007 and 2011. He assisted the HR Manager in selecting new employees, creating new shifts according to the company needs, assisting with organizing leave replacements and scheduling training.

In September 2011 Edwin was engaged as the operations manager and general manager of the Group. In this role he was and remains key to developing and enforcing company personnel and human resources activity policies, standard operating procedures and employee handbooks and built a comprehensive employee recruiting strategy. Edwin also conducts employment verifications and investigations; monitors employee pay scales; manages the employee rewards programs; manages payroll and processes gross pay, state tax withholding, social security and other deductions for all employees.

### **Francis Gouder**

Francis Gouder served his career in the financial services sector for 45 years. He joined Barclays Bank DCO in 1967 which eventually became Mid Med Bank and later HSBC. During these years he held various Managerial posts both in retail banking and at head office level. His last post was Area Director at HSBC. He also served as consultant and Head of Private Banking at Banif Bank for three years. Francis was a non-executive director at Bay Street Finance Plc and is currently a non-executive director and member of the credit committee and ALCO at Izola Bank Plc, a non-executive director and member of the audit committee of CBC Plc, a non-executive director and member of the audit committee of GAP Group Plc and a non-executive director of CCFX Services Ltd.

## **6.1.4 Directors' Service Contracts**

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The Non-Executive Directors of the Issuer have a service contract with the Issuer. A copy of such service contract will be available for inspection at the registered office of the Issuer in accordance with the requirements of the Listing Rules.

All Directors may be removed from their post of Director by ordinary resolution of the shareholders in general meeting.

## **6.1.5 Aggregate Emoluments of Directors**

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For the financial period ended 31 December 2015 no director emoluments were due by the Issuer.



## 6.1.6 Loans to Directors

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There are no loans outstanding by the Issuer to any of its Directors nor any guarantees issued for their benefit by the Issuer.

## 6.1.7 Removal of Directors

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A Director may, unless he resigns, be removed by ordinary resolution of the shareholders as provided in sections 139 and 140 of the Act.

## 6.1.8 Powers of Directors

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By virtue of the Articles of Association of the Issuer the Directors are empowered to transact all business which is not by the Articles expressly reserved for the shareholders in general meeting.

## 6.2 Employees of the Issuer

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The Issuer does not have any employees of its own.

## 6.3 The Board of Directors of the Guarantor

The Board of Directors of the Guarantor is to consist of a minimum of one and a maximum of five Directors. Presently there are five directors. The Board meets regularly to establish and review the policies and strategies of the Guarantor and to monitor the implementation thereof and the overall performance of the Guarantor.

### 6.3.1 Curriculum Vitae of Directors of the Guarantor

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The Curriculum Vitae of Diane Izzo and Edwin Pisani are found in Section 6.1.3 above.

#### **Daniela Bonello**

Daniela Bonello is the Group's Chief Brand Officer responsible for ensuring that the products, services and product lines resonate with current and potential customers, through the continuous monitoring of marketing trends. Ms Bonello oversees a team of junior marketers and works with marketing managers to promote the brands, and is the point-person for developing, implementing and executing marketing initiatives and activities for every particular brand. These initiatives and activities include campaigns (including print, web, social media, broadcast), events, corporate responsibility programs and sponsorships. Her other responsibilities include executing marketing campaigns, managing and developing P&L, and driving market growth.

#### **Denise Bonello**

As the retail operations manager of the Group, Denise Bonello is responsible for ensuring that all stores are staffed correctly at all times, providing employee operations manuals to store managers and assisting in providing employee training as and when necessary. As the operations manager she is responsible for estimating the needs of each store location and working with the store's management to solve any stock-related issue, make sure that scheduling needs are met and assist in improving employee performance and retention. Ms Bonello is also responsible to control costs pertaining to the retail outlets and visual merchandising.

## **Jean Paul Muscat**

Jean Paul Muscat is the Group Finance Manager responsible for the management of all financial tasks, overseeing budgeting and accounting. He is also responsible for ensuring that all internal financial functions, such as the management of payroll and employee related-insurance matters, and statutory requirements of the organization are met relating to the withholding of certain payments, income tax, goods and services taxes. Jean Paul Muscat joined the Group in 2013 following prior employment in the accounts department of Azzopardi Fisheries.

### **6.3.2 Directors' Service Contracts**

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None of the Directors of the Guarantor have a service contract with the Guarantor.

### **6.3.3 Aggregate Emoluments of Directors**

---

For the financial year ended 31 December 2015 no director emoluments were due by the Guarantor.

### **6.3.4. Loans to Directors**

---

There are no loans outstanding by the Guarantor to and/or from any of its Directors nor any guarantees issued for their benefit by the Guarantor.

### **6.3.5 Removal of Directors**

---

A Director may, unless he resigns, be removed by ordinary resolution of the shareholders as provided in sections 139 and 140 of the Act.

### **6.3.6 Powers of Directors**

---

By virtue of the Articles of Association of the Guarantor, the Directors are empowered to transact all business which is not by the Articles expressly reserved for the shareholders in general meeting.

## **6.4 Employees of the Guarantor**

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The Guarantor has no employees of its own. The 195 employees of the Group are employed by the various Subsidiaries. As at 1<sup>st</sup> September 2016, the Group had 195 employees, of which 180 employees formed part of operations, whilst 15 employees were involved in administration.

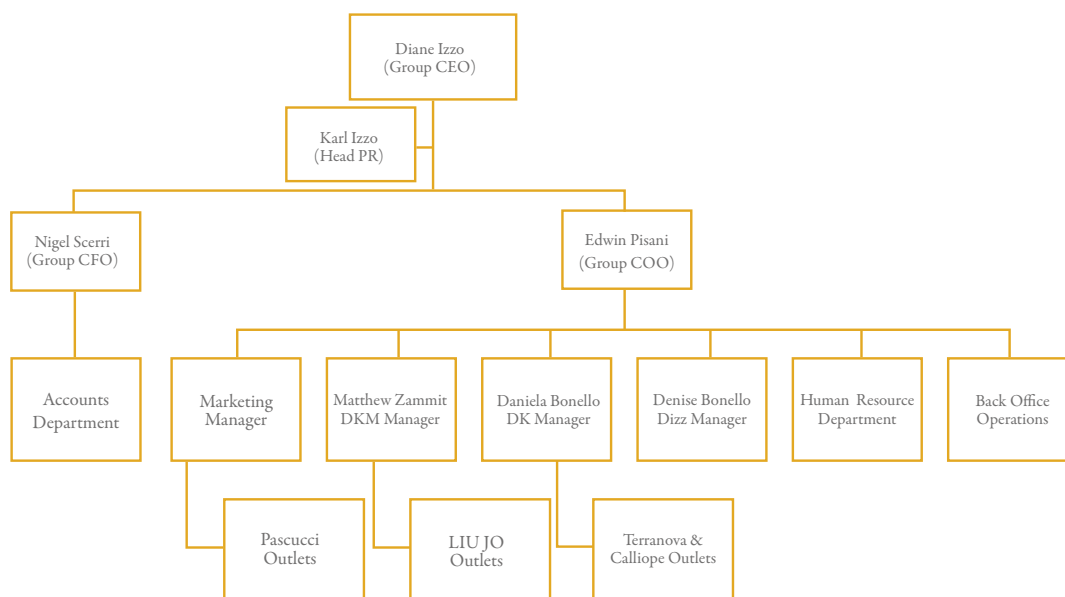
# 07. Management Structure

## 7.1 General

The Issuer is a finance and investment company which does not require an elaborate management structure. Diane Izzo has been appointed Chairperson of the Company. The Directors believe that the current organisational structures are adequate for the current activities of the Company. The Directors will maintain these structures under continuous review to ensure that they meet the changing demands of the business and to strengthen the checks and balances necessary for better corporate governance.

## 7.2 Management Team

The overall management of the group follows the hierarchical structure reflected below. Diane Izzo, as Group CEO, together with Karl Izzo, are at the helm of the reporting structure having senior management comprising of Nigel Scerri and Edwin Pisani reporting directly to them. Denise Bonello (brand manager for Terranova and Calliope), Daniela Bonello (Liu Jo brand manager) and Matthew Zammit (Pascucci brand manager) all report directly to Edwin Pisani, Group Chief Operations Officer, responsible for operations management.



## 7.3 Conflict of Interest

As at the date of this document, each of Diane Izzo, Karl Izzo and Edwin Pisani are officers of a number of members of the Group, and as such are susceptible to conflicts between the potentially diverging interests of the different members of the Group. No private interests or duties unrelated to the Issuer or the Guarantor, as the case may be, have been disclosed by the general management team and management teams of the Subsidiaries which may or are likely to place any of them in conflict with any interests in, or duties towards, the Issuer or the Guarantor, as the case may be.

The Audit Committee of the Issuer has the task of ensuring that any such potential conflicts of interest relating to the directors of the Issuer are handled in the best interests of the Issuer. In terms of the memorandum and articles of association of each of the Group companies, any director of each Group company who, in any way, whether directly or indirectly, has an interest in a contract or proposed contract or in any transaction or arrangement (whether or not constituting a contract) with the respective Group company, is required to declare the nature of his/her interest at a meeting of such company's board of directors. Furthermore said director shall not be permitted to vote at that meeting in respect of any contract or arrangement or any other proposal in which s/he has, either directly or indirectly, a personal material interest.

To the extent known or potentially known to the Issuer as at the date of this Prospectus, there are no other potential conflicts of interest between any duties of the Directors and of executive officers of the Issuer, and/or the directors of the Guarantor, as the case may be, and their respective private interests and/or their other duties, which require disclosure in terms of the Regulation.

## 08. Audit Committee Practices

### 8.1 Audit Committee

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The Audit Committee's primary objective is to assist the Board in fulfilling its oversight responsibilities over the financial reporting processes, financial policies and internal control structure. The Committee oversees the conduct of the internal and external audit and acts to facilitate communication between the Board, management and the external auditors. The external auditors are invited to attend the Audit Committee meetings. The Audit Committee reports directly to the Board of Directors.

The terms of reference of the Audit Committee include support to the Board of Directors of the Issuer in its responsibilities in dealing with issues of: risk; control and governance; and associated assurance. The Board has set formal terms of establishment and the terms of reference of the Audit Committee which set out its composition, role and function, the parameters of its remit as well as the basis for the processes that it is required to comply with.

Briefly, the Committee is expected to deal with and advise the Board on:

- a. its monitoring responsibility over the financial reporting processes, financial policies and internal control structures;
- b. maintaining communications on such matters between the Board, management and the external auditors; and
- c. preserving the Issuer's assets by assessing the Issuer's risk environment and determining how to deal with those risks.

The Audit Committee also has the role and function of evaluating any proposed transaction to be entered into by:

- a. the Issuer and a related party, including the Guarantor; or
- b. the Guarantor and a related party,

in either case to ensure that the execution of any such transaction is at arm's length, on a commercial basis and ultimately in the best interests of the Issuer and/or Guarantor, provided that in the case of transactions between the Issuer and the Guarantor, ultimately the best interests of the Issuer are to be safeguarded. Furthermore, the Audit Committee has the role of assessing any potential conflicts of interest between the duties of the Directors of the Issuer and/or the directors of the Guarantor and their

respective private interests or duties unrelated to the Issuer and/or Guarantor, as applicable.

The Committee is made up of a majority of Non-Executive Directors who are appointed for a period of three years. Joseph C Schembri, senior independent non-executive and independent director of the Issuer, acts as Chairman, whilst Nigel Scerri and Laragh Cassar act as members. The Issuer's Company Secretary, Notary Sam Abela, acts as secretary to the Committee. In compliance with the Listing Rules, Joseph C Schembri is considered by the Board to be the Director competent in accounting and/or auditing matters.

## 09. Compliance with Corporate Governance Requirements

### 9.1 The Issuer

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Prior to the present Bond Issue, the Company was not regulated by the Listing Rules and accordingly was not required to comply with the Code of Principles of Good Corporate Governance forming part of the Listing Rules (the "Code"). As a consequence of the present issue of securities in accordance with the terms of the Listing Rules, the Issuer is required to comply with the provisions of the Code. The Issuer declares its full support of the Code and undertakes to fully comply with the Code to the extent that this is considered complementary to the size, nature and operations of the Issuer.

The Issuer supports the Code and is confident that the application thereof shall result in positive effects accruing to the Issuer.

Going forward, in view of the reporting structure adopted by the Code, the Issuer shall, on an annual basis in its annual report, explain the level of the Issuer's compliance with the principles of the Code and, in line with the comply or explain philosophy of the Code, explain the reasons for non-compliance, if any.

As at the date hereof, the Board considers the Company to be in compliance with the Code save for the following exceptions:

- Principle 2 "Chairman and Chief Executive": the roles of Chairman and Chief Executive Officer of the Group are both occupied by Diane Izzo. Although the Code recommends that the role of Chairman and Chief Executive Officer are kept separate, the Directors believe that Mrs Izzo should occupy both positions, particularly in view of the experience she brings to both the Board and executive management team of the Company. In terms of Principle 3.1, which calls for the appointment of a senior independent Director where the roles of Chairman and Chief Executive Officer are carried out by the same person, the Board has appointed Joe Schembri as the indicated senior independent Director.
- Principle 7 "Evaluation of the Board's Performance": at present, the Board does not consider it necessary to appoint a committee to carry out a performance evaluation of its role, as the Board's performance is evaluated on an ongoing basis by, and is subject to the constant scrutiny of, the Board itself, the Issuer's shareholders, the market and the rules by which the Issuer is regulated as a listed company;
- Principle 8 "Committees":
  - The Issuer does not have a Remuneration Committee as recommended by this principle because it is not deemed as necessary in view of the very limited number of directors engaged by the Issuer; and
  - The Issuer does not have a Nomination Committee as recommended in Principle 8. Appointments to the Board of Directors are determined by the shareholders of the Company in accordance with the Memorandum and Articles of

Association. The Issuer considers that the members of the Board provide the level of skill, knowledge and experience expected in terms of the Code.

## 9.2 The Guarantor

As the Guarantor is not a public company having securities listed on a regulated market, it is not bound by the provisions of the Code set out in the Listing Rules, including, *inter alia*, the requirement to set up an audit committee. However, in so far as the relation between the Issuer and Guarantor is concerned, as indicated in section 8.1 above, controls are in place at the level of the Issuer to ensure that any dealings involving the Issuer and related parties (including the Guarantor) are at arms-length and for the benefit of the Issuer.

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## 10. Historical Information

The following historical financial information has been audited by Kenneth Swain – SWK Certified Public Accountants:

- a. the historical consolidated financial statements of the Group for each of the financial years ended 31 December 2014 and 2015, prepared on the basis of the audited financial statements referred to in (b) and (c) below;
- b. the historical financial information of the Issuer for the financial period ended 31 December 2015 which is set out in the audited financial statements of Dizz Rentals Limited (converted to a public limited liability company and renamed Dizz Finance p.l.c.); and
- c. the individual financial statements of each of the other Subsidiaries for each of the financial years ended 31 December 2014 and 2015 (as applicable depending on date of incorporation of the respective Subsidiary).

The abovementioned audited consolidated financial statements of the Group and audited financial statements of the Issuer are available on the Issuer's website [www.dizz.com.mt](http://www.dizz.com.mt).

Save for the investments referred to in section 4.1.3 above (*Capital expenditure since the date of the last published financial statements*), there were no significant changes to the financial or trading position of the Issuer or the Guarantor since the end of the financial period to which their respective last audited financial statements relate.

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## 11. Litigation

There is no governmental, legal or arbitration proceedings against the Issuer, including any pending or threatened proceedings, which the Issuer is aware and considers could have significant effects on the financial position or profitability of the Issuer.

Similarly, there are no governmental, legal or arbitration proceedings against the Guarantor, including any pending or threatened proceedings, of which the Guarantor is aware and considers could have significant effects on the financial position or profitability of the Guarantor.

## 12. Additional Information

### 12.1 Major Shareholders

#### 12.1.1 Shareholding of the Issuer

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The authorised share capital of the Issuer is €1,910,000 divided into 1,910,000 ordinary shares of a nominal value of €1 each. The issued share capital is €1,910,000 divided into 1,910,000 ordinary shares of a nominal value of €1 each, fully paid up.

The issued share capital of the Issuer is subscribed for, allotted and taken up as fully paid up shares by the Guarantor as to 1,909,999 ordinary shares of €1 each, and the remaining one ordinary share of €1 is held by Diane Izzo.

The authorised share capital of the Issuer may be increased by an ordinary resolution of the shareholders in general meeting. Shares can be issued when and under those conditions decided by a resolution of the shareholders in general meeting.

There are no classes of shares and each share confers the right to one (1) vote at general meetings of the Issuer. All ordinary shares rank *pari passu* in all respects.

The shares of the Issuer are not listed on the Malta Stock Exchange and no application for such listing has been made to date.

It is not expected that the Issuer will issue, during the next financial year, any shares, whether fully or partly paid up, in consideration for cash or otherwise.

There is no capital of the Issuer which is currently under option, nor is there any agreement by virtue of which any part of the capital of the Issuer is to be put under option. There are no arrangements, known to the Issuer, which may at a subsequent date result in a change in control of the Issuer.

The Issuer adopts measures in line with the Code to ensure that the relationship of the Issuer and/or Guarantor with the rest of the Group and/or with the shareholders of the Guarantor, are retained at arm's length, including, in respect of both the Issuer and the Guarantor, adherence to rules on Related Party Transactions set out in Chapter 5 of the Listing Rules requiring the vetting and approval of any related party transaction by the Audit Committee, in which the majority is constituted by independent non-executive Directors of the Issuer. With particular reference to the relationship between the Issuer and the shareholders of the Guarantor, the M&As require any director of the Issuer (both shareholders of the Guarantor are directors of the Issuer) who in any way, whether directly or indirectly, has an interest in a contract or proposed contract or in any transaction or arrangement (whether or not constituting a contract) with the Issuer, to declare the nature of his/her interest at a meeting of the Board of Directors of the Issuer. Furthermore, said Director shall not be permitted to vote at that meeting in respect of any contract or arrangement or any other proposal in which s/he has, either directly or indirectly, a personal material interest.

#### 12.1.2 Shareholding of the Guarantor

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The issued share capital of the Guarantor is held as follows:

- Diane Izzo holds 1,645,000 ordinary shares; and
- Karl Izzo holds 1,645,000 ordinary shares.

There is no capital of the Guarantor which is currently under option, nor is there any agreement by virtue of which any part of the capital of the Guarantor is to be put under option. There are no arrangements, known to the Guarantor, which may at a subsequent date result in a change in control of the Guarantor.

## 12.2 Memorandum and Articles of Association of the Issuer

### 12.2.1 Objects

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The M&As are registered with the Registrar of Companies. The main object of the Issuer is to carry on the business of a finance and investment company in connection with the activities of the Group. Clause 3 of the memorandum of association contains the full list of objects of the Issuer. A copy of the M&As may be inspected during the lifetime of this Registration Document at the registered office of the Issuer and at the Registry of Companies.

### 12.2.2 Appointment of Directors

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At present, in terms of the M&As, the Board of the Issuer shall consist of not less than two and not more than seven directors who are appointed in accordance with articles 55.1 to 55.4 of the articles of association of the Company, as follows:

**55.1** The directors of the Company shall be appointed by the shareholders in the annual general meeting of the Company. Save for the provisions of article 55.3, an election of directors shall take place every year. The procedure for the appointment of directors shall be as follows:

**55.1.1** Any member or number of members who in the aggregate hold not less than 50,000 shares having voting rights in the Company shall be entitled to nominate a fit and proper person for appointment as a director of the Company.

**55.1.2** In addition to the nominations that may be made by members pursuant to the provisions of article 55.1.1, the directors themselves or a committee appointed for the purpose by the directors, may make recommendations and nominations to the members for the appointment of directors at the next following annual general meeting.

**55.2** For the purpose of enabling members to make nominations in accordance with the provisions of article 55.1.1, the Company shall grant a period of at least fourteen (14) days to members to nominate candidates for appointment as directors. Such notice may be given by the publication of an advertisement in at least two (2) daily newspapers. All such nominations, including the candidate's acceptance to be nominated as director, shall on pain of disqualification be made on the form to be prescribed by the directors from time to time and shall reach the registered office (or such other place determined by the directors) not later than fourteen (14) days after the publication of the said notice (the "Submission Date"). PROVIDED THAT the Submission Date shall not be less than fourteen (14) days prior to the date of the meeting appointed for such election. Nominations to be made by the directors or any sub-committee of the directors appointed for that purpose shall also be made by not later than the date established for the closure of nominations to members pursuant to this article.

**55.3** In the event that there are either less nominations than there are vacancies on the Board or if there are as many nominations made pursuant to either articles 55.1.1 or 55.1.2 as there are vacancies on the Board, then each person so nominated shall be automatically appointed a director.



**55.4** In the event that there are more nominations made pursuant to the provisions of articles 55.1.1 and 55.1.2, then an election shall take place in accordance with the provisions of these articles. Save for the case contemplated in article 55.3, an election pursuant to this article 55.4 shall be held every year.

### **12.2.3 Powers of Directors**

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The Directors are vested with the management of the Issuer, and their powers of management and administration emanate directly from the M&As and the law. The Directors are empowered to act on behalf of the Issuer and in this respect have the authority to enter into contracts, sue and be sued in representation of the Issuer. In terms of the M&As they may do all such things that are not by the M&As reserved for the shareholders in general meeting.

Directors may not vote on any proposal, issue, arrangement or contract in which they have a personal material interest.

The maximum limit of aggregate emoluments of the Directors is, in terms of the M&As, to be established by the shareholders in general meeting. Within that limit the Directors shall have the power to vote remuneration to themselves or any number of their body. Any increases in the maximum limit of Directors' aggregate emoluments have to be approved by the Issuer in the general meeting.

In terms of the M&A, the Board of Directors may exercise all the powers of the Issuer to borrow money and give security therefor, subject to the limit established in the M&A. That limit is currently three times the Issuer's capital and reserves. The shareholders in general meeting have the overriding authority to change, amend, restrict and/or otherwise modify such limit and the Directors' borrowing powers.

There are no provisions in the Issuer's M&A regulating the retirement or non-retirement of Directors over an age limit.

## **12.3 Memorandum and Articles of Association of the Guarantor**

### **12.3.1 Objects**

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The memorandum and articles of association of the Guarantor are registered with the Registrar of Companies. The main object of the Guarantor is to act as a holding company and invest in local as well as overseas subsidiary companies. Clause 3 of the Memorandum of Association contains the full list of objects of the Guarantor. A copy of the memorandum and articles of association of the Guarantor may be inspected during the lifetime of this Registration Document at the registered office of the Issuer and at the Registry of Companies.

### **12.3.2 Appointment of Directors**

---

At present, in terms of the memorandum and articles of association of the Guarantor, the Board shall consist of not less than one and not more than five directors, who are appointed by a simple majority of the votes present at a general meeting.

### 12.3.3 Powers of Directors

---

The Directors are vested with the management of the Guarantor, and their powers of management and administration emanate directly from the memorandum and articles of association and the law. The Directors are empowered to act on behalf of the Guarantor and in this respect have the authority to enter into contracts, sue and be sued in representation of the Issuer. In terms of the memorandum and articles of association of the Guarantor they may do all such things that are not by the memorandum and articles of association reserved for the shareholders in general meeting.

Directors may not vote on any proposal, issue, arrangement or contract in which they have a personal material interest. The maximum limit of aggregate emoluments of the Directors is, in terms of the memorandum and articles of association, to be established by the shareholders in general meeting.

There are no provisions in the Guarantor's memorandum and articles of association regulating the retirement or non-retirement of Directors over an age limit.

## 13. Material Contracts

Neither the Issuer nor the Guarantor has entered into any material contract which is not in the ordinary course of its business which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's or the Guarantor's ability to meet their obligations to security holders in respect of the securities being issued pursuant to, and described in, the Securities Note forming part of the Prospectus.

## 14. Property Valuation Report

The Issuer commissioned Arch. Joseph Bondin to issue a property valuation report in relation to the site of the Hub. The following are the details of the said valuer:

Arch. Joseph Bondin  
JB Architects  
10, Triq In-Naqqar,  
Mosta MST 1673  
Malta

Listing Rule 7.4.3 provides that property valuations to be included in a prospectus must not be dated (or be effective from) more than 60 days prior to the date of publication of the prospectus. The valuation report is dated 18 July 2016. A copy of the report compiled by Arch. Joseph Bondin in respect of the site at Mrieħel (estimated at circa €1.7 - €1.8 million) is annexed to this Registration Document as Annex I and is available for inspection as set out in Section 16 overleaf.

## 15. Interest of Experts and Advisors

Save for the valuation report prepared in relation to the Hub and contained in Annex I to the Registration Document and the financial analysis summary set out as Annex IV to the Securities Note, the Prospectus does not contain any statement or report attributed to any person as an expert.

The financial analysis summary and the valuation report have been included in the form and context in which they appear with the authorisation of Financial Planning Services Limited, (4, Marina court, 1 G. Cali Street, Ta' Xbiex XBX 1421, Malta) and Arch. Joseph Bondin of (JB Architects, 10, Triq In-Naqqax, Mosta MST 1673, Malta) respectively, which have given and have not withdrawn their consent to the inclusion of such reports herein. Financial Planning Services Limited and Arch. Joseph Bondin do not have any material interest in the Issuer. The Issuer confirms that the financial analysis summary and the valuation report have been accurately reproduced in the Prospectus and that there are no facts of which the Issuer is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

## 16. Documents Available for Inspection

For the duration period of this Registration Document the following documents (or copies thereof) shall be available for inspection at the registered address of the Issuer:

- (a) The Memorandum and Articles of Association of the Issuer;
- (b) The memorandum and articles of association of the Guarantor;
- (c) The Guarantee;
- (d) The POS Agreements;
- (e) The consolidated financial statements of the Group for each of the financial years ended 31 December 2014 and 2015;
- (f) The audited financial statements of the Issuer for the financial period ended 31<sup>st</sup> December 2015;
- (g) The letter of confirmation drawn up by PricewaterhouseCoopers dated 16<sup>th</sup> September 2016;
- (h) Independent Expert's property valuation report prepared at the Issuer's request in respect of the Hub; and
- (i) Financial Analysis Summary prepared by Financial Planning Services Limited dated 26<sup>th</sup> August 2016.

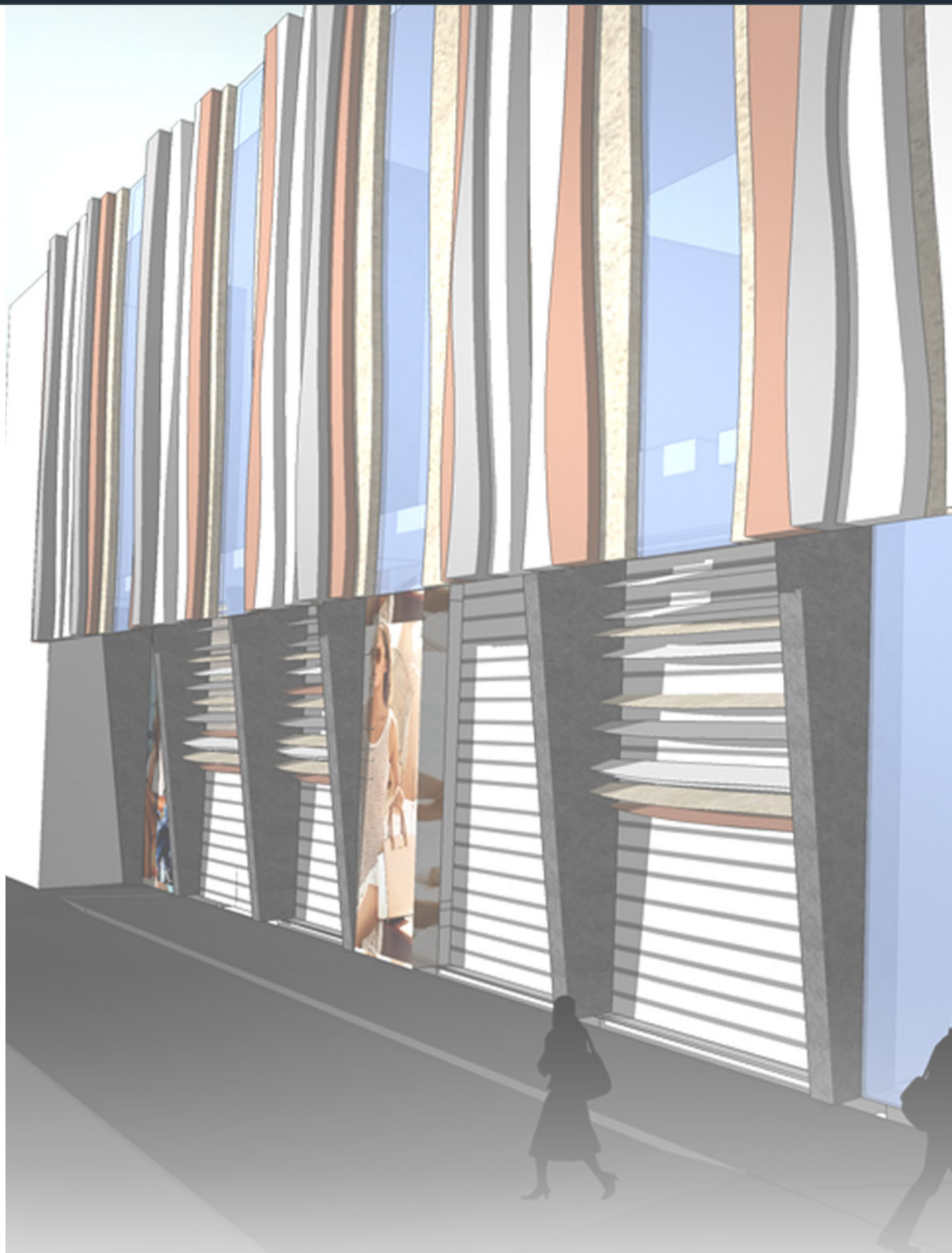
The documents set out in paras (a), (b), (c), (d), (e), (f) and (i) are also available for inspection in electronic form on the Issuer's website [www.dizz.com.mt](http://www.dizz.com.mt).



# Annex I Valuation Report

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Dated 18<sup>th</sup> July 2016



Project Costs Estimate  
**Site at Mriehel**  
MEPA PA NO: 1845/16

July 2016



**JBarchitects**  
architects+civil engineers

18<sup>th</sup> July 2016

OUR REF DI.MR.LT.05

**PROPOSAL** Dizz Group Headquarters and distribution centre  
**LOCATION** Site at, Triq L-Industrija, Mriehel  
**CLIENT** Dizz Finance plc.

**PROJECT VALUATION REPORT**

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**Purpose of Valuation**

I have been instructed by my client to prepare a valuation report for the property in caption. The undersigned is an external and independent valuer who is preparing the valuation in order for this to be included with the Prospectus to be published in connection with the proposed public bond issue by Dizz Finance plc. The valuation is being prepared in line with the requirements set out in Chapter 7 of the Listing Rules issued by the Malta Financial Services Authority and in accordance with the Standards and Guidelines issued by the UK Royal Institute of Chartered Surveyors (RICS). As a warranted architect in terms of section 7(3) of the Architecture and Civil Engineering Professionals (PERITI) Act 1996, I have been involved in numerous valuations for public and private companies as well as for individual clients. All relevant sections of the listing rules have been addressed in this document, those which were not addressed where not deemed applicable to this project in particular.

**Basis of the Valuation**

This valuation is based on direct knowledge of the site and its potential in accordance with current legislation, as well as on information provided by the Directors of Dizz Group and their professional advisers. In accordance to Chapter 7 of the Listing Rules, considering in particular *Section 7.7 Properties held for Development* which is applicable to this case in point. Two types of values are provided in this valuation, one based on present capital value and the other based on the estimated total costs of the development.

The present capital value was considered equivalent to the current market value of the property in its present state. This value is the amount that the property should be exchanged for between a willing buyer and a willing seller on the date of valuation where there are no special circumstances that might affect any of the parties and when the property has been on the market for an adequate period of time prior to the sale.

The estimated total costs of the development were based on preliminary cost estimates which were derived by using costs per square metre obtained from recent projects of similar nature.

### **Description of property and site location**

The property concerned currently consists of a vacant plot of land located on Triq L-Industrija, Mriehel. The site area is of circa 1220m<sup>2</sup> and has a frontage of circa 42.7m on Triq L-Industrija. The site is located very close to the main road network, with very good access onto the Mriehel-by-pass.

According to the Central Malta Local Plan the site forms part of the 'Mriehel Industrial Area' and is zoned as a location for 'offices and related uses'. Although in the local plan no reference is made to the particular building height to be adopted and no additional information is given regarding the use, upon consultation with Malta Environment & Planning Authority (MEPA) officials it was clarified that up to 40% of the site can be used as ancillary storage and the building height can be that of 3 floors and a semi-basement. Therefore, further to the regulations issued by MEPA within the Development Control Design Policy Guidance and Standards 2015 (DC2015), it is possible to accommodate 4 full floors on site and a recessed floor.

As per listing rule 7.4.1.6 searches at the Planning Authority, on the planning history of the land in question, did not result in any enforcement or other previous applications.

The property is: the temporary utile dominium for the period of sixty five (65) years, as from the 27<sup>th</sup> October 2015, of the two divided portions of land, situated in Imriehel, limits of Birkirkara, Malta; bordered in red and marked with the letters 'A' and 'B' on the plan attached to a deed in the records of Notary Diana Galea dated the 26<sup>th</sup> May 2016 (duly registered with the public registry of Malta bearing progressive number 11,567/2016) (the "Deed"). Title to the property was granted subject to the terms and conditions set out in the Deed.

The property is indicated on the Property Drawing letters PD 2015\_0673. The site indicated with the letter 'A' has an area of approximately one thousand two hundred and thirteen square meters (1213sqm) whereas the other site, marked with the letter 'B', has an area of approximately five hundred and sixty four square meters (564sqm). Both divided portions of land indicated above are bounded on the south in part by Triq is-Snajja, and north and west by property of the Government of Malta.

### **Hypothecs/Privileges**



There are two hypothecary inscriptions on the Property, namely:

1. Resulting from the Deed, duly inscribed under volume letter I of the public registry of Malta bearing progressive number: 9294/2016. This relates to the warranty of the payment of the annual and temporary groundrent of Euro 18,000 on the Property, and for the observance of the terms and conditions resultant from the Deed.

2. Resulting from a deed in the records of Notary Doctor Sam Abela dated the 26th May 2016, duly inscribed under volume letter I of the public registry of Malta bearing progressive number: 9369/2016. The relates to the granting of a loan of Euro 450,000 utilised for the purchase of the Property.

### **Proposed Development**

The development shall consist of the Dizz Group's headquarters as well as a storage and distribution centre. It will be set on 7 floors in total of which two levels will be located below road level and will be used as ancillary parking space. The stores will take up approximately 39% of the project's total floor area above road level whilst the offices will take up around 46%, the remaining 15% will consist of circulation space. The floors will be set out as follows:

- Levels -2 and -1 shall consist of underground parking which shall serve the proposed development, these shall be linked to the stores and offices by means of two cores consisting of a stairwell and lifts, one of the core shall be used for the transport of goods and one shall be serve the users of the offices.
- Level 0 shall consist of three main parts namely:
  - The entrance to the underground carpark by means of a ramp,
  - The entrance to the reception servicing the offices located on the upper levels- here one will also find a lounge area with a cafeteria or bar,
  - The entrance to the stores including un/loading points.On this level one will also find part of the main storage area which will be set on a double height.
- Level 1 shall consist partly of an intermediate level of stores, a separate intermediate level overlooking the reception and the remaining two thirds of the area shall consist of a double height with the stores located at level 0.
- Level 2 shall consist of storage area.
- Level 3 shall consist of a canteen with a kitchen as well as office space.
- Level 4 which is the recessed level shall consist solely of office space.

The building shall be constructed in the form of a frame structure with the elements constituting the frame consisting of reinforced concrete elements, steel elements and masonry or brick walls.

In general finishing works shall include

- floor tiles or concrete flooring;
- gypsum plastering;
- aluminium apertures;
- gypsum soffit; and
- the completion of the facade in a cladding system.

Mechanical and electrical services shall include:

- Electrical and plumbing installation as well as the drainage system;
- Cable management system;
- Sound system;
- Voice and data network as well as telephone system;
- CCTV system;
- Air-conditioning and ventilation system;
- Lifts;
- Standby generating set; and
- Expenses for connection to electrical grid.

The costings do not include:

- The supply of any chrome fittings and sanitary ware for the sanitary facilities;
- Router, servers, hubs and other devices required for the voice and data network;
- Personal computers and other hardware forming part of the computer network active components;
- Furniture and furnishings;
- Internal design features;
- Dedicated appliances for the kitchen, canteen and cafeteria; and
- Storage systems for the stores.

### **MEPA application**

A full development application covering the proposed development as described above was submitted to MEPA on the 5<sup>th</sup> February 2016. The screening letter for the application with tracking number 168313 was issued on the 14<sup>th</sup> March 2016. After successfully passing all the consultation stages a Development Permit Application Report was issued on 28<sup>th</sup> June 2016 recommending the project for approval. The Application was approved by the Planning Commission Board on the 15<sup>th</sup> July 2016 and Permit number is PA 1845/16.

**Project phases and timeframes**

As per section 7.7.3 and 7.7.4, the project following section outlines the expected commencement for the project and the development period. The project shall consist of the following stages, which shall be phased as follows:



## PHASE

### 1. MEPA application

Process for obtaining development permission

### 2. Structural design

Preparation of structural calculations and details pertaining to the construction of the development

### 3. Bills of quantities for works and adjudication

Preparation of detailed bills of quantities and specifications for adjudication of contracts of:

- (i) excavation works
- (ii) construction works

### 4. Preliminaries and mobilisation

Preparation of all required documents and procedures in order to commence works on site and mobilisation of contractors on site

### 5. Excavation works

Clearing of the existing soil and excavation up to circa 6.5m below road level

### 6. Construction works and preparation of bills of quantities for finishes and M&E services

Construction works of all 7 levels

In parallel preparation of interior design as well as bills of quantities and specifications for adjudication of finishing works and M&E services

### 7. Finishing works and installation of M&E services

### 8. Completion

## TIMING

Feb 2016- Jun 2016

Mar 2016- Apr 2016

Apr 2016- Jun 2016

Jul 2016 – Aug 2016

Aug 2016 – Oct 2016

Oct 2016 – Oct 2017

Jun 2017 – Jun 2018

Jun 2018

**Valuation and Project Costings**

Since the valuation is being carried out in line with Chapter 7 of the Listing rules published by the MFSA, the rules require that the following two values are submitted in the valuation for projects of this nature:

- (1) Section 7.4.1.10 requires the *present capital value in existing state*
- (2) Section 7.7.5 which concerns *Properties held for Development* requires that the valuation provides *the estimated total costs of the development*.

Listing rules 7.4.7 and 7.4.8 are not considered relevant for the purpose of this valuation.

(1) The present capital value in existing state was derived by using the comparative method of valuation to consider the present market value of similar properties found in central locations with a similar development potential. This value is also equivalent to the open market value for the for the existing use as listed in listing rule 7.4.4. The value considered was that of the site with permits as described in the previous sections. Considering that the remaining emphyteutical term is of 65 years, the present market value was derived for the property in free hold form. As per listing rule 7.4.1.12 it is important to note that in my opinion there are no other matters that materially affect the value of the said land.

Upon market analysis, the average price per square meter for such properties located in Mriehel and Qormi was found to be of circa €1,500 (one thousand and five hundred euro). Since the values found where the advertised values, a factor between 2% to 8% was applied. **Therefore, when one considers the area of 1,220m<sup>2</sup> the value of the property if considered in freehold form would in my opinion fit in between the range of €1,700,000 to €1,800,000 (one million and seven hundred thousand to one million and eight hundred thousand euros).**

(2) As shown in detail in schedule 1,2 and 3 found overleaf, the estimated costings for the project are as follows:

Project costings for works to be carried out	€ 3,385,300
<u>Project Costings for Professional fees</u>	<u>€ 278,775</u>
<b>Total costs for the development are of</b>	<b>€ 3,664,075</b>

Therefore, further to our estimated preliminary costings, the total costs for the project are expected to be circa **three million, six hundred sixty-four thousand and seventy-five euro.**

A handwritten signature in blue ink, appearing to be 'Perit Joseph Bondin', written in a cursive style.

Perit Joseph Bondin

## Schedule 1

### Project costings for works to be carried out

The project costing relating to the various stages were estimated as follows. These values are based on preliminary cost estimates which were calculated by using costs per square metre obtained from recent projects of similar nature.

The costing for the mechanical and electrical services for the project were prepared by an independent Engineer and are shown in detail in Schedule 3 on the pages to follow.

All the following figures include VAT

PHASE	ESTIMATE
<b>1. MEPA application process</b>	
Building levy fees due	€ 78,000
<b>2. Mobilisation and Excavation phase</b>	
Preparation of bills of quantity for tender process and adjudication process	€ 1,800
Mobilisation and Excavation works	€ 180,000
<b>3. Construction works</b>	
Preparation of bills of quantity for tender process and adjudication process	€ 12,000
Construction works	€ 1,200,000
<b>4. Finishing works</b>	
Preparation of bills of quantity for tender process and adjudication process	€ 6,900
Finishing works	€ 600,000
Finishing works for façade	€ 85,000
<b>5. Mechanical and electrical system</b>	
(refer to schedule 3)	
Preparation of bills of quantities for tender process and adjudication process	€ 12,100
Mechanical and electrical systems	€ <u>1,209,500</u>
	<b>€ 3,385,300</b>

## Schedule 2

### Project Costings for Professional fees

The project shall require the services of the following professionals, the values shown below were prepared considering the costings arrived at in schedule 1. All values are exclusive of VAT.

#### Architectural and Civil Engineer

Design and supervision of architectural and structural works	€	85,000
Measurement fee	€	15,000
Design and supervision of finishing works	€	45,000
Measurement fee	€	5,000

#### Mechanical and Electrical Engineer

Supervision of works throughout the duration of the project	€	41,000
Measurement fee	€	10,250

#### Health and Safety officer

Supervision of works throughout all phases of the project by a health and safety officer	€	15,000
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#### Preparation of specialised reports

Specialised report that maybe required by MEPA such as Traffic Impact Assessment, Visual Assessment etc.	€	<u>20,000</u>
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€ 236,250

18% VAT € 42,525

**Value for professional services required including VAT € 278,775**



**Schedule 3**

Project Costings for Mechanical and Electrical services

**ECL CONSULTING ENGINEERS**

ENGINEERING CONSULTANCY LTD  
17, TRIQ IL-MODD  
IBRAG, SWQ 2373  
MALTA

M: +356 9986 8828  
T: +356 2733 4472  
E: INFO@ECLCE.COM

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The 10<sup>th</sup> of March 2016

Project: DIZZ Group of Companies - New Mriehel Project  
Subject: Budget Estimate for M&E services  
Ref no: ECL.MR.ME.01

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Perit Joseph Bondin  
JB Architects  
no. 10, triq in-naqqax  
mosta malta  
mst 1673

m: +356 9949 0777  
t: +356 2141 7671  
e: info@jbarchitects.com.mt

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Dear Perit Bondin,

Reference is made to our meeting held on the 4<sup>th</sup> of March 2016 in relation to the stores, offices and ancillary amenities at Triq l-Industrija, Qormi. Although we were not supplied with any interior and lighting design layouts, based on past projects and experience, we are hereby providing a budgetary estimate for the mechanical and electrical (M&E) services for these areas as requested.

This report is based on the attached drawings prepared by Perit Joseph Bondin as referenced above. The premises under review consist of a total of seven built up floor levels. We have prepared a design concept for the proposed M&E services and a corresponding budgetary estimate as follows:

## **1.0 Level 4 - 800 sq m Office Space**

The estimate is based on the assumption that the actual office space and toilets shall cover an area of approximately 800 sq m.

### **1.1 Electrical installation**

The system shall consist of main and sub distribution boards, wiring, moulded accessories and other ancillaries required making a functional system. The cost of light fittings is included in this estimate.

Budgetary Estimate: € 65,000 ex VAT

### **1.2 Cable management system**

Cable management shall include a system of trunking, cable trays and cable basket to manage the various cabling systems in the building. These include the electrical LV as well as the ELV systems.

Budgetary Estimate: € 10,000 ex VAT

### **1.3 Background music**

This shall consist of the installation of a LV amplifier and a system of speakers and volume controls to provide distribution of background music in each unit. The supply and installation of audio equipment is Included in this estimate.

Budgetary Estimate: € 5,000 ex VAT

### **1.4 Voice / Data network**

The voice/data network shall include all cabling in CAT 6 from a central data cabinet to all units within the building and termination in standard RJ45 wall outlets. The estimate includes the supply and installation of passive components only. Other hardware (routers, servers, hubs etc) is not included in this estimate.

Budgetary Estimate: € 20,000 ex VAT

### **1.5 Fire detection and alarm system**

The system shall consist of an analogue addressable type control panel and system of detectors (smoke/heat detectors and manual call points) as well as warning devices (sounders / beacons) throughout the building. The system shall also include other ancillary equipment to Interface to other systems such as the Hit, air conditioning, ventilation, etc.

Budgetary Estimate: € 7,000 ex VAT

## **1.6 Telephone system**

The system shall consist of a centrally located PABX including, telephone points and hand sets in strategic locations. An operator's console is included.

Budgetary Estimate: € 5,000 ex VAT

## **1.7 CCTV system**

The system shall consist of CCTV cameras in strategic locations on the premises, recording shall be by means of a networked system on a digital video recorder or video network sewer.

Budgetary Estimate: € 6,000 ex VAT

## **1.8 Fire Fighting**

The system shall consist of a dry riser system for the protection of life. The fire fighting system shall also include fire extinguishers, and fire blankets in strategic locations within the premises. A wet system connected from a fire pump to hose reels will also be installed.

Budgetary Estimate: € 6,000 ex VAT

## **1.9 Air conditioning and ventilation**

Air-conditioning shall be provided in the commercial area by means of a packaged variable refrigerant flow/volume system consisting of an outdoor unit to supply the air conditioning requirements of the mentioned areas. These units shall be capable of absorbing the heat gains from the building structure, occupants and other sources present In order to maintain the conditions of 24 deg.C dry Bulb when operating at an external ambient temperature of 35 deg. C D.B. The estimate includes the pipework and control wiring to all the units.

The units in the commercial area shall be ventilated by means of a fresh air supply system as well as an exhaust air system. Thus a continuous movement of air is achieved in order to provide comfortable ambient conditions for the occupants.

Budgetary Estimate: € 80,000 ex VAT

## **1.10 Plumbing and drainage system**

The system shall include: Water storage tanks, pressure boosting (pumps) cold and hot water distribution pipe work, water heaters, and all accessories required to make a functional system.

The estimate includes also the installation (only) of chrome fittings and sanitary ware. The foul water system shall consist of a vented stack system with manifold-type accessories and fittings for O-ring seal of all connecting pipes. The system shall include water traps, siphons, and venting. as well as rodding eyes, and inspection ports. All changes of direction shall involve easy bends, and supporting brackets and blocks.

Budgetary Estimate: € 6,000 ex VAT

**Total estimated cost for all services at Level 4: € 210,000 ex VAT**

## **2.0 Level 3 - 850 sq m Office space/canteen/staff facilities/kitchen**

The estimate is based on the assumption that the actual office space/canteen/staff facilities/kitchen and toilets shall cover an area of approximately 850 sq m.

### **2.1 Electrical installation**

The system shall consist of main and sub distribution boards, wiring, moulded accessories and other ancillaries required making a functional system. The cost of light fittings is included in this estimate.

Budgetary Estimate: € 65,000 ex VAT

### **2.2 Cable management system**

Cable management shall include a system of trunking, cable trays and cable basket to manage the various cabling systems in the building. These include the electrical LV as well as the ELV systems.

Budgetary Estimate: € 10,000 ex VAT

### **2.3 Background music**

This shall consist of the installation of a LV amplifier and a system of speakers and volume controls to provide distribution of background music in each unit. The supply and installation of audio equipment is Included in this estimate.

Budgetary Estimate: € 5,000 ex VAT

### **2.4 Voice / Data network**

The voice/data network shall include all cabling in CAT 6 from a central data cabinet to all units within the building and termination in standard RJ45 wall outlets. The estimate includes the supply and installation of passive components only. Other hardware (routers, servers, hubs etc) is not included in this estimate.

Budgetary Estimate: € 15,000 ex VAT

### **2.5 Fire detection and alarm system**

The system shall consist of an analogue addressable type control panel and system of detectors (smoke/heat detectors and manual call points) as well as warning devices (sounders / beacons) throughout the building. The system shall also include other ancillary equipment to Interface to other systems such as the Hit, air conditioning, ventilation, etc.

Budgetary Estimate: € 7,000 ex VAT

## **2.6 Telephone system**

The system shall consist of a centrally located PABX including, telephone points and hand sets in strategic locations. An operator's console is included.

Budgetary Estimate: € 3,000 ex VAT

## **2.7 CCTV system**

The system shall consist of CCTV cameras in strategic locations on the premises, recording shall be by means of a networked system on a digital video recorder or video network sewer.

Budgetary Estimate: € 5,000 ex VAT

## **2.8 Fire Fighting**

The system shall consist of a dry riser system for the protection of life. The fire fighting system shall also include fire extinguishers, and fire blankets in strategic locations within the premises. A wet system connected from a fire pump to hose reels will also be installed.

Budgetary Estimate: € 6,000 ex VAT

## **2.9 Air conditioning and ventilation**

Air-conditioning shall be provided in the commercial area by means of a packaged variable refrigerant flow/volume system consisting of an outdoor unit to supply the air conditioning requirements of the mentioned areas. These units shall be capable of absorbing the heat gains from the building structure, occupants and other sources present. In order to maintain the conditions of 24 deg.C dry Bulb when operating at an external ambient temperature of 35 deg. C D.B. The estimate includes the pipework and control wiring to all the units.

The units in the commercial area shall be ventilated by means of a fresh air supply system as well as an exhaust air system. Thus a continuous movement of air is achieved in order to provide comfortable ambient conditions for the occupants.

Budgetary Estimate: € 70,000 ex VAT

## **2.10 Plumbing and drainage system**

The system shall include: Water storage tanks, pressure boosting (pumps) cold and hot water distribution pipe work, water heaters, and all accessories required to make a functional system.

The estimate includes also the installation (only) of chrome fittings and sanitary ware. The foul water system shall consist of a vented stack system with manifold-type accessories and fittings for O-ring seal of all connecting pipes. The system shall include water traps, siphons, and venting, as well as rodding eyes, and inspection ports. All changes of direction shall involve easy bends, and supporting brackets and blocks.

Budgetary Estimate: € 9,000 ex VAT

**Total estimated cost for all services at Level 3: € 195,000 ex VAT**

### **3.0 Level 2 - 880 sq m storage**

The estimate is based on the assumption that the storage and toilets shall cover an area of approximately 880 sq m.

#### **3.1 Electrical installation**

The system shall consist of main and sub distribution boards, wiring, moulded accessories and other ancillaries required making a functional system. The cost of light fittings is included in this estimate.

Budgetary Estimate: € 45,000 ex VAT

#### **3.2 Cable management system**

Cable management shall include a system of trunking, cable trays and cable basket to manage the various cabling systems in the building. These include the electrical LV as well as the ELV systems.

Budgetary Estimate: € 7,000 ex VAT

#### **3.3 Background music**

This shall consist of the installation of a LV amplifier and a system of speakers and volume controls to provide distribution of background music in each unit. The supply and installation of audio equipment is Included in this estimate.

Budgetary Estimate: € 5,000 ex VAT

#### **3.4 Voice / Data network**

The voice/data network shall include all cabling in CAT 6 from a central data cabinet to all units within the building and termination in standard RJ45 wall outlets. The estimate includes the supply and installation of passive components only. Other hardware (routers, servers, hubs etc) is not included in this estimate.

Budgetary Estimate: € 5,000 ex VAT

#### **3.5 Fire detection and alarm system**

The system shall consist of an analogue addressable type control panel and system of detectors (smoke/heat detectors and manual call points) as well as warning devices (sounders / beacons) throughout the building. The system shall also include other ancillary equipment to Interface to other systems such as the Hit, air conditioning, ventilation, etc.

Budgetary Estimate: € 7,000 ex VAT

### **3.6 Telephone system**

The system shall consist of a centrally located PABX including, telephone points and hand sets in strategic locations. An operator's console is included.

Budgetary Estimate: € 2,000 ex VAT

### **3.7 CCTV system**

The system shall consist of CCTV cameras in strategic locations on the premises, recording shall be by means of a networked system on a digital video recorder or video network sewer.

Budgetary Estimate: € 6,000 ex VAT

### **3.8 Fire Fighting**

The system shall consist of a dry riser system for the protection of life. The fire fighting system shall also include fire extinguishers, and fire blankets in strategic locations within the premises. A wet system connected from a fire pump to hose reels will also be installed.

Budgetary Estimate: € 6,000 ex VAT

### **3.9 Ventilation**

The units in the commercial area shall be ventilated by means of a fresh air supply system as well as an exhaust air system. Thus a continuous movement of air is achieved in order to provide comfortable ambient conditions for the occupants and stored items.

Budgetary Estimate: € 15,000 ex VAT

### **3.10 Plumbing and drainage system**

The system shall include: Water storage tanks, pressure boosting (pumps) cold and hot water distribution pipe work, water heaters, and all accessories required to make a functional system.

The estimate includes also the installation (only) of chrome fittings and sanitary ware. The foul water system shall consist of a vented stack system with manifold-type accessories and fittings for O-ring seal of all connecting pipes. The system shall include water traps, siphons, and venting, as well as rodding eyes, and inspection ports. All changes of direction shall involve easy bends, and supporting brackets and blocks.

Budgetary Estimate: € 6,000 ex VAT

**Total estimated cost for all services at Level 2: € 104,000 ex VAT**



#### **4.0 Level 1 - 350 sq m lounge & storage**

The estimate is based on the assumption that the lounge storage and toilets shall cover an area of approximately 350 sq m.

#### **4.1 Electrical installation**

The system shall consist of main and sub distribution boards, wiring, moulded accessories and other ancillaries required making a functional system. The cost of light fittings is included in this estimate.

Budgetary Estimate: € 18,000 ex VAT

#### **4.2 Cable management system**

Cable management shall include a system of trunking, cable trays and cable basket to manage the various cabling systems in the building. These include the electrical LV as well as the ELV systems.

Budgetary Estimate: € 3,000 ex VAT

#### **4.3 Background music**

This shall consist of the installation of a LV amplifier and a system of speakers and volume controls to provide distribution of background music in each unit. The supply and installation of audio equipment is Included in this estimate.

Budgetary Estimate: € 5,000 ex VAT

#### **4.4 Voice / Data network**

The voice/data network shall include all cabling in CAT 6 from a central data cabinet to all units within the building and termination in standard RJ45 wall outlets. The estimate includes the supply and installation of passive components only. Other hardware (routers, servers, hubs etc) is not included in this estimate.

Budgetary Estimate: € 2,000 ex VAT

#### **4.5 Fire detection and alarm system**

The system shall consist of an analogue addressable type control panel and system of detectors (smoke/heat detectors and manual call points) as well as warning devices (sounders / beacons) throughout the building. The system shall also include other ancillary equipment to Interface to other systems such as the Hit, air conditioning, ventilation, etc.

Budgetary Estimate: € 2,000 ex VAT

#### **4.6 Telephone system**

The system shall consist of a centrally located PABX including, telephone points and hand sets in strategic locations. An operator's console is included.

Budgetary Estimate: € 2,000 ex VAT

#### **4.7 CCTV system**

The system shall consist of CCTV cameras in strategic locations on the premises, recording shall be by means of a networked system on a digital video recorder or video network sewer.

Budgetary Estimate: € 2,000 ex VAT

#### **4.8 Fire Fighting**

The system shall consist of a dry riser system for the protection of life. The fire fighting system shall also include fire extinguishers, and fire blankets in strategic locations within the premises. A wet system connected from a fire pump to hose reels will also be installed.

Budgetary Estimate: € 1,000 ex VAT

#### **4.9 Air conditioning and ventilation**

Air-conditioning shall be provided in the commercial area by means of a packaged variable refrigerant flow/volume system consisting of an outdoor unit to supply the air conditioning requirements of the mentioned areas. These units shall be capable of absorbing the heat gains from the building structure, occupants and other sources present. In order to maintain the conditions of 24 deg.C dry Bulb when operating at an external ambient temperature of 35 deg. C D.B. The estimate includes the pipework and control wiring to all the units.

The units in the commercial area shall be ventilated by means of a fresh air supply system as well as an exhaust air system. Thus a continuous movement of air is achieved in order to provide comfortable ambient conditions for the occupants.

Budgetary Estimate: € 20,000 ex VAT

#### **4.10 Plumbing and drainage system**

The system shall include: Water storage tanks, pressure boosting (pumps) cold and hot water distribution pipe work, water heaters, and all accessories required to make a functional system.

The estimate includes also the installation (only) of chrome fittings and sanitary ware. The foul water system shall consist of a vented stack system with manifold-type accessories and fittings for O-ring seal of all connecting pipes. The system shall include water traps, siphons, and venting, as well as rodding eyes, and inspection ports. All changes of direction shall involve easy bends, and supporting brackets and blocks.

Budgetary Estimate: € 6,000 ex VAT

**Total estimated cost for all services at Level 1: € 61,000 ex VAT**

## **5.0 Level 0 - 200 sq m reception, lobby & 550 sq m of storage**

The estimate is based on the assumption that the reception, lobby, storage and toilets shall cover an area of approximately 750 sq m, with 550 sq m of double height

### **5.1 Electrical installation**

The system shall consist of main and sub distribution boards, wiring, moulded accessories and other ancillaries required making a functional system. The cost of light fittings is included in this estimate.

Budgetary Estimate: € 60,000 ex VAT

### **5.2 Cable management system**

Cable management shall include a system of trunking, cable trays and cable basket to manage the various cabling systems in the building. These include the electrical LV as well as the ELV systems.

Budgetary Estimate: € 7,000 ex VAT

### **5.3 Background music**

This shall consist of the installation of a LV amplifier and a system of speakers and volume controls to provide distribution of background music in each unit. The supply and installation of audio equipment is Included in this estimate.

Budgetary Estimate: € 5,000 ex VAT

### **5.4 Voice / Data network**

The voice/data network shall include all cabling in CAT 6 from a central data cabinet to all units within the building and termination in standard RJ45 wall outlets. The estimate includes the supply and installation of passive components only. Other hardware (routers, servers, hubs etc) is not included in this estimate.

Budgetary Estimate: € 5,000 ex VAT

### **5.5 Fire detection and alarm system**

The system shall consist of an analogue addressable type control panel and system of detectors (smoke/heat detectors and manual call points) as well as warning devices (sounders / beacons) throughout the building. The system shall also include other ancillary equipment to Interface to other systems such as the Hit, air conditioning, ventilation, etc.

Budgetary Estimate: € 7,000 ex VAT

## **5.6 Telephone system**

The system shall consist of a centrally located PABX including, telephone points and hand sets in strategic locations. An operator's console is included.

Budgetary Estimate: € 3,000 ex VAT

## **5.7 CCTV system**

The system shall consist of CCTV cameras in strategic locations on the premises, recording shall be by means of a networked system on a digital video recorder or video network sewer.

Budgetary Estimate: € 6,000 ex VAT

## **5.8 Fire Fighting**

The system shall consist of a dry riser system for the protection of life. The fire fighting system shall also include fire extinguishers, and fire blankets in strategic locations within the premises. A wet system connected from a fire pump to hose reels will also be installed.

Budgetary Estimate: € 6,000 ex VAT

## **5.9 Air conditioning and ventilation**

Air-conditioning shall be provided in the reception, lobby area by means of a packaged variable refrigerant flow/volume system consisting of an outdoor unit to supply the air conditioning requirements of the mentioned areas. These units shall be capable of absorbing the heat gains from the building structure, occupants and other sources present In order to maintain the conditions of 24 deg.C dry Bulb when operating at an external ambient temperature of 35 deg. C D.B. The estimate includes the pipework and control wiring to all the units.

The units in the commercial area shall be ventilated by means of a fresh air supply system as well as an exhaust air system. Thus a continuous movement of air is achieved in order to provide comfortable ambient conditions for the occupants.

Budgetary Estimate: € 35,000 ex VAT

## **5.10 Plumbing and drainage system**

The system shall include: Water storage tanks, pressure boosting (pumps) cold and hot water distribution pipe work, water heaters, and all accessories required to make a functional system.

The estimate includes also the installation (only) of chrome fittings and sanitary ware. The foul water system shall consist of a vented stack system with manifold-type accessories and fittings for O-ring seal of all connecting pipes. The system shall include water traps, siphons, and venting. as well as rodding eyes, and inspection ports. All changes of direction shall involve easy bends, and supporting brackets and blocks.

Budgetary Estimate: € 6,000 ex VAT

**Total estimated cost for all services at Level 2: € 140,000 ex VAT**

## **6.0 Car Park Levels -1 and -2**

**2,200 sqm**

### **6.1 Electrical installation**

The system shall consist of main and sub distribution boards, wiring, metal clad or moulded accessories and other ancillaries required to make a complete system. The cost of light fittings is included in this estimate.

Budgetary Estimate: € 25,000 ex VAT

### **6.2 Cable management system**

Cable management shall include a system of trunking, cable trays and cable basket to manage the various cabling systems in the building. These include the electrical LV as well as the ELV systems.

Budgetary Estimate: € 15,000 ex VAT

### **6.3 Data network**

The voice/data network shall include all cabling in CAT 6 from a central data cabinet to all areas within these levels. The system shall be utilised mainly as a structured cabling system for the CCTV system.

Budgetary Estimate: € 2,000 ex VAT

### **6.4 Fire detection and alarm system**

The system shall consist of an analogue addressable type control panel and system of detectors (smoke / heat detectors and manual call points) as well as warning devices (sounders / beacons) throughout the building. The system shall also include other ancillary equipment to Interface to other systems such as the lift, air conditioning, ventilation, etc.

Budgetary Estimate: € 15,000 ex VAT

### **6.5 Fire Fighting**

The system shall consist of a dry riser system for the protection of life. The fire fighting system shall also include fire extinguishers in strategic locations within the premises. A wet system connected from a fire pump to hose reels will also be installed.

Budgetary Estimate: € 15,000 ex VAT

## **6.6 Runoff water drainage System**

The foul water system shall consist of a vented stack system with manifold-type accessories and fittings for o-ring seal of all connecting pipes. The system shall include water traps, siphons, and venting, as well as rodding eyes, and inspection ports. All changes of direction shall involve easy bends. and supporting brackets and blocks.

Budgetary Estimate: € 10,000 ex VAT

**Total estimated cost for all services in Car Park Levels -1 and -2 : € 82,000 ex VAT**

## **4.0 Passenger and Goods Lifts**

### **4.1 Passenger lifts**

Two lifts each with a capacity of 13 passengers and another lift with a capacity of 8 passengers shall provide vertical transportation for the seven levels. The equipment shall consist of MRL Gearless technology and a 1 m/s travel speed, scratchproof stainless steel car, scratchproof stainless steel landing doors, machine and a fully automatic control system.

Budgetary Estimate: € 115,000 ex VAT

### **4.2 Goods Lifts**

One lift with a capacity of 2,000kg shall provide vertical transportation for goods and passengers for the seven levels.. The equipment shall consist of MRL Gearless technology scratchproof stainless steel car, scratchproof stainless steel landing doors, machine and a fully automatic control system.

Budgetary Estimate: € 70,000 ex VAT

**Total estimated cost for motorized transportation: € 185,000 ex VAT**

## 5.0 Common Generator

### 5.1 Standby generating set

A standby 175kVA generating set shall provide electrical power to the essential loads of the 7 levels discussed during power failures.

Budgetary Estimate: € 23,000 ex VAT

### 5.2 Enemalta Cable

A 250 Amp Enemalta cable from an adjacent Substation 65m away shall provide electrical power to the development.

Budgetary Estimate: € 25,000 ex VAT

**Total Budgetary Estimate for Electricity Sources: € 48,000 ex VAT**

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Total estimated cost for all services in all areas:	€ 1,025,000	ex VAT
Engineering Services Professional Fees @4%:	€ 41,000	ex VAT
Engineering Services Measurement Fees @1%:	€ 10,250	ex VAT

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**Total Cost for all services including Professional fees: € 1,076,250 ex VAT**

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## Reference Documents

Drawings by Perit Joseph Bondin attached to this document.

Proposed layout plan level DI.Mr.01 Drawing Numbers 01 to 10

## Exclusions

The above estimates exclude the following:

1. Supply of sanitary ware and chrome fittings. (Installation is included)
2. Personal computers and any other hardware forming part of the computer network active components.
3. Builder's work required.
4. Any internal designs and decorative covering or false ceiling that may be required to cover up these services.
6. Any other system or service not specified above.
7. Appliances for the Kitchen and Cafeteria.
8. There is no Contingency allowance in the above calculations.

We trust the above is in line with your requirements, and should you require any further clarifications, please do not hesitate to contact us.



Ing. Johan Aloisio  
Warrant No. 759

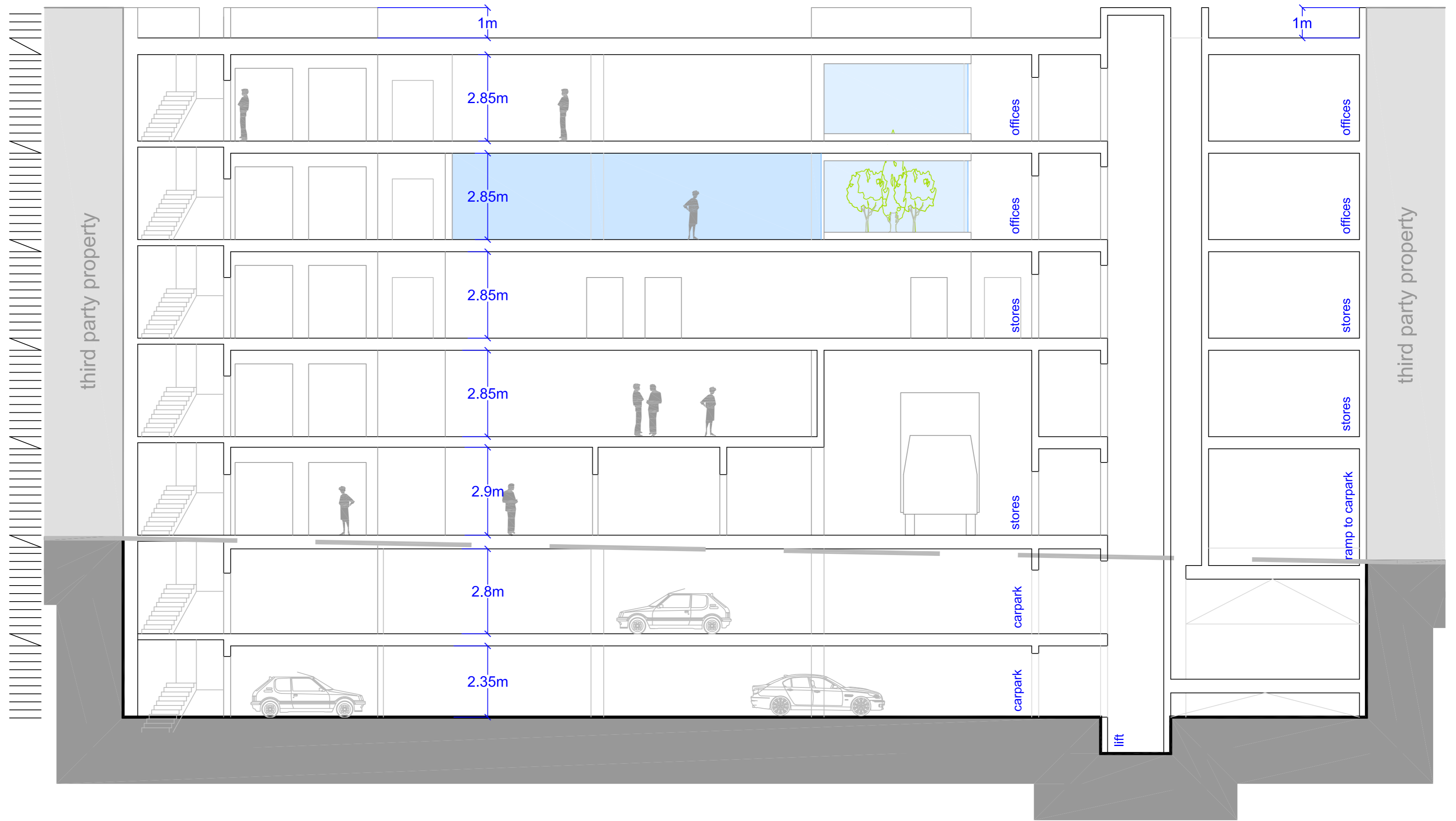
**ECL CONSULTING ENGINEERS**  
ING. JOHAN ALOISIO  
WARRANT NR: 759  
+354 9996 8828 E:JA@ECLCE.COM



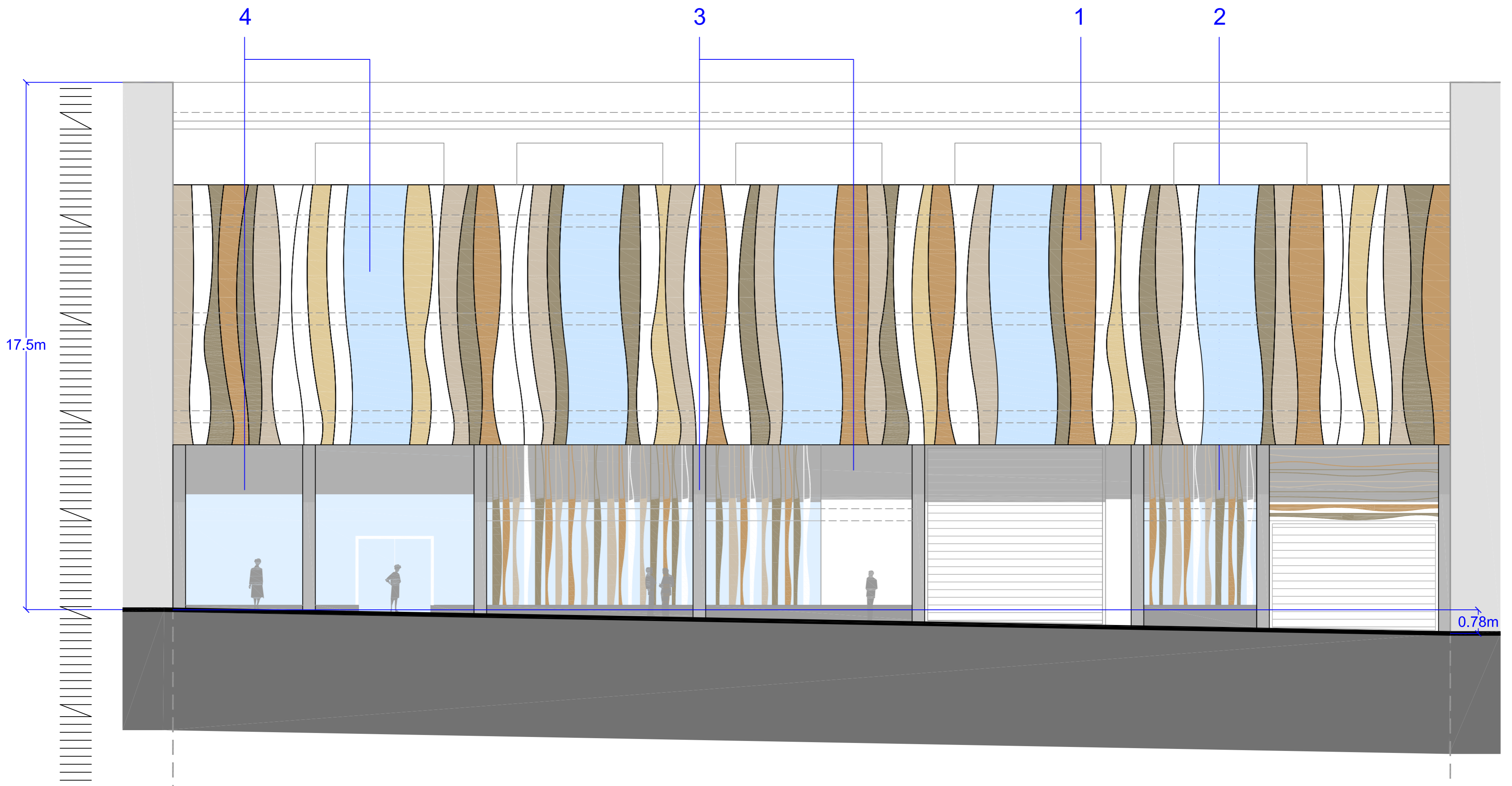
**Schedule 4**

Proposed plans submitted in the application

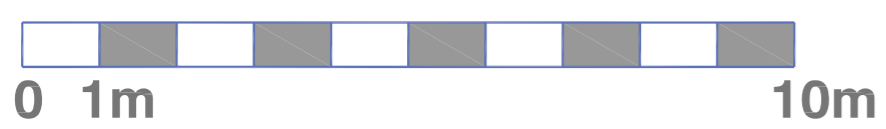
Section  
Mriehel  
construction of stores, offices and ancillary amenities



Front elevation



- Facade to be finished as shown where:
1. hard stone and marble cladding elements
  2. hard stone and marble louvers
  3. colored silicato
  4. glass curtain wall



**JBarchitects**  
architects+civil engineers

no. 10, triq In-naqqax  
mosta, malta  
mst 1673

m | +356 99 490 777  
t | +356 21 417 671  
f | +356 21 424 761

Info@jbarchitects.com.mt

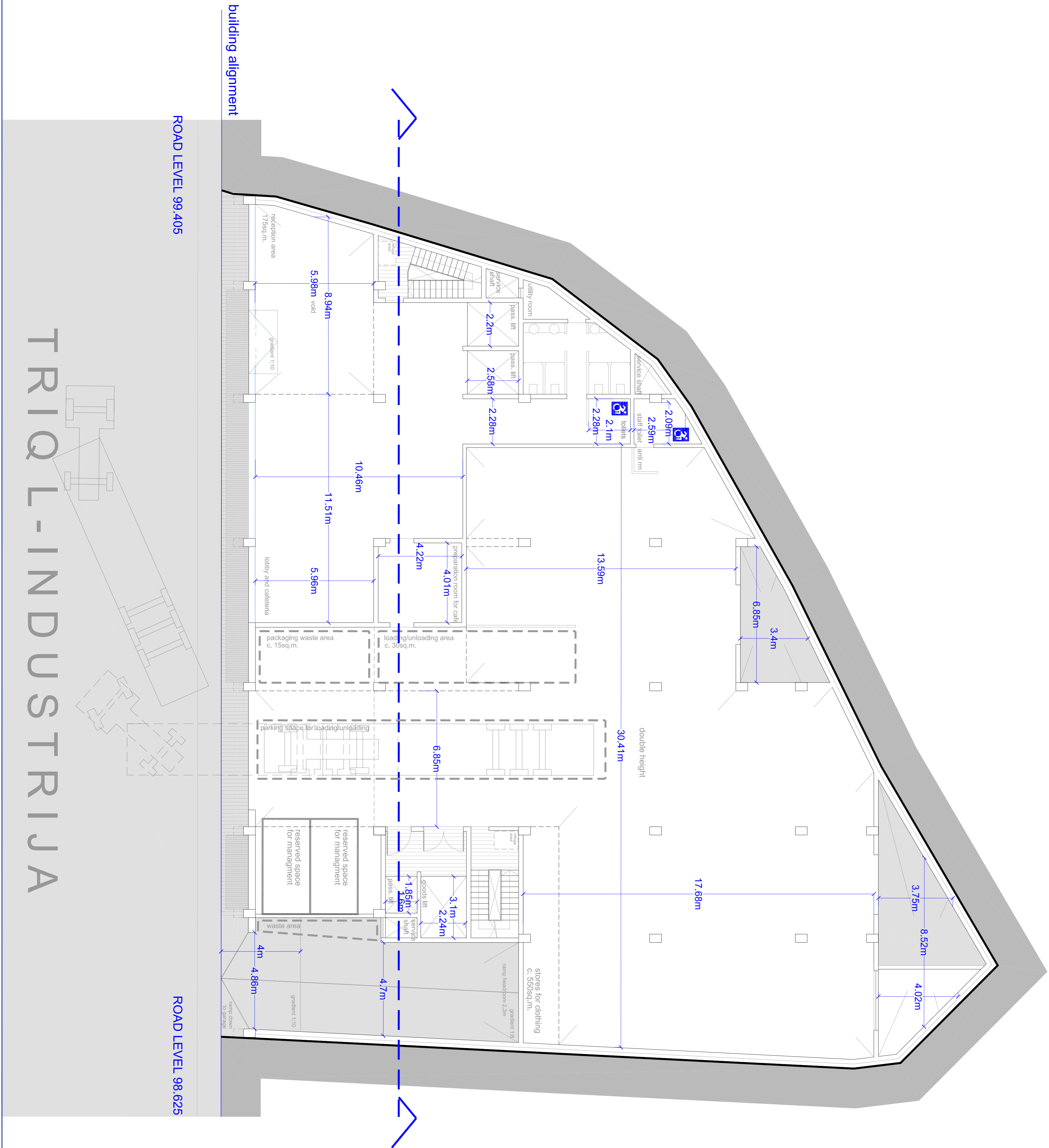
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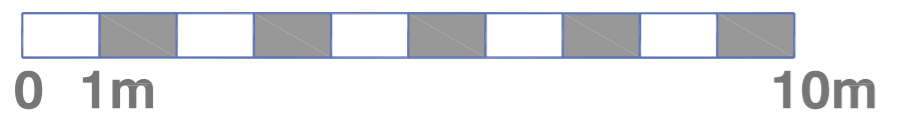
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<b>NOTES</b>	--
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level 0 stores / loading+unloading / reception  
**Mriehel** construction of stores, offices and ancillary amenities



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**JBarchitects**  
 architects+civil engineers  
 no. 10, triq In-naqqax  
 mosta, malta  
 mst 1673  
 m +356 99 490 777  
 t +356 21 417 671  
 f +356 21 424 761  
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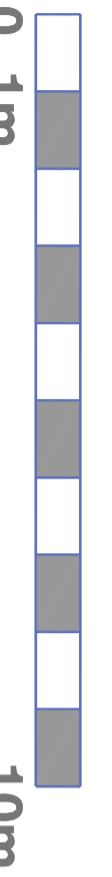
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**NOTES**

1

level 1 stores / reception loft  
**Mriehel** construction of stores, offices and ancillary amenities



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 architects+civil engineers  
 no. 10, triq In-naqqax  
 mosta, malta  
 mst 1673  
 m +356 99 490 777  
 t +356 21 417 671  
 f +356 21 424 761  
 info@jbarchitects.com.mt

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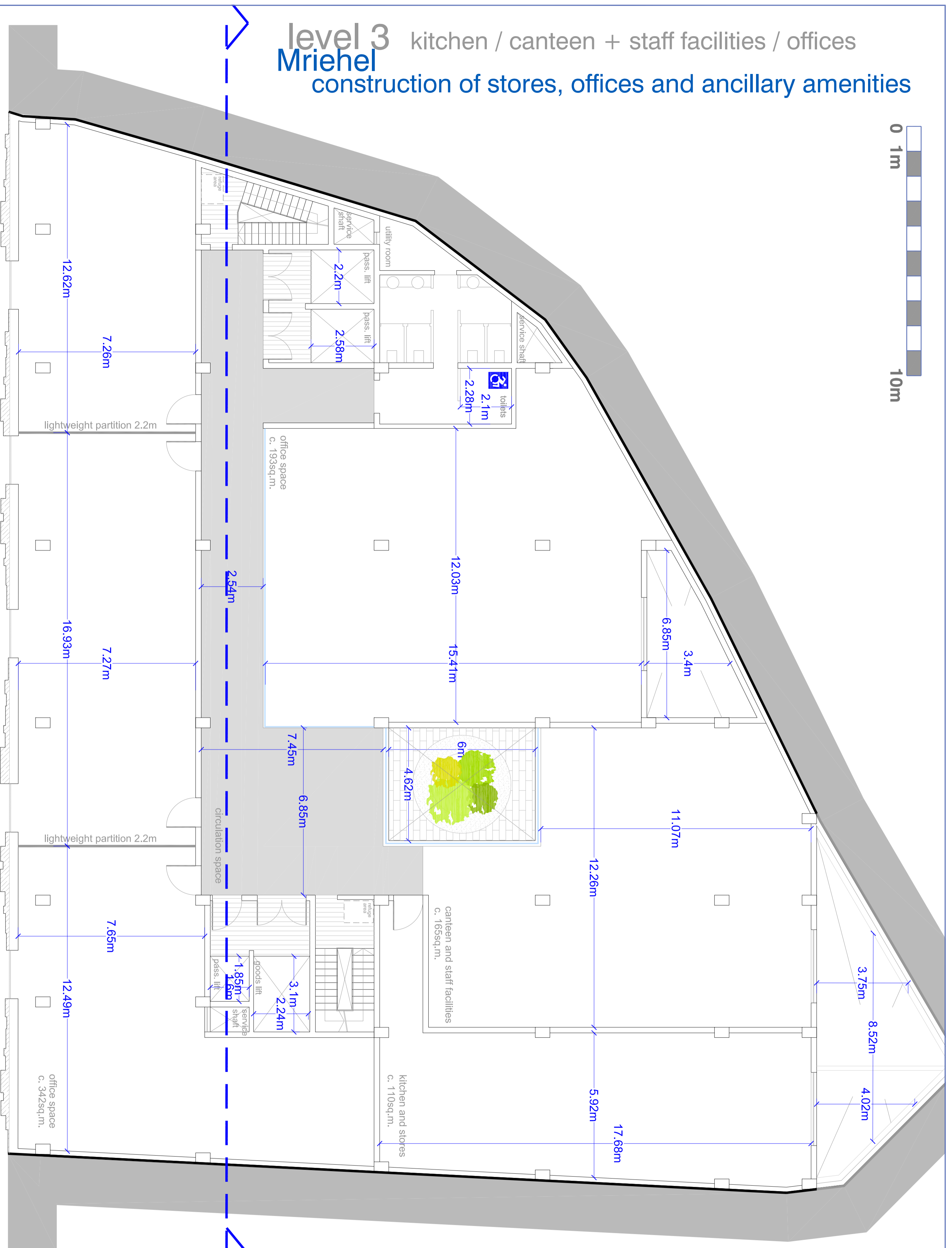
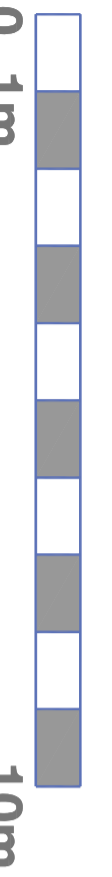
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level 3 kitchen / canteen + staff facilities / offices  
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 architects+civil engineers  
 no. 10, triq In-naqqax  
 mosta, malta  
 mst 1673  
 m +356 99 490 777  
 t +356 21 417 671  
 f +356 21 424 761  
 info@barchitects.com.mt

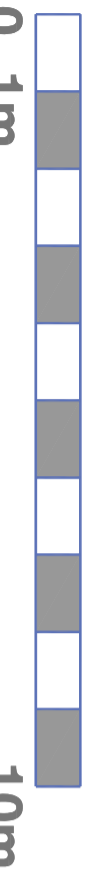
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level 4 recessed floor - offices  
**Mriehel** construction of stores, offices and ancillary amenities



**JBarchitects**  
 architects+civil engineers  
 no. 10, triq In-naqqax  
 mosta, malta  
 mst 1673  
 m | +356 99 490 777  
 t | +356 21 417 671  
 f | +356 21 424 761  
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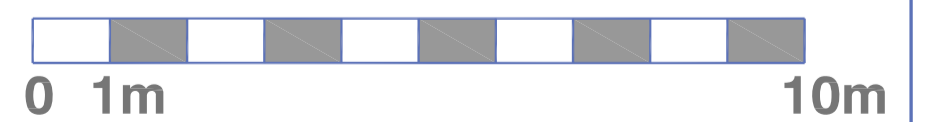
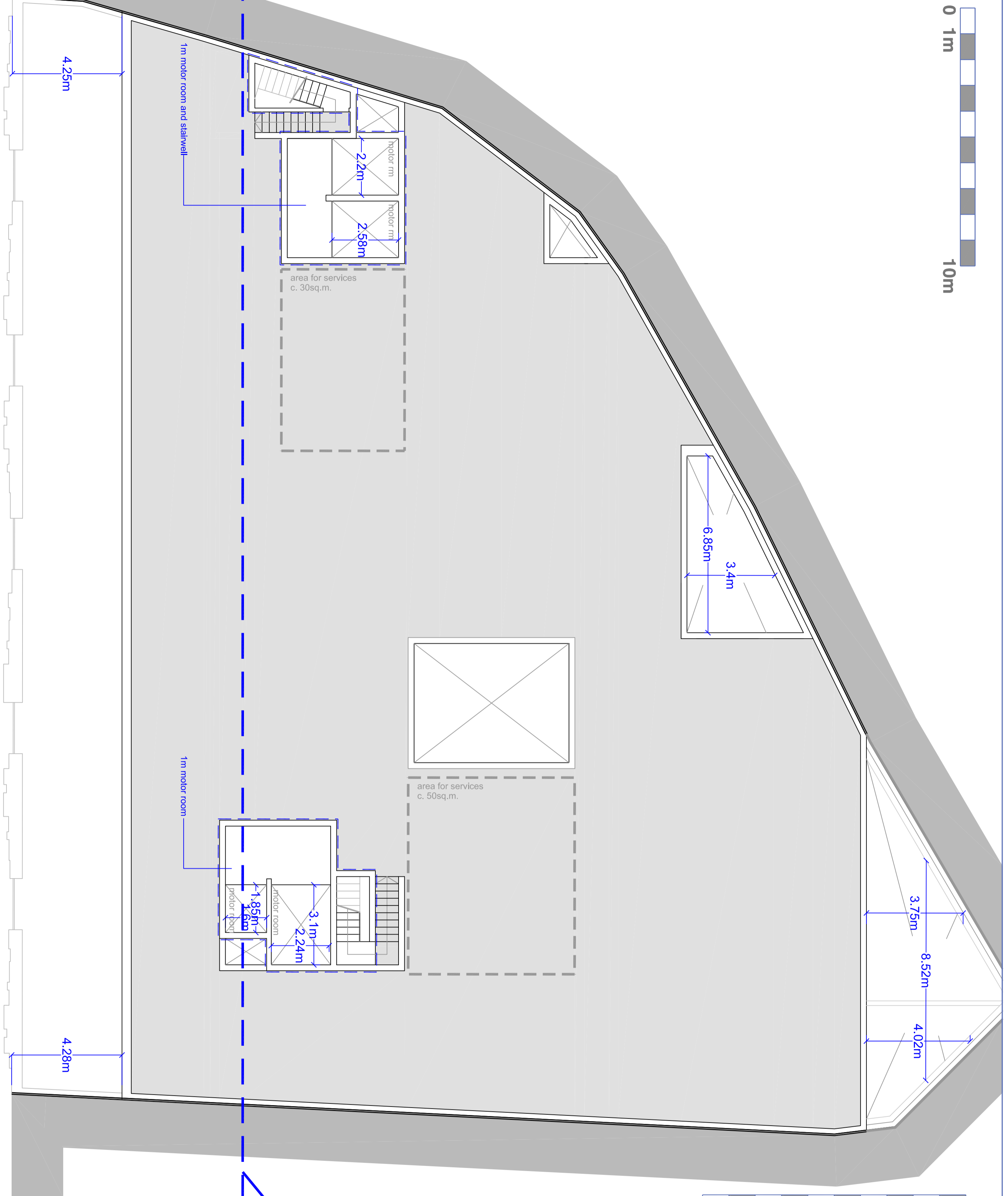
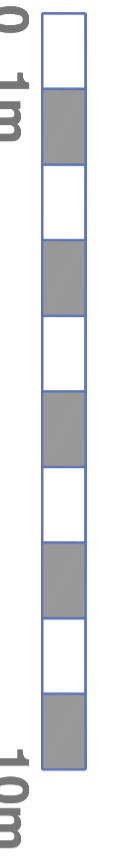
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Rev.	Date Description

<b>NOTES</b>	
<b>SECTION</b>	

level 5 roof level  
Mriehel

construction of stores, offices and ancillary amenities



**JBarchitects**  
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no. 10, triq In-naqqax  
mosta, malta  
mst 1673

m | +356 99 490 777  
t | +356 21 417 671  
f | +356 21 424 761

info@barchitects.com.mt

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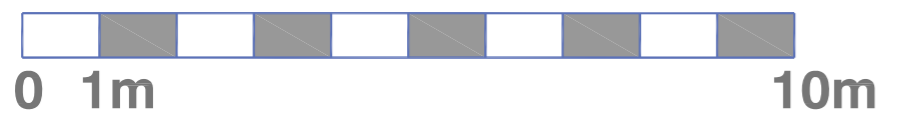
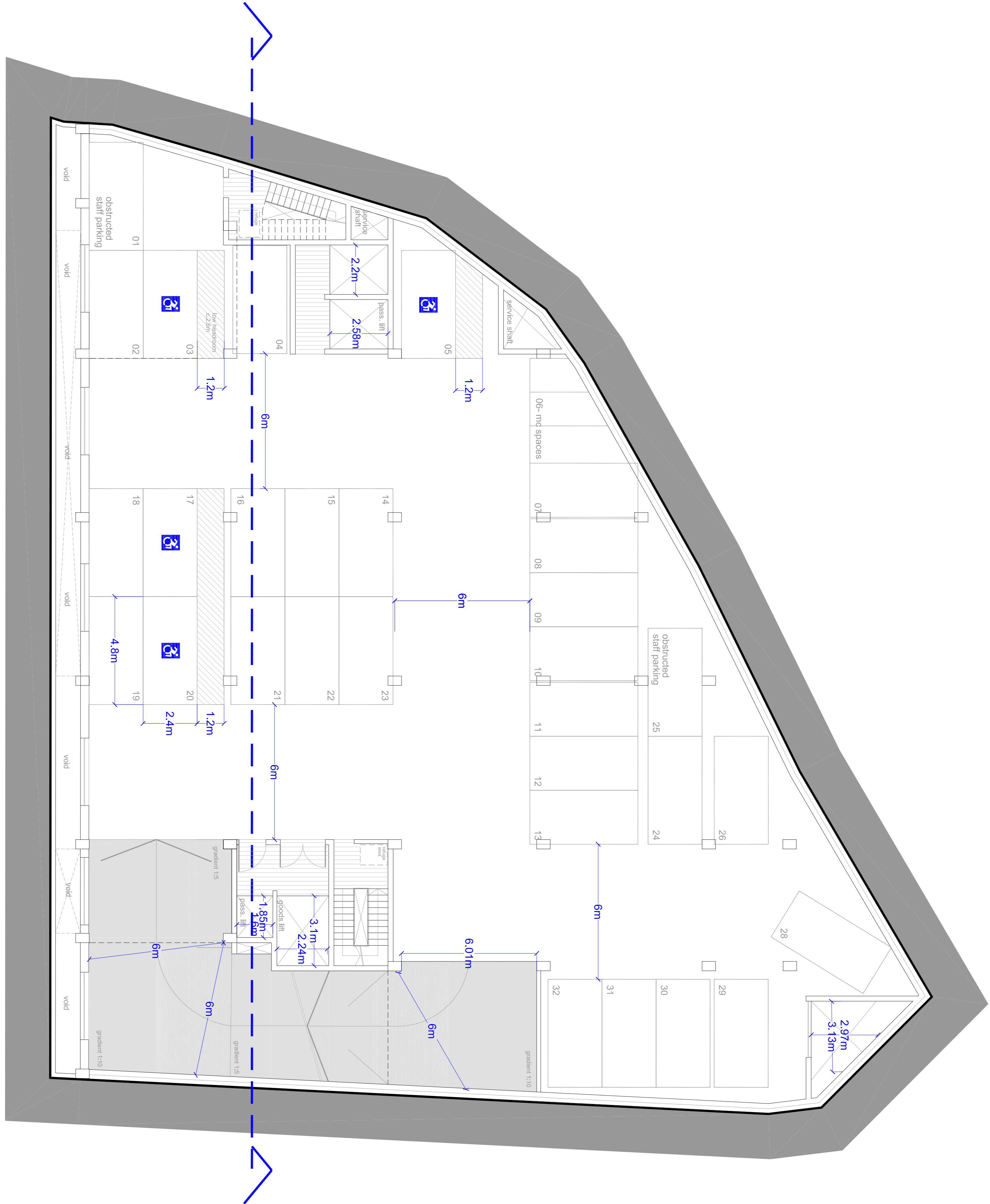
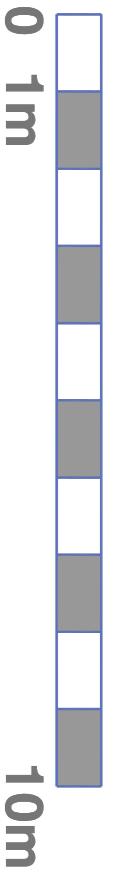
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# level -1 carpark

## Mriehel

### construction of stores, offices and ancillary amenities



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architects+civil engineers

no. 10, triq in-naqqax  
mosta, malta  
mst 1673

m +356 99 490 777  
t +356 21 417 671  
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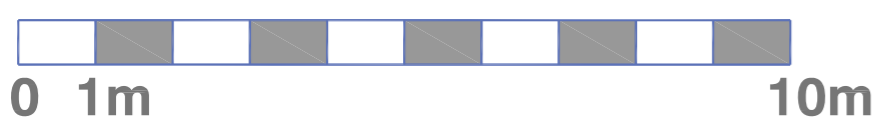
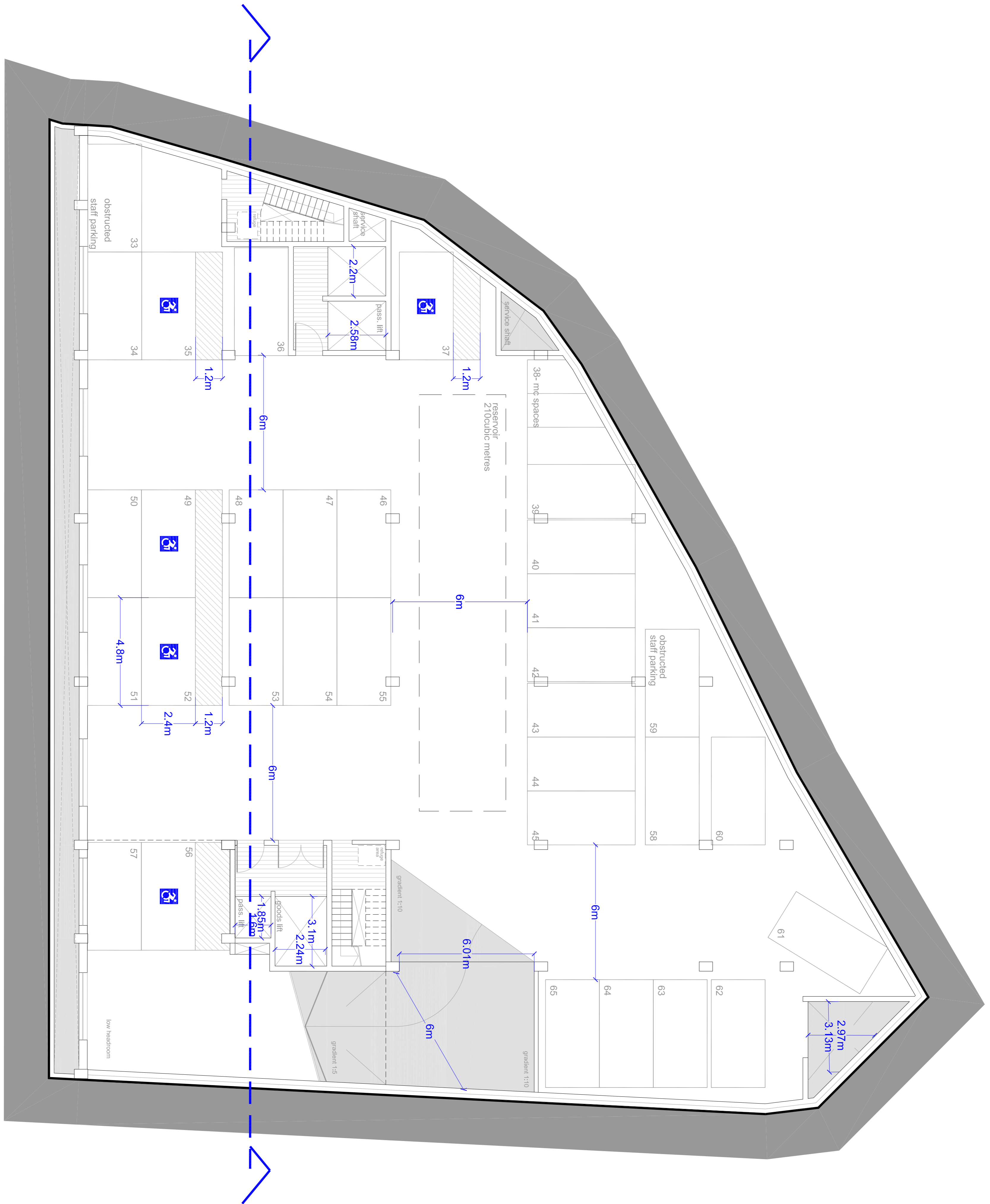
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**NOTES**

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level -2 carpark  
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 architects+civil engineers  
 no. 10, triq in-naqqax  
 mosta, malta  
 mst 1673  
 m +356 99 490 777  
 t +356 21 417 671  
 f +356 21 424 761  
 info@jbarchitects.com.mt

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<b>NOTES</b>	



# Securities Note

Dated 16<sup>th</sup> September 2016

This document is a Securities Note issued in accordance with the provisions of Chapter 4 of the Listing Rules published by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended by 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, Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015. This Securities Note is issued pursuant to the requirements of Listing Rule 4.14 of the Listing Rules and contains information about the Bonds being issued by Dizz Finance p.l.c. Application has been made for the admission to listing and trading of the Bonds on the Official List of the Malta Stock Exchange. This Securities Note should be read in conjunction with the most updated Registration Document issued from time to time containing information about the Issuer.

Securities Note in respect of an Issue of up to €8,000,000 5% Unsecured Bonds 2026 of a nominal value of €100 per Bond issued at par by

**Dizz Finance p.l.c.**

A public limited liability company registered under the laws of Malta with registration number C71189

with the joint and several Guarantee\* of

**Dizz Group of Companies Limited**

A private limited liability company registered under the laws of Malta with company registration number C64435

\*Prospective investors are to refer to the Guarantee contained in Annex III of this Securities Note for a description of the scope, nature and term of the Guarantee. Reference should also be made to the sections entitled "Risk Factors" contained in this Registration Document and this Securities Note for a discussion of certain risk factors which should be considered by prospective investors in connection with the Bonds and the Guarantee provided by Dizz Group of Companies Limited.

**Sponsor**



**Registrar & Manager**



**Legal Counsel**

**CAMILLERI PREZIOSI**  
ADVOCATES

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

**THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE 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 OF THE PROSPECTUS INCLUDING ANY LOSSES INCURRED BY INVESTING IN THESE SECURITIES.**

**A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY LISTED FINANCIAL INSTRUMENTS. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE SECURITIES OF AN ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT FINANCIAL ADVISOR.**

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# Important Information

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THIS SECURITIES NOTE CONTAINS INFORMATION ON AN ISSUE BY DIZZ FINANCE PLC (THE “ISSUER”) OF A MAXIMUM OF €8,000,000 UNSECURED BONDS 2026 OF A NOMINAL VALUE OF €100, ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF 5% PER ANNUM, PAYABLE ANNUALLY ON 7<sup>TH</sup> OCTOBER OF EACH YEAR. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON 7<sup>TH</sup> OCTOBER 2026. THE ISSUER SHALL REDEEM THE BONDS ON THE REDEMPTION DATE.

THIS SECURITIES NOTE CONTAINS INFORMATION ABOUT THE ISSUER, THE GUARANTOR AND THE BONDS IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES, THE ACT AND THE REGULATION, AND SHOULD BE READ IN CONJUNCTION WITH THE REGISTRATION DOCUMENT ISSUED BY THE ISSUER.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER OR ITS DIRECTORS TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SALE OF BONDS OF THE ISSUER OTHER THAN THOSE CONTAINED IN THE PROSPECTUS AND IN THE DOCUMENTS REFERRED TO HEREIN, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER OR ITS DIRECTORS OR ADVISORS.

**THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS. THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED OR IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO; OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION.**

IT IS THE RESPONSIBILITY OF ANY PERSONS IN POSSESSION OF THIS DOCUMENT AND ANY PERSONS WISHING TO APPLY FOR ANY BONDS ISSUED BY THE ISSUER TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE APPLICANTS FOR ANY SECURITIES THAT MAY BE ISSUED BY THE ISSUER SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF APPLYING FOR ANY SUCH BONDS AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRY OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

SAVE FOR THE ISSUE IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE BONDS OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (OTHER THAN MALTA) WHICH HAS IMPLEMENTED 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 OR WHICH, PENDING SUCH IMPLEMENTATION, APPLIES ARTICLE 3.2 OF SAID DIRECTIVE, THE BONDS CAN ONLY BE OFFERED TO “QUALIFIED INVESTORS” (AS DEFINED IN SAID DIRECTIVE) AS WELL AS IN ANY OTHER CIRCUMSTANCES WHICH DO NOT REQUIRE THE PUBLICATION BY THE ISSUER OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF SAID DIRECTIVE.

THE BONDS HAVE NOT BEEN NOR WILL THEY BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT, 1933, AS AMENDED, OR UNDER ANY FEDERAL OR STATE SECURITIES LAW AND MAY NOT BE OFFERED, SOLD OR

OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OF AMERICA, ITS TERRITORIES OR POSSESSIONS, OR ANY AREA SUBJECT TO ITS JURISDICTION (THE "U.S.") OR TO OR FOR THE BENEFIT OF, DIRECTLY OR INDIRECTLY, ANY U.S. PERSON (AS DEFINED IN REGULATION "S" OF THE SAID ACT). FURTHERMORE THE ISSUER WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT, 1940 AS AMENDED AND INVESTORS WILL NOT BE ENTITLED TO THE BENEFITS SET OUT THEREIN.

A COPY OF THIS DOCUMENT HAS BEEN SUBMITTED TO THE LISTING AUTHORITY IN SATISFACTION OF THE LISTING RULES, THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES IN ACCORDANCE WITH THE ACT. STATEMENTS MADE IN THE PROSPECTUS ARE, EXCEPT WHERE OTHERWISE STATED, BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THEREIN.

THE CONTENTS OF THE ISSUER'S OR THE GUARANTOR'S WEBSITE OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER'S OR THE GUARANTOR'S WEBSITE DO NOT FORM PART OF THE PROSPECTUS. ACCORDINGLY NO RELIANCE OUGHT TO BE MADE BY ANY INVESTOR ON ANY INFORMATION OR OTHER DATA CONTAINED IN SUCH WEBSITES AS THE BASIS FOR A DECISION TO INVEST IN THE BONDS.

ALL THE ADVISORS TO THE ISSUER AND THE GUARANTOR NAMED IN THE PROSPECTUS UNDER THE HEADING "ADVISORS" UNDER SECTION 3 OF THE REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND THE GUARANTOR IN RELATION TO THIS ISSUE AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL UPON MATURITY. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS.



# 01. Definitions

Words and expressions and capitalised terms used in this Securities Note shall, except where the context otherwise requires and except where otherwise defined herein, bear the same meaning as the meaning given to such words, expressed and capitalised terms as indicated in the Registration Document forming part of the Prospectus. Additionally, the following words and expressions as used in this Securities Note shall bear the following meanings whenever such words and expressions are used in their capitalised form, except where the context otherwise requires:

Act	the Companies Act (Cap.386 of the laws of Malta);
Applicant/s	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
Application/s	the application to subscribe for Bonds made by an Applicant/s by completing an Application Form and delivering same to any of the Authorised Financial Intermediaries;
Application Form	the form of application of subscription for Bonds, a specimen of which is contained in Annex II of this Securities Note;
Authorised Financial Intermediaries	the licensed stockbrokers and financial intermediaries listed in Annex I of this Securities Note;
Bond(s)	a maximum of €8,000,000 unsecured bonds of a face value of €100 per bond bearing interest at the rate of 5% per annum and redeemable on the Redemption Date at their nominal value;
Bondholder	a holder of Bonds;
Bond Issue	the issue of the Bonds;
Bond Issue Price	the price of €100 per Bond;
Business Day	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
CSD	the Central Securities Depository of the Malta Stock Exchange, having its address at Garrison Chapel, Castille Place, Valletta, VLT 1063, Malta;
Dizz Group or Group	the Parent and its Subsidiaries. For the avoidance of doubt, any reference in this Securities Note to the Group shall include both the Issuer and the Guarantor;
Euro or €	the lawful currency of the Republic of Malta;
Exchange, Malta Stock Exchange or MSE	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Cap.345 of the laws of Malta), having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, and bearing company registration number C 42525;
Guarantee	The joint and several suretyship of the Guarantor undertaking to effect payment of interest and capital repayments of any amount due by the Issuer to any Bondholder and which remain unpaid by the Issuer after 60 days of the due date for payment thereof. A copy of the Guarantee and a description of the nature, scope and terms of the Guarantee are appended to the Securities Note as Annex III thereof;

Guarantor or Parent	Dizz Group of Companies Limited, a company registered under the laws of Malta with company registration number C 64435 and having its registered office at Dizz Buildings, Triq Il-Harruba, Santa Venera, Malta;
Hub	the property in Triq L-Industria, Imriehel to be constructed and developed by the Issuer, for the purpose of consolidating the Group's critical operations comprising the management and administration division; the procurement and storage division; a new clothing finishing section and a professional kitchen;
Interest Payment Date	7 <sup>th</sup> October of each year between and including each of the years 2017 and the year 2026, provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day;
Issue Date	expected on 14 <sup>th</sup> October 2016;
Issuer or Dizz Finance	Dizz Finance p.l.c., a company registered under the laws of Malta with company registration number C 71189 and having its registered office at Dizz Buildings, Triq Il-Harruba, Santa Venera, Malta;
Listing Authority	the MFSA, appointed as Listing Authority for the purposes of the Financial Markets Act (Cap.345 of the laws of Malta) by virtue of Legal Notice 1 of 2003;
Listing Rules	the listing rules of the Listing Authority;
Official List	the list prepared and published by the MSE as its official list in accordance with the MSE Bye-Laws;
Prospectus	collectively the Registration Document, Summary Note and this Securities Note (each as defined in this Securities Note);
Redemption Date	7 <sup>th</sup> October 2026;
Redemption Value	the nominal value of each Bond (€100 per Bond);
Registration Document	the registration document issued by the Issuer dated 16 <sup>th</sup> September 2016, forming part of the Prospectus;
Regulation	2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus and dissemination of advertisements, as amended by: Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 amending Regulation (EC) No. 809/2004 as regards information on the consent to use of the prospectus, information on underlying indexes and the requirement for a report prepared by independent accountants or auditors; Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for

	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive convertible and exchangeable debt securities; Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of supplements to the prospectus; and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of the prospectus and dissemination of advertisements;
Securities Note	this document in its entirety;
Sponsor	Financial Planning Services Limited, an authorised financial intermediary licensed by the MFSA and a member of the MSE;
Subsidiary	<p>each of the following direct or indirect subsidiaries of the Guarantor: -</p> <ul style="list-style-type: none"> <li>i. The Issuer;</li> <li>ii. Dizz Limited (C26823) (incorporated under the laws of Malta);</li> <li>iii. Dizz Manufacturing Limited (C62693) (incorporated under the laws of Malta);</li> <li>iv. DK Fashion Limited (C47296) (incorporated under the laws of Malta);</li> <li>v. DKV &amp; Co. Limited (C70942) (incorporated under the laws of Malta);</li> <li>vi. D3 Fashion Limited (C70701) (incorporated under the laws of Malta);</li> <li>vii. D'S Limited (C33852) (incorporated under the laws of Malta);</li> <li>viii. DKM Limited (C58478) (incorporated under the laws of Malta);</li> <li>ix. DVA Limited (C57473) (incorporated under the laws of Malta);</li> <li>x. DAL Café Ltd (C72704) (incorporated under the laws of Malta);</li> <li>xi. Dizz Franchises Ltd (C72974) (incorporated under the laws of Malta);</li> <li>xii. Dizz Labs Ltd (C74298) (incorporated under the laws of Malta);</li> <li>xiii. DIJV Ltd (C73960) (incorporated under the laws of Malta);</li> <li>xiv. DK G Limited (C75176) (incorporated under the laws of Malta); and</li> <li>xv. DK Max Limited (C75168) (incorporated under the laws of Malta),</li> </ul> <p>and the term 'Subsidiaries' shall collectively refer to the said companies;</p>
Summary Note	the summary note issued by the Issuer dated 16 <sup>th</sup> September 2016, forming part of the Prospectus;
Terms and Conditions	the terms and conditions of the Bond Issue, including the terms contained in this Securities Note.

## 02. Risk Factors

### 2.1 General

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THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL UPON MATURITY ON THE REDEMPTION DATE UNLESS THE BONDS ARE PREVIOUSLY RE-PURCHASED AND CANCELLED. THE ISSUER SHALL REDEEM THE BONDS ON THE REDEMPTION DATE FALLING IN 2026.

AN INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS INCLUDING THOSE DESCRIBED BELOW. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER, WITH THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS. THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS NOT INTENDED TO BE INDICATIVE OF ANY ORDER OF PRIORITY OR OF THE EXTENT OF THEIR CONSEQUENCES. NEITHER THIS SECURITIES NOTE, NOR ANY OTHER PARTS OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE BONDS: (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION OR (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER OR THE SPONSOR OR AUTHORISED FINANCIAL INTERMEDIARIES THAT ANY RECIPIENT OF THIS SECURITIES NOTE OR ANY OTHER PART OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS OR ANY BONDS, SHOULD PURCHASE ANY BONDS.

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

### 2.2 Forward Looking Statements

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

### 2.3 Suitability of Investment

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An investment in the Bonds may not be suitable for all recipients of the Prospectus, and prospective investors are urged to consult an independent investment advisor licensed under the Investment Services Act (Cap 370 of the laws of Malta) as to the suitability or otherwise of an investment in the Bonds before making an investment decision. In particular, such advice should be sought with a view to ascertaining that each prospective investor:

- a. has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in the Prospectus or any applicable supplement;
- b. has sufficient financial resources and liquidity to bear all the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the prospective investor’s currency;
- c. understands thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- d. is able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

## 2.4 Risks Relating to the Bonds

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An investment in the Bonds involves certain risks including, but not limited to, those described below:

- Prior to the Bond Issue, there has been no public market nor trading record for the Bonds within or outside Malta. Due to the absence of any prior market for the Bonds, there can be no assurance that the Bond Issue Price will correspond to the price at which the Bonds will trade in the market subsequent to the Bond Issue.
- The existence of an orderly and liquid market for the Bonds depends on a number of factors, including but not limited to the presence of willing buyers and sellers of the Issuer's Bonds at any given time and the general economic conditions in the market in which the Bonds are traded. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market, over which the Issuer has no control. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to sell or otherwise trade in the Bonds at or above the Bond Issue Price or at all.
- An investment in the Issuer may not be suitable for all recipients of this Prospectus and investors are urged to consult a licensed stockbroker or investment advisor licensed under the Investment Services Act (Cap. 370 of the laws of Malta) as to the suitability or otherwise of an investment in any of the Bonds before making an investment decision. An informed investment decision can only be made by investors after they have read and fully understood the risk factors associated with an investment in the Bonds and the inherent risks associated with the Issuer's business. In the event that an investor in the Bonds does not seek professional advice and/or does not read and fully understand the provisions of this Prospectus, there is a risk that such investor may acquire an investment which is not suitable for his or her profile.
- The Issuer is entitled to issue Bonds bearing a fixed rate of interest. Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. Investors should also be aware that the price of fixed rate Bonds moves adversely to changes in interest rates. When prevailing market interest rates are rising, the price of fixed rate Bonds decline. Conversely, if market interest rates are declining, the price of fixed rate Bonds rises. This is referred to as market risk since it arises only if a Bondholder decides to sell the Bonds before maturity on the secondary market.
- A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference, if different.
- No prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time.
- The Issuer may incur further borrowing or indebtedness and may create or permit to subsist other security interests upon the whole or any part of its present or future undertakings, assets, or revenues (including uncalled capital).
- The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer, guaranteed by the Guarantor, and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured obligations of each of the Issuer and the Guarantor. The Bonds will, however, rank subordinate to the present and future secured creditors of the Issuer and the Guarantor. Furthermore, subject to the negative pledge clause (section 5.7 of this Securities Note), third party security interests may be registered which will rank

in priority to the Bonds against the assets of the Issuer and of the Guarantor, as the case may be, for so long as such security interests remain in effect. In essence, this means that for so long as the Issuer may have secured, privileged or other higher-ranking creditors, in the event of insolvency of the Issuer the Bondholders would rank after such creditors but equally between themselves and with other unsecured creditors (if any) of the Issuer.

- Repayment of interest and capital on the Bonds is being guaranteed by the Guarantor, and therefore Bondholders are entitled to request the Guarantor to pay the full amounts due under the Bonds if the Issuer fails to meet any amount, when due. The strength of this undertaking on the part of the Guarantor and, therefore, the level of recoverability by the Bondholders from the Guarantor of any amounts due under any of the Bonds, is dependent upon and directly linked to, the financial position and solvency of the Guarantor, and in the case of insolvency of the Guarantor, such level of recoverability is further dependent upon the existence or otherwise of any prior ranking claims over the assets of the Guarantor.

- In the event that the Issuer wishes to amend any of the Terms and Conditions of Issue of the Bonds it shall call a meeting of Bondholders in accordance with the provisions of section 5.13 of this Securities Note. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority. Furthermore, the Guarantor has the power to veto any changes to the Terms and Conditions of the Bonds which are issued with the benefit of its Guarantee. Were the Guarantor to exercise such right of veto, any proposed amendments to the Terms and Conditions of the Bonds would not be put into effect.

- The Terms and Conditions of this Bond Issue are based on the requirements of the Listing Rules of the Listing Authority, the Companies Act and the Commission Regulation EC No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council in effect as at the date of the Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice after the date of the Prospectus.

- Even after the Bonds are admitted to trading on the MSE, the Issuer is required to remain in compliance with certain requirements relating to *inter alia* the free transferability, clearance, and settlement of the Bonds in order to remain a listed company in good standing. Moreover, the Listing Authority has the power to suspend trading or listing of the Bonds if, *inter alia*, it comes to believe that such a suspension is required for the protection of investors or the integrity or reputation of the market. The Listing Authority may discontinue the listing of the Bonds on the MSE. Any such trading suspensions or listing revocations/discontinuations described above could have a material adverse effect on the liquidity and value of the Bonds.

- The Issuer has not sought, nor does it intend to seek, the credit of an independent rating agency and there has been no assessment by any independent rating agency of the Bonds.

## 03. Persons Responsible

This document includes information given in compliance with the Listing Rules for the purpose of providing prospective investors with information with regard to the Issuer. All of the Directors of the Issuer, whose names appear under the sub-heading “Directors” under the heading ‘Identity of Directors, Senior Management, Advisors and Auditors’ in Section 3 of the Registration Document, accept responsibility for the information contained in this Securities Note. To the best of the knowledge and belief of the Directors of the Issuer, who have taken all reasonable care to ensure that such is the case, the information contained in this Securities Note is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors of the Issuer accept responsibility accordingly.

### 3.1 Consent for Use of Prospectus

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Consent required in connection with the use of the Prospectus by the Authorised Financial Intermediaries:

For the purposes of any subscription for Bonds through any of the Authorised Financial Intermediaries in terms of this Securities Note and any subsequent resale, placement or other offering of Bonds by such Authorised Financial Intermediaries in circumstances where there is no exemption from the requirement to publish a prospectus under the Prospectus Directive, the Issuer consents to the use of this Prospectus (and accepts responsibility for the information contained therein) with respect to any such subsequent resale or placement or other offering of Bonds, provided this is limited only:

- (i) in respect of Bonds subscribed for through Authorised Financial Intermediaries listed in Annex I of this Securities Note during the Issue Period;
- (ii) to any resale or placement of Bonds subscribed for as aforesaid, taking place in Malta;
- (iii) to any resale or placement of Bonds subscribed for as aforesaid, taking place within the period of 60 days from the date of the Prospectus.

Neither the Issuer nor the Sponsor has any responsibility for any of the actions of any Authorised Financial Intermediary, including their compliance with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to a resale or placement of Bonds.

Other than as set out above, neither the Issuer nor the Sponsor has authorised (nor do they authorise or consent to the use of this Prospectus in connection with) the making of any public offer of the Bonds by any person in any circumstances. Any such unauthorised offers are not made on behalf of the Issuer or the Sponsor and neither the Issuer nor the Sponsor has any responsibility or liability for the actions of any person making such offers.

Investors should enquire whether an intermediary is considered to be an Authorised Financial Intermediary in terms of the Prospectus. If the investor is in doubt as to whether it can rely on the Prospectus and/or who is responsible for its contents, it should obtain legal advice.

No person has been authorised to give any information or to make any representation not contained in or inconsistent with this Prospectus. If given or made, it must not be relied upon as having been authorised by the Issuer or Sponsor. The Issuer does not accept responsibility for any information not contained in this Prospectus.

**In the event of a resale, placement or other offering of Bonds by an Authorised Financial Intermediary, the Authorised Financial Intermediary shall be responsible to provide information to investors on the terms and conditions of the resale, placement or other offering at the time such is made.**

Any resale, placement or other offering of Bonds to an investor by an Authorised Financial Intermediary will be made in accordance with any terms and other arrangements in place between such Authorised Financial Intermediary and such investor including as to price, allocations and settlement arrangements. Where such information is not contained in the Prospectus, it will be the responsibility of the applicable Authorised Financial Intermediary at the time of such resale, placement or other offering to provide the investor with that information and neither the Issuer nor the Sponsor has any responsibility or liability for such information.

**Any Authorised Financial Intermediary using this Prospectus in connection with a resale, placement or other offering of Bonds subsequent to the Bond Issue shall, limitedly for the period of 60 days from the date of the Prospectus, publish on its website a notice to the effect that it is using this Prospectus for such resale, placement or other offering in accordance with the consent of the Issuer and the conditions attached thereto. The consent provided herein shall no longer apply following the lapse of such period.**

Any new information with respect to Authorised Financial Intermediaries unknown at the time of the approval of this Securities Note will be made available through a company announcement which will also be made available on the Issuer's website: <http://www.dizz.com.mt>.



## 04. Essential Information

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### 4.1 Reasons for the Issue and Use of Proceeds

The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €7,700,000, will be used by the Issuer for the following purposes, in the amounts and order of priority set out below:

(i) a maximum amount of circa €2,900,000 of the net Bond Issue proceeds will be advanced by the Issuer to the respective Group companies to: settle outstanding payments on the acquisition of the Guess, 7 Camicie and Brooks Brothers brands; the refurbishment and roll-out of the Max & Co and Elisabetta Franchi outlets and the Terranova megastore in Iklin; and to acquire new franchises and to purchase the inventories and equipment pertaining thereto, negotiations in respect of which are, as at the date of this Prospectus, in their final stages. Further information in this respect may be found in sections 4.1.3 (Investment Objective) and 4.2.2 (Business Overview of the Dizz Group) of the Registration Document;

(ii) a maximum amount of circa €2,300,000 of the net Bond Issue proceeds will be advanced by the Issuer to the respective Group companies to reduce the bank indebtedness of the Group through the refinancing of certain outstanding loans and bank overdraft and general banking facilities referred to in the table set out in section 5.2 (Ranking of the Bonds) below under the headings 'Loans' and 'Overdrafts and General Banking Facilities'; and

(iii) the remaining balance of the net Bond Issue proceeds, amounting to approximately €2,500,000, will be applied by the Issuer to the following two uses, in the following order of priority:

a. a maximum amount of circa €1,200,000 of the remaining balance of net Bond Issue proceeds will be advanced by the Issuer to Dizz Manufacturing Limited for the purpose of part funding the construction and development of the Hub. Further information on the Hub development may be found in section 4.2.2 (Business Overview of the Dizz Group) of the Registration Document; and

b. a maximum amount of circa €1,300,000 of the remaining balance of net Bond Issue proceeds will be advanced by the Issuer to the respective Group companies for general corporate funding purposes.

In the event that the Bond Issue is not fully subscribed, the Issuer will proceed with the listing of the amount of Bonds subscribed for, provided that in the event that the amount of Bonds subscribed for does not exceed the amount specified in para (i) above, the Issuer reserves the right not to proceed with the Issue of the Bonds, and all Applicants shall be refunded accordingly (at zero interest).

In the event that the uses specified in this section 4.1 require funding in addition to that which shall be raised through the Bond Issue these shall be financed from the Group's operating cash flows. With particular reference to the use of proceeds identified in para (iii)(a) above, the cost of the development of the Hub shall be funded in part by Bond Issue proceeds as aforesaid and in part (estimated at €2,460,000) by the Group's cash flows as and when necessary.

### 4.2 Reasons for the Issue and Use of Proceeds

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Professional fees, and costs related to publicity, advertising, printing, listing, registration, Sponsor, management, Registrar fees, selling commission, and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €300,000. There is no particular order of priority with respect to such expenses.

## 4.3 Issue Statistics

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Amount:	€8,000,000;
Form:	The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at CSD;
Denomination:	Euro (€);
ISIN:	MT0001201202;
Minimum amount per subscription:	Minimum of €3,000 and multiples of €1,000 thereafter;
Redemption Date:	7 <sup>th</sup> October 2026;
Plan of Distribution:	The Bonds are open for subscription by all categories of investors;
Bond Issue Price:	At par (€100 per Bond);
Status of the Bonds:	The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer, guaranteed by the Guarantor, and shall at all times rank <i>pari passu</i> , without any priority or preference among themselves and with other unsecured debt of each of the Issuer and the Guarantor, if any;
Listing:	Application has been made to the Listing Authority for the admissibility of the Bonds to listing and to the MSE for the Bonds to be listed and traded on its Official List;
Application Forms available:	20 <sup>th</sup> September 2016;
Private Placing Agreements :	The Issuer has entered into a conditional private placing agreement with Financial Planning Services Limited dated 1 <sup>st</sup> September 2016 whereby a maximum amount of €1.6 million in value of Bonds has been made available for subscription by Financial Planning Services Limited. The Issuer reserves the right to enter into additional private placing agreements between the date of this Prospectus and the Private Placing Date (26 <sup>th</sup> September 2016);
Issue Period:	28 <sup>th</sup> September 2016 to 30 <sup>th</sup> September 2016, both days included;
Interest:	5% per annum;
Interest Payment Date(s):	Annually on 7 <sup>th</sup> October as from 7 <sup>th</sup> October 2017 (the first interest payment date);
Governing Law of Bonds:	The Bonds are governed by and shall be construed in accordance with Maltese law;
Jurisdiction:	The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds.

## 4.4 Interest of Natural and Legal Persons Involved in the Issue

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Save for the possible subscription for Bonds by Authorised Financial Intermediaries (which includes Financial Planning Services Limited), and any fees payable in connection with the Bond Issue to Financial Planning Services Limited as Sponsor, so far as the Issuer is aware no person involved in the Issue has an interest material to the Issue.

## 05. Information Concerning The Securities to be Issued and Admitted to Trading

### 5.1 General

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- 5.1.1 Each Bond forms part of a duly authorised issue of 5% unsecured Bonds 2026 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €8,000,000 (except as otherwise provided under clause 5.12 “Further Issues”).
- 5.1.2 The currency of the Bonds is Euro (€).
- 5.1.3 Subject to admission to listing of the Bonds to the Official List of the MSE, the Bonds are expected to be assigned ISIN MT0001201202.
- 5.1.4 All outstanding Bonds not previously purchased and cancelled shall be redeemed by the Issuer at par on the Redemption Date.
- 5.1.5 The issue of the Bonds is made in accordance with the requirements of the Listing Rules, the Act, and the Regulation.
- 5.1.6 The Issue Period of the Bonds is between 28<sup>th</sup> September 2016 and 30<sup>th</sup> September 2016, both days included.
- 5.1.7 The Bond Issue is not underwritten.

### 5.2 Ranking of the Bonds

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The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer, guaranteed by the Guarantor, and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt of each of the Issuer and the Guarantor, if any. Furthermore, subject to the negative pledge clause (Section 5.7 of this Securities Note), third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect. As at the date of this Securities Note, the Issuer does not have any subordinated indebtedness.

The following table sets out a summary of Group indebtedness as at 30 June 2016, and includes details of security given in respect of guarantees, overdraft facilities, bank loans and other borrowings from related companies. The bank borrowings and facilities listed below are secured by privileges and hypothecs, and therefore, to the extent that such borrowings and/or facilities remain outstanding, the indebtedness being created by the Bonds would, specifically in respect of the assets constituting the said security, rank after all these borrowings and/or facilities. In addition, the Bonds would also rank after any future debts which may be secured by a cause of preference such as a privilege and/or a hypothec, in so far as the asset constituting the relevant security is concerned.

The loan facilities and bank overdrafts and general banking facilities forming part of the Group indebtedness set out in the table below (marked as “Loans” and “Overdrafts and General Banking Facilities”) shall be repaid out of part of the net proceeds of the Bond Issue. Save where indicated otherwise given the existence of bank guarantees in favour of particular Group companies, all security granted in favour of the respective banks as specified in the table below shall be released.

Borrower	Lender	Total amount of facility	Amount outstanding as at 30 June 2016	Principal Security
<b>Loans</b>				
DVA Limited	BOV	€189,231	€118,755	<i>Inter alia:</i> General hypothec over the assets of the company
Dizz Limited	BOV	€102,684	€ 79,445	<i>Inter alia:</i> - First and second general hypothec over the assets of Mr Karl & Mrs Diane Izzo; - First special hypothec over Terranova Shop, Triq il-Kappillan Mifsud, St Venera and Showroom on Old Railway Road, St Venera; - First special hypothec over Diane Garage, Carob Street, St Venera; - First and second special hypothec over Diane Garage, Carob Street, St Venera; - Second and Third special hypothec over Apartment 912, Tas-Sellum Residence, Tas-Sellum, Mellieha; - Second special hypothec over Apartment 2, Alexander Apartments, Church Street, St. Julians; - First and Second special hypothec over Maisonette 1, St Joseph, Carob Street, St Venera; - First general hypothec over the assets of Dizz Rentals Limited; - First special hypothec over Apartment 16, Block F, Savoy Gardens, Triq Il-Kapuccini, Gzira.  This security will not be released upon settlement of the outstanding balance indicated herein as it provides security in respect of a bank guarantee in the amount of €1,311,000.
DK Fashion Co. Limited	BOV	€267,842	€ 252,232	<i>Inter alia:</i> - General hypothec over the assets of the company; - First special hypothec over Terranova Shop, Triq il-Kappillan Mifsud, St Venera; - First special hypothec over Showroom on Old Railway Road, St Venera; - First special hypothec over Diane Garage, Carob Street, St Venera; - First and Second special hypothec over Apartment 912, Tas-Sellum Residence, Tas-Sellum, Mellieha; - First special hypothec over Apartment 2, Alexander Apartments, Church Street, St. Julians; - First special hypothec over Maisonette 1, St Joseph, Carob Street, St Venera; and - First general hypothec over the assets of Dizz Rentals Limited.  This security will not be released upon settlement of the outstanding balance indicated herein as it provides security in respect of a bank guarantee in the amount of €435,000.

DKM Limited	HSBC	€278,750	€ 245,385	<i>Inter alia:</i> - General hypothec over the assets of the company; - First special hypothec over Corner view Residence, Flat 2 and Garage 2, Triq il-Mizura, Swieqi, Ibragg.
Dal Café Limited	BOV	€85,000	€ 79,946	<i>Inter alia:</i> - First general hypothec over the assets of Dal Café Limited.
D3 Fashion Limited	BOV	€175,000	€158,263	Pledge over business insurance policy covering the outlet in Bisazza Street, Sliema.
Dizz Manufacturing Limited	HSBC	€450,000	€450,000	<i>Inter alia:</i> - First general hypothec over the assets of Dizz Manufacturing Limited; - First special hypothec over the site of the Hub.

### Overdrafts and General Banking Facilities

DKM Limited	HSBC	€50,000	€43,993	<i>Inter alia:</i> - General hypothec over the assets of the company; - first special hypothec over Cornerview Residence, Flat 2 and Garage 2, Triq il-Mizura, Swieqi, Ibragg.
D's Limited	BOV	€55,000	€29,177	<i>Inter alia:</i> - General hypothec over the assets of the company. - First special hypothec over Terranova Shop, Triq il-Kappillan Mifsud, St Venera and Showroom on Old Railway Road, St Venera.
DVA Limited	BOV	€45,000	€53,599	<i>Inter alia:</i> - Second general hypothec over the assets of the Company.
Dal Café Limited	BOV	€30,000	€35,466	<i>Inter alia:</i> - First general hypothec over the assets of Dal Café Limited.
D3 Fashion Limited	BOV	€50,000	€37,772	Pledge over business insurance policy covering the outlet in Bisazza Street, Sliema.

Dizz Limited	BOV	€450,000	€467,352	<p><i>Inter alia:</i></p> <ul style="list-style-type: none"> <li>- First and second general hypothec over the assets of Mr Karl &amp; Mrs Diane Izzo;</li> <li>- First special hypothec over Terranova Shop, Triq il-Kappillan Mifsud, St Venera and Showroom on Old Railway Road, St Venera;</li> <li>- First and second special hypothec over Diane Garage, Carob Street, St Venera;</li> <li>- First, second and third special hypothec over Apartment 912, Tas-Sellum Residence, Tas-Sellum, Mellieha;</li> <li>- First special hypothec over Apartment 2, Alexander Apartments, Church Street, St. Julians;</li> <li>- First special hypothec over Maisonette 1, St Joseph, Carob Street, St Venera;</li> <li>- First general hypothec over the assets of Dizz Rentals Limited;</li> <li>- First special hypothec over Apartment 16, Block F, Savoy Gardens, Triq Il-Kapuccini, Gzira.</li> </ul> <p>This security will not be released upon settlement of the outstanding balance indicated herein as it provides security in respect of a bank guarantee in the amount of €1,311,000.</p>
DK Fashion Co. Limited	BOV	€220,000	€205,781	<p><i>Inter alia:</i></p> <ul style="list-style-type: none"> <li>- General hypothec over the assets of the company;</li> <li>- First special hypothec over Terranova Shop, Triq il-Kappillan Mifsud, St Venera;</li> <li>- First special hypothec over Showroom on Old Railway Road, St Venera;</li> <li>- First special hypothec over Diane Garage, Carob Street, St Venera;</li> <li>- First and Second special hypothec over Apartment 912, Tas-Sellum Residence, Tas-Sellum, Mellieha;</li> <li>- First special hypothec over Apartment 2, Alexander Apartments, Church Street, St. Julians;</li> <li>- First special hypothec over Maisonette 1, St Joseph, Carob Street, St Venera; and</li> <li>- First general hypothec over the assets of Dizz Rentals Limited.</li> </ul> <p>This security will not be released upon settlement of the outstanding balance indicated herein as it provides security in respect of a bank guarantee in the amount of €435,000.</p>

Further details on bank borrowings and/or facilities, including, *inter alia*, respective term, security and repayment schedule, are found in the audited consolidated financial statements of the Parent for the financial year ended 31 December 2015, which have been published and are available on the Issuer's website ([www.dizz.com.mt](http://www.dizz.com.mt)) and at its registered office.

## 5.3 Rights Attached to the Bonds

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There are no special rights attached to the Bonds other than the right of the Bondholders to:

- (i) the repayment of capital;
- (ii) the payment of interest;
- (iii) seek recourse from the Guarantor pursuant to the Guarantee, in case of failure by the Issuer to pay any sum payable by it to Bondholders pursuant to the terms of the Bonds detailed in this Securities Note;
- (iv) ranking with respect to other indebtedness of the Issuer in accordance with the provisions of section 5.2 hereof;
- (v) attend, participate in and vote at meetings of Bondholders in accordance with the terms and conditions of the Bond Issue; and
- (vi) enjoy all such other rights attached to the Bonds emanating from this Prospectus.

## 5.4 Interest

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**5.4.1** The Bonds shall bear interest from and including 7<sup>th</sup> October 2016 at the rate of 5% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 7<sup>th</sup> October 2017. Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. In terms of article 2156 of the Civil Code (Cap. 16 of the laws of Malta), the right of Bondholders to bring claims for payment of interest and repayment of the principal on the Bonds is barred by the lapse of five years.

**5.4.2** When interest is required to be calculated for any period of less than a full year, it shall be calculated on the basis of a three hundred and sixty (360) day year consisting of twelve (12) months of thirty (30) days each, and in the case of an incomplete month, the number of days elapsed.

## 5.5 Yield

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The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds at Redemption Date is 5%.

## 5.6 Registration, Form, Denomination and Title

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**5.6.1** Certificates will not be delivered to Bondholders in respect of the Bonds in virtue of the fact that the entitlement to Bonds will be represented in an uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer by the CSD. There will be entered in such electronic register the names, addresses, identity card numbers (in the case of natural persons), registration numbers (in the case of companies) and MSE account numbers of the Bondholders and particulars of the Bonds held by them respectively, and the Bondholders shall have, at all reasonable times during business hours, access to the register of bondholders held at the CSD for the purpose of inspecting information held on their respective account.

**5.6.2** The CSD will issue, upon a request by a Bondholder, a statement of holdings to such Bondholder evidencing his/her/its entitlement to Bonds held in the register kept by the CSD.

**5.6.3** Upon submission of an Application Form, Bondholders who do not have an online e-portfolio account will be registered by the CSD for the online e-portfolio facility and will receive by mail at their registered address a handle code to activate the new e-portfolio login. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio

facility on <https://eportfolio.borzamalta.com.mt/>. Those Bondholders who opt not to avail themselves of this facility should indicate such on the Application Form. Further detail on the e-portfolio is found on <https://eportfolio.borzamalta.com.mt/Help>.

**5.6.4** The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €1,000 provided that on subscription, the Bonds will be issued for a minimum of €3,000 per individual Bondholder. Authorised Financial Intermediaries subscribing for Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €3,000 to each underlying client.

**5.6.5** Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Bond. Title to the Bonds may be transferred as provided below under the heading ‘Transferability of the Bonds’ in Section 5.11 of this Securities Note.

## 5.7 Negative Pledge

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The Issuer and the Guarantor undertake, for as long as any principal or interest under the Bonds or any of the Bonds remains outstanding, not to create or permit to subsist any Security Interest (as defined below), other than a Permitted Security Interest (as defined below), upon the whole or any part of their respective present or future assets or revenues, to secure any Financial Indebtedness (as defined below) of the Issuer and/or the Guarantor, unless in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, the Issuer and/or the Guarantor, take any and all action necessary to ensure that:

- (i) all amounts payable by the Issuer under the Bonds are secured by a Security Interest equally and rateably with the Financial Indebtedness in question being so secured; or
- (ii) such other Security Interest is approved by a resolution duly passed by the Bondholders in accordance with Section 5.13 of this Securities Note.

**“Financial Indebtedness”** means any indebtedness in respect of: (A) monies borrowed; (B) any debenture, bond, note, loan stock or other security; (C) any acceptance credit; (D) the acquisition cost of any asset to the extent payable before or after the time of acquisition or possession by the party liable where the advance or deferred payment is arranged primarily as a method of raising finance for the acquisition of that asset; (E) leases entered into primarily as a method of raising finance for the acquisition of the asset leased; (F) amounts raised under any other transaction having the commercial effect of borrowing or raising of money; (G) any guarantee, indemnity or similar assurance against financial loss of any person;

**“Security Interest”** means any privilege, hypothec, pledge, lien, charge or other encumbrance or real right which grants rights of preference to a creditor over the assets of the Issuer or the Guarantor;

**“Permitted Security Interest”** means:

- a. any Security Interest arising by operation of law;
- b. any Security Interest securing temporary bank loans or overdrafts or guarantees (including those issued to the Group’s franchisors and suppliers) in the ordinary course of business;
- c. any Security Interest securing any indebtedness of the Issuer created for the sole purpose of financing or raising finance for the redemption of all the Bonds;
- d. any other Security Interest (in addition to (a), (b) and (c) above) securing Financial Indebtedness of the Issuer, in an



aggregate outstanding amount not exceeding 90% of the amount resulting after taking the Relevant Value and subtracting therefrom (i) the aggregate value of the liabilities of the Group secured by Security Interests referred to in (b) (c) and (d) above (the “Unencumbered Value”) and (ii) the aggregate principal amount of the Bonds still outstanding at the time. Provided that the aggregate Security Interests referred to in (b), (c) and (d) above do not result in the Unencumbered Value being less than the aggregate principal amount of the Bonds still outstanding together with one (1) year’s interest thereon;

“**Relevant Value**” means the market value of the total assets of the Group.

## 5.8 Payments

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**5.8.1** Payment of the principal amount of a Bond will be made in Euro by the Issuer to the person in whose name such Bonds are registered, with interest accrued up to the Redemption Date, by means of direct credit transfer into such bank account as the Bondholder may designate from time to time, provided such bank account is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven (7) days of the Redemption Date. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith. Upon payment of the Redemption Value the Bonds shall be redeemed and the appropriate entry made in the electronic register of the Bonds at the CSD.

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

**5.8.2** Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business fifteen (15) days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time, which is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven (7) days of the Interest Payment Date. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith.

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

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

## 5.9 Redemption and Purchase

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**5.9.1** Unless previously purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 7<sup>th</sup> October 2026.

**5.9.2** Subject to the provisions of this section 5.9, the Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.

**5.9.3** All Bonds so purchased will be cancelled forthwith and may not be re-issued or re-sold.

## 5.10 Events of Default

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The Bonds shall become immediately due and repayable at their principal amount together with accrued interest, if any, if any of the following events (“**Events of Default**”) shall occur:

**5.10.1** the Issuer shall fail to pay any interest on any Bond when due and such failure shall continue for thirty (30) days after written notice thereof shall have been given to the Issuer by any Bondholder; or

**5.10.2** the Issuer shall fail duly to perform or shall otherwise be in breach of any other material obligation contained in the terms and conditions of the Bonds and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder; or

**5.10.3** an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer and/or Guarantor; or

**5.10.4** the Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts 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

**5.10.5** the Issuer is unable, or admits in writing its inability to pay its debts as they fall due or otherwise becomes insolvent; or

**5.10.6** there shall have been entered against the Issuer and/or the Guarantor a final judgment by a court of competent jurisdiction from which no appeal may be or is made for the payment of money in excess of two million Euro (€2,000,000) or its equivalent and ninety (90) days shall have passed since the date of entry of such judgment without its having been satisfied or stayed; or

**5.10.7** any default occurs and continues for ninety (90) days under any contract or document relating to any Financial Indebtedness (as defined above) of the Issuer and/or the Guarantor in excess of two million Euro (€2,000,000) or its equivalent at any time.

## 5.11 Transferability of the Bonds

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**5.11.1** The Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time.

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

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

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

**5.11.5** The Issuer will not register the transfer or transmission of Bonds for a period of fifteen (15) days preceding the due date for any payment of interest on the Bonds.

## 5.12 Further Issues

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

the outstanding debt securities of the relevant series (including the Bonds) or upon such terms as the Issuer may determine at the time of their issue.

## 5.13 Meetings of Bondholders

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**5.13.1** The Issuer may from time to time call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of obtaining the consent of Bondholders on matters which in terms of the Prospectus require the approval of a Bondholders' meeting and to effect any change to the Terms and Conditions of the Bonds.

**5.13.2** A meeting of Bondholders shall be called by the Directors by giving all Bondholders listed on the register of Bondholders 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 amendment of the Prospectus that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. Following a meeting of Bondholders 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 Bondholders 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 Bondholders in accordance with the provisions of this section 5.13 at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.

**5.13.3** The amendment or waiver of any of the Terms and Conditions of the Bond Issue contained in this Securities Note may only be made with the approval of Bondholders at a meeting called and held for that purpose in accordance with the terms hereof.

**5.13.4** A meeting of Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose at least two (2) Bondholders present, in person or by proxy, representing not less than 51% in nominal value of the Bonds 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 Directors to the Bondholders present at that meeting. The Issuer shall within two (2) days from the date of the original meeting publish by way of a company announcement 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 Bondholders 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.

**5.13.5** Any person who in accordance with the M&As of the Issuer is to chair the annual general meetings of shareholders shall also chair meetings of Bondholders.

**5.13.6** 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 Bondholders 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 Bondholders to present their views to the Issuer and the other Bondholders present at the meeting. The meeting shall then put the matter as proposed by the Issuer to a vote of the Bondholders present at the time at which the vote is being taken, and any Bondholders 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.

**5.13.7** The voting process shall be managed by the Company Secretary under the supervision and scrutiny of the auditors of the Issuer.

**5.13.8** The proposal placed before a meeting of Bondholders shall only be considered approved if at least 75% in nominal value of the Bondholders 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.

**5.13.9** 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 Bondholders.

## 5.14 Authorisations and Approvals

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The Board of Directors of the Issuer authorised the Bond Issue pursuant to a Board of Directors' resolution passed on 18 July 2016.

The Guarantee being given by the Guarantor in respect of the Bonds was authorised by a resolution of the board of directors of the Guarantor dated 18 July 2016.

## 5.15 Notices

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Notices will be mailed to Bondholders at their registered addresses and shall be deemed to have been served at the expiration of twenty four (24) hours after the letter containing the notice is posted, and in proving such service it shall be sufficient to prove that a prepaid letter containing such notice was properly addressed to such Bondholder at his registered address and posted.

## 06. Taxation

### 6.1. General

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Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation which may be applicable to them in respect of the Bonds, including their acquisition, holding and disposal as well as any income/gains derived therefrom or made on their disposal. The following is a summary of the anticipated tax treatment applicable to Bondholders in so far as taxation in Malta is concerned. This information does not constitute legal or tax advice and does not purport to be exhaustive.

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

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

### 6.2 Malta Tax on Interest

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Since interest is payable in respect of a Bond which is the subject of a public issue, unless the Issuer is otherwise instructed by a Bondholder or if the Bondholder does not fall within the definition of “recipient” in terms of article 41(c) of the Income Tax Act, (Cap. 123 of the laws of Malta), interest shall be paid to such person net of a final withholding tax, currently at the rate of 15% of the gross amount of the interest, pursuant to article 33 of the Income Tax Act (Cap. 123 of the laws of Malta). Bondholders who do not fall within the definition of a “recipient” do not qualify for the said rate and should seek advice on the taxation of such income as special rules may apply.

This withholding tax is considered as a final tax and a Maltese resident individual Bondholder need not declare the interest so received in his Maltese income tax return. No person should be charged to further tax in respect of such income. Furthermore, such tax should not be available as a credit against the recipient’s tax liability or for a refund, as the case may be, for the relevant year of assessment.

In the case that a valid election is made by an eligible Bondholder resident in Malta to receive the interest due without the deduction of final tax, interest will be paid gross and such person will be obliged to declare the interest so received in his Maltese income tax return and be subject to tax on such interest at the standard rates applicable to that person at that time.

Additionally, in the case that an election has been made by the Bondholder to receive the interest gross of Maltese income tax, the Issuer will advise the Inland Revenue on an annual basis of the identity of all such recipients unless the beneficiary does not fall within the definition of a “recipient” as described above.

Any such election made by a resident Bondholder at the time of subscription may be subsequently changed by giving notice in writing to the Issuer. Such election or revocation will be effective within the time limit set out in the Income Tax Act.

In terms of article 12(1)(c) of the Income Tax Act, Bondholders who are not resident in Malta satisfying the applicable conditions set out in the Income Tax Act are exempt from Maltese tax on the interest received and will receive interest gross, subject to the requisite declaration/evidence being provided to the Issuer in terms of law.

### 6.3 European Union Directive on administrative cooperation in the field of taxation

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Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Commissioner who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of EU Directive 2011/16/EU on administrative cooperation in the field of taxation.

### 6.4 Maltese taxation on capital gains on transfer of the Bonds

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On the assumption that the Bonds would not fall within the definition of “securities” in terms of article 5(1)(b) of the Income Tax Act, that is, “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”, no Maltese income tax on capital gains should be chargeable in respect of transfer of the Bonds.

### 6.5 Duty on documents and transfers:

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In terms of article 50 of the Financial Markets Act (Cap. 345 of the laws of Malta) as the Bonds constitute financial instruments of a company quoted on a regulated market Exchange, as is the MSE, redemptions and transfers of the Bonds are exempt from Maltese duty.

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**INVESTORS AND PROSPECTIVE INVESTORS ARE URGED TO SEEK PROFESSIONAL ADVICE AS REGARDS BOTH MALTESE AND ANY FOREIGN TAX LEGISLATION APPLICABLE TO THE ACQUISITION, HOLDING AND DISPOSAL OF BONDS AS WELL AS INTEREST PAYMENTS MADE BY THE ISSUER. THE ABOVE IS A SUMMARY OF THE ANTICIPATED TAX TREATMENT APPLICABLE TO THE BONDS AND TO BONDHOLDERS. THIS INFORMATION, WHICH DOES NOT CONSTITUTE LEGAL OR TAX ADVICE, REFERS ONLY TO BONDHOLDERS WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY.**

## 07. Terms and Conditions of the Bond Issue

### 7.1 Expected Timetable of the Bond Issue

1. Application Forms available to the general public	20 <sup>th</sup> September 2016
2. Private placing date	26 <sup>nd</sup> September 2016
3. Issue Period (Opening and closing of subscription lists, respectively)	28 <sup>th</sup> September to 30 <sup>th</sup> September 2016, both days included
4. Commencement of interest on the Bonds	7 <sup>th</sup> October 2016
5. Announcement of basis of acceptance	7 <sup>th</sup> October 2016
6. Refunds of unallocated monies	14 <sup>th</sup> October 2016
7. Expected dispatch of allotment advices	14 <sup>th</sup> October 2016
8. Expected date of admission of the Bonds to listing	17 <sup>th</sup> October 2016
9. Expected date of commencement of trading in the Bonds	18 <sup>th</sup> October 2016

The Issuer reserves the right to close the Bond Issue before 30<sup>th</sup> September 2016 in the event of over-subscription, in which case the events set out in steps 5 to 9 above shall be brought forward, although the number of working days between the respective events shall not be altered.

### 7.2 General Terms and Conditions

**7.2.1** The contract created by the acceptance of an Application shall be subject to the terms and conditions set out in this Securities Note and the M&As of the Issuer. It is the responsibility of investors wishing to apply for the Bonds to inform themselves as to the legal requirements of so applying including any requirements relating to external transaction requirements in Malta and any exchange control in the countries of their nationality, residence or domicile.

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

**7.2.3** In the case of joint Applications, reference to the Applicant in these terms and conditions is a reference to each Applicant, and liability therefor is joint and several. In respect of a Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. The usufructuary shall, for all intents and purposes, be deemed, vis-à-vis the Issuer, to be the holder of the Bond/s so held and shall have the right to receive interest on the Bond/s and to vote at meetings of the Bondholders but shall not, during the continuance of the Bond/s, have the right to dispose of the Bond/s so

held without the consent of the bare owner.

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

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

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

**7.2.7** The Bonds will be issued in Euro (€). The aggregate principal amount of the Bond Issue is of €8,000,000.

**7.2.8** The subscription lists during the Issue Period will open at 08.30 hours on 28<sup>th</sup> September 2016 and will close as soon thereafter as may be determined by the Issuer, but in any event no later than 16:00 hours on 30<sup>th</sup> September 2016. Any person, whether natural or legal, shall be eligible to submit an Application, and any one person, whether directly or indirectly, should not submit more than one Application Form. In the case of corporate Applicants or Applicants having separate legal personality, the Application Form must be signed by a person authorised to sign and bind such Applicant. It shall not be incumbent on the Issuer or Registrar to verify whether the person or persons purporting to bind such an Applicant is or are in fact authorised.

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

**7.2.10** Subject to all other terms and conditions set out in the Prospectus, the Issuer reserves the right to reject, in whole or in part, or to scale down any Application, including multiple or suspected multiple Applications and to present any cheques and/or drafts for payment upon receipt. The right is also reserved to refuse any Application which in the opinion of the Issuer is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents. Only original Application Forms will be accepted and photocopies/facsimile copies will not be accepted.

**7.2.11** If any Application is not accepted, or if any Application is accepted for fewer Bonds than those applied for, the Application monies or the balance of the amount paid on Application will be returned without interest by direct credit into



the Bondholder's bank account as indicated by the Bondholder on the Application Form. The Issuer shall not be responsible for any charges, and any loss or delay in transmission.

**7.2.12** The Bonds will be issued in multiples of €1,000. The minimum subscription amount of Bonds that can be subscribed for by Applicants is €3,000.

**7.2.13** The issue and allotment of the Bonds is conditional upon the Bonds being admitted to the Official List of the MSE. In the event that the Bonds are not admitted to the Official List of the MSE, any Application monies received by the Issuer will be returned without interest by direct credit into the Applicant's bank account indicated by the Applicant on the relative Application Form.

**7.2.14** All Application Forms must be accompanied by the full price of the Bonds applied for in Euro. Payment may be made either in cash or by cheque payable to "The Registrar – Dizz Finance plc Bonds". In the event that cheques accompanying Application Forms are not honoured on their first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application.

**7.2.15** Within five (5) Business Days from closing of the subscription lists, the Issuer shall announce the result of the Issue and shall determine, and issue a company announcement setting out, the basis of acceptance of applications and allocation policy to be adopted.

**7.2.16** For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations 2008, as amended from time to time, all appointed Authorised Financial Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in Articles 1.2(d) and 2.4 of the "Code of Conduct for Members of the Malta Stock Exchange" appended as Appendix IV to Chapter 3 of the MSE Bye-Laws, irrespective of whether the said appointed Authorised Financial Intermediaries are MSE Members or not. Such information shall be held and controlled by the MSE in terms of the Data Protection Act (Cap. 440 of the laws of Malta) for the purposes and within the terms of the MSE Data Protection Policy as published from time to time.

**7.2.17** By completing and delivering an Application Form, the Applicant:

a. agrees and acknowledges to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the Guarantor and the issue of the Bonds contained therein;

b. warrants that the information submitted by the Applicant in the Application Form is true and correct in all respects and in the case where an MSE account number is indicated in the Application Form, such MSE account number is the correct account of the Applicant. In the event of a discrepancy between the personal details (including name and surname and the Applicant's address) appearing on the Application Form and those held by the MSE in relation to the MSE account number indicated on the Application Form, the details held by the MSE shall be deemed to be the correct details of the Applicant;

c. authorises the Issuer and the MSE to process the personal data that the Applicant provides in the Application Form, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the Data Protection Act (Cap. 440 of the laws of Malta). The Applicant has the right to request access to and rectification of the personal data relating to him/her as processed by the Issuer and/or the MSE. Any such requests must be made in writing and sent to the Issuer at the address indicated in the Prospectus. The requests must further be signed by the Applicant to whom the personal data relates;

d. confirms that in making such Application no reliance was placed on any information or representation in relation to the Issuer and the Guarantor or the issue of the Bonds other than what is contained in the Prospectus and accordingly agree/s that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;

e. agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his/her remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the Laws of Malta) and regulations made thereunder, and that such monies will not bear interest;

f. agrees to provide the Registrar and/or the Issuer, as the case may be, with any information which it/they may request in connection with the Application;

g. warrants, in connection with the Application, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with his/her Application in any territory, and that the Applicant has not taken any action which will or may result in the Issuer or the Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bond or his/her Application;

h. warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;

i. represents that the Applicant is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) as well as not to be accepting the invitation set out in the Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the "United States") or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;

j. agrees that Financial Planning Services Limited will not, in their capacity of Sponsor, treat the Applicant as their customer by virtue of such Applicant making an Application for the Bonds, and that Financial Planning Services Limited will owe the Applicant no duties or responsibilities concerning the price of the Bonds or their suitability for the Applicant;

k. agrees that all documents in connection with the issue of the Bonds will be sent at the Applicant's own risk and may be sent by post at the address (or, in the case of joint Applications, the address of the first named Applicant) as set out in the Application Form; and

l. renounces to any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Issuer against any amount due under the terms of these Bonds.

## 7.3 Plan of Distribution and Allotment

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The Bonds are open for subscription to all categories of investors. Applications for subscription to the Bonds may be made through the Sponsor or any of the other Authorised Financial Intermediaries. Investors are informed that in furtherance of the requirement that the Sponsor be independent from the Issuer, the Sponsor has set up appropriate procedures in order to ensure the necessary separation between officers of Financial Planning Services carrying out their function as Sponsor, and officers acting as Authorised Financial Intermediaries.

It is expected that an allotment advice will be dispatched to Applicants within five (5) Business Days of the announcement of the allocation policy. The registration advice and other documents and any monies returnable to Applicants may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the Laws of Malta) and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.

Dealings in the Bonds shall not commence prior to admission to trading of the Bonds by the MSE or prior to the said notification.

## 7.4 Private Placing Agreement

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The Issuer entered into a conditional private placing agreement with Financial Planning Services Limited (C 3608) of 4, Marina Court, 1, Giuseppe Cali Street, Ta' Xbiex XBX1421, Malta on 1<sup>st</sup> September 2016, whereby the Issuer bound itself to allocate to Financial Planning Services Limited, which has bound itself to purchase, Bonds amounting to an aggregate value of €1.6 million. The Issuer reserves the right to enter into additional private placing agreements between the date of this Prospectus and the Private Placing Date (26<sup>th</sup> September 2016).

## 7.5 Pricing

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The Bonds are being issued at par, that is, at €100 per Bond.

## 7.6 Admission to Trading

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- 7.6.1 The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 16<sup>th</sup> September 2016.
- 7.6.2 Application has been made to the MSE for the Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List.
- 7.6.3 The Bonds are expected to be admitted to the MSE with effect from 17<sup>th</sup> October 2016 and trading is expected to commence on 18<sup>th</sup> October 2016.

## Annex I. Authorised Financial Intermediaries

Aps Bank Ltd	17, Republic Street, Valletta VLT 1111	25671719
Calamatta Cuschieri & Co Ltd	Fifth Floor, Valletta Buildings, South Street, Valletta VLT 1103	25688688
Charts Investment Management Service Ltd	Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913	21224106
Curmi & Partners Ltd	Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102	23426000
Financial Planning Services Ltd	4, Marina Court No. 1, G. Cali Street, Ta' Xbiex XBX 1421	21344244
FINCO Treasury Management Ltd	Level 5, The Mall Complex, The Mall, Floriana FRN 1470	21220002
GlobalCapital Financial Management Ltd	Testaferrata Street, Ta'Xbiex XBX 1403	21342342
Growth Investments Ltd	Customer Service Centre, Pjazza Papa Giovanni XXIII, Floriana FRN 1420	25909000
Hogg Capital Investments Ltd	Ferris Building, Level 4, 1, St Luke's Road, Gwardamangia, Pieta PTA 1020	21322872
Jesmond Mizzi Financial Advisors Ltd	67/3, South Street, Valletta VLT 1105	23265690
Mediterranean Bank plc	10, St Barbara Bastion, Valletta VLT 1961	25574400
MFSP Financial Management Ltd	220, Immaculate Conception Street, Msida MSD 1838	21332200
MZ Investment Services Ltd	55, MZ House, St Rita Street, Rabat RBT 1523	21453739
Rizzo, Farrugia & Co (Stockbrokers) Ltd	Airways House, Third Floor, High Street, Sliema SLM 1549	22583000

## Annex II. Specimen Application Form

Please read the notes overleaf before completing this Application Form. Mark 'X' if applicable. Unless otherwise indicated, each of the panels below is to be completed.

### APPLICANT (see notes 2 to 7)

<input type="checkbox"/> Non-Resident	<input type="checkbox"/> CIS-Prescribed Fund	<input type="checkbox"/> Minor (under 18)	<input type="checkbox"/> Body Corporate/Body of Persons
Title (Mr/Mrs/Ms/....)		Full Name & Surname/Registered Name	
Address/Registered Office			Post Code
Mse A/C No. (If Applicable)	Id Card / Passport / Company Reg. No.	Tel. No.	Mobile No.
Already registered for e-Portfolio <input type="checkbox"/>	Please register me for e-Portfolio <input type="checkbox"/>	Please do NOT register me for e-Portfolio <input type="checkbox"/>	

### ADDITIONAL (JOINT) APPLICANTS (see note 3) (please use additional Application Forms if space is not sufficient)

Title (Mr/Mrs/Ms/....)	Full Name & Surname	ID Card/Passport No.
Title (Mr/Mrs/Ms/....)	Full Name & Surname	ID Card/Passport No.

### MINOR'S PARENTS / LEGAL GUARDIAN/S (see note 4) (to be completed ONLY if the Applicant is a minor)

Title (Mr/Mrs/Ms/....)	Full Name & Surname	ID Card/Passport No.
Title (Mr/Mrs/Ms/....)	Full Name & Surname	ID Card/Passport No.

### I/WE APPLY TO PURCHASE AND ACQUIRE (see notes 8 and 9)

Amount In Figures €	Amount In Words
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Dizz Finance p.l.c. 5% Bonds 2026 (minimum subscription of €3,000 and in multiples of €1,000 thereafter) at the Bond Issue Price (at par), as defined in the Prospectus dated 16 September 2016 (the "Prospectus"), payable in full upon application under the Terms and Conditions as defined in said Prospectus.

### RESIDENT - WITHHOLDING TAX ON DECLARATION (see note 10) (to be completed ONLY if the Applicant is a Resident of Malta)

- I/We elect to have Final Withholding Tax deducted from my/our interest.  
 I/We elect to receive interest GROSS (i.e. without deduction of withholding tax).

### NON-RESIDENT - DECLARATION FOR TAX PURPOSES (see note 12) (to be completed ONLY if the Applicant is a Non-Resident)

Tax Country	City Of Birth	Tin (Tax Identification No.)	
National Id Card / Passport No.	Country Of Birth	Country Of Issue	Issue Date
<input type="checkbox"/> I/We am/are NOT Resident in Malta but I/we am/are Resident in the European Union.			
<input type="checkbox"/> I/We am/are NOT Resident in Malta and I/we am/are NOT Resident in the European Union.			

### INTEREST, REFUND & REDEMPTION MANDATE (see note 11) (completion of this panel is mandatory)

Bank	IBAN
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I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, and subject to its terms and conditions as contained therein which I/we fully accept.

Signature/s of Applicant/s  
 (both parents or legal guardian/s are/is to sign if Applicant is a minor)  
 (All parties are to sign in the case of a joint Application)

Date

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Authorised Financial Intermediary's Stamp

Authorised Financial Intermediary's Code

# Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Prospectus dated 16<sup>th</sup> September 2016

1. This Application is governed by the Terms and Conditions of Application contained in the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the same meaning ascribed to them in the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS.
3. Applicants are to insert full personal details in Panel B. In the case of an application by more than one person (including husband and wife) full details of all individuals – including I.D. Card Numbers – must be given in Panels B and C but the person whose name appears in Panel B shall, for all intents and purposes, be deemed to be the registered holder of the Bonds (vide note 7 below). Upon submission of an Application Form, Bondholders who do not have an online e-portfolio account will be registered by the CSD for the online e-portfolio facility and will receive by mail at their registered address a handle code to activate the new e-portfolio login. The Bondholder's statement of holdings evidencing entitlement to Secured Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Those Bondholders who opt not to avail themselves of this facility should indicate such on the Application Form. Further detail on the e-portfolio is found on <https://eportfolio.borzamalta.com.mt/Help>.
4. Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or by the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. The relative box in Panel A must also be marked appropriately. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption proceeds payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption proceeds shall be payable directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
5. Applicants who are Non-Resident in Malta for tax purposes must indicate their passport number in Panel B and complete Panel G. The relative box in Panel A must also be marked appropriately.
6. In the case of a body corporate, the name of the entity exactly as registered, and the registration number are to be inserted in Panel B. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
7. APPLICANTS WHO ALREADY HOLD SECURITIES ON THE MSE ARE TO INDICATE THEIR MSE ACCOUNT NUMBER IN PANEL B. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED IN THE MSE ACCOUNT NUMBER QUOTED ON THE APPLICATION FORM. IF DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE MSE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF, A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE WILL HAVE TO BE EFFECTED.
8. Application must be for a minimum of €3,000 and thereafter in multiples of €1,000.
9. Payment in Euro may be made in cash or by cheque payable to 'The Registrar – XYZ Finance p.l.c. Bond Issue'. In the event that the cheque accompanying an Application Form is not honoured on first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application.
10. Only Applicants who hold an official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have Final Withholding Tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of Final Withholding Tax), but he/she will be obliged to declare interest so received on his/her tax return. Authorised entities applying in the name of a Prescribed Fund (having indicated their status in the appropriate box in Panel A) will have Final Withholding Tax, currently 10%, deducted from interest payments. In terms of section 6.2 of the Securities Note, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of Article 41(c) of the Income Tax Act (Cap. 123 of the Laws of Malta), interest shall be paid to such person net of final withholding tax, currently at the rate of 15% of the gross amount of interest, pursuant to Article 33 of the Income Tax Act.
11. If any Application is not accepted after the closure of the subscription lists or is accepted for fewer Bonds than those applied for, the monies or the balance of the amount paid but not allocated, as the case may be, will be returned by direct credit into the bank account as indicated in Panel H. Interest and redemption proceeds will be credited to the account indicated in Panel H or as otherwise amended by the Bondholder/s during the term of the Bond.
12. European Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments requires all payors established in the EU which pay interest to an individual resident in another EU Member State, to report the interest payment to the tax authorities of the Member State in which the payor is established. If the Applicant's permanent residential address is in an EU Member State or in another country to which the said Directive applies (called a "specified territory") then the interest paid will be reported.
13. Subscription lists will open at 08:30 hours on 28<sup>th</sup> September 2016 and will close as soon thereafter as may be determined by the Issuer, but not later than 16:00 hours on 30<sup>th</sup> September 2016. The Issuer reserves the right to close the Bond Issue before 16:00 hours on 30<sup>th</sup> September 2016, in the event of over-subscription. The Issuer reserves the right to refuse any Application which appears to be in breach of the terms and conditions of the Bonds as contained in the Prospectus. Any Applications received by the Registrar after the subscription lists close will be rejected. Completed Application Forms are to be delivered to any of the Authorised Financial Intermediaries listed in Annex I of the Securities Note, during normal office hours. Remittances by post are made at the risk of the Applicant and the Issuer disclaims all responsibility for any such remittances not being received by the date of closing of the subscription lists.
14. By completing and delivering an Application Form you (as the Applicant(s)):
  - a. acknowledge that the Issuer may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 440 of the Laws of Malta);
  - b. acknowledge that the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
  - c. acknowledge that you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer. Any such requests must be made in writing and addressed to the Issuer. The request must be signed by yourself as the Applicant to whom the personal data relates.

**The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds on offer will be repayable in full upon redemption. An investor should consult an independent financial advisor, licensed under the Investment Services Act (Cap. 370 of the Laws of Malta), for advice.**

# Annex III. Guarantee

## The Guarantee

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To All Bondholders:

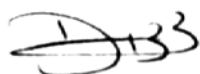
Reference is made to the issue of the €8 million Bonds 2026 by Dizz Finance p.l.c. (the “Issuer”) pursuant to and subject to the terms and conditions contained in the Securities Note forming part of the Prospectus dated 16<sup>th</sup> September 2016 (the “Bonds”).

Now therefore by virtue hereof we, Dizz Group of Companies Limited (C64435), hereby stand surety jointly and severally with the Issuer and irrevocably and unconditionally guarantee the due and punctual performance of all the obligations undertaken by the Issuer under the Bonds and, without prejudice to the generality of the foregoing, undertake to pay all amounts of principal and interest which have become due and payable by the Issuer to Bondholders under the Bonds, within 60 days from the date such amount falls due and remains unpaid by the Issuer.

All terms used in this guarantee shall, unless the context otherwise requires, have the same meaning assigned to them in the Prospectus.

This guarantee shall be governed by the laws of Malta.

Signed and executed on this the 16<sup>th</sup> day of September 2016, after approval of the Board of Directors in its meeting of the 18<sup>th</sup> July 2016.



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Director

Dizz Group of Companies Limited

## Nature, Scope and Terms of the Guarantee

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### 01. Nature of the Guarantee

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The offering of Bonds that will be made by the Issuer pursuant to a prospectus published by the Issuer on 16<sup>th</sup> September 2016 (the “Prospectus”) will be made with the benefit of the joint and several corporate Guarantee of the Guarantor, the full terms of which are set out in clause 4 below.

### 02. Scope of the Guarantee

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The Guarantee is unconditional and shall cover all payments that may be due to Bondholders pursuant to the Prospectus. The Guarantee binds the Guarantor to pay to Bondholders any amount of interest or capital under the Bonds that may have become due under the terms of issue of a Bond.

The Guarantor has the power to veto any changes to the Terms and Conditions of the Bonds which are issued with the benefit of its Guarantee.



### 03. Information about the Guarantee

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Any information about the Guarantor which may be required pursuant to the Listing Rules and the Regulation may be found in the Registration Document.

### 04. Terms of the Guarantee

#### 4.1. Guarantee

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For the purposes of the Guarantee, the Guarantor irrevocably and unconditionally guarantees to each holder of the Bonds described in the Prospectus (“**Bondholder**”) that if for any reason the Issuer fails to pay any sum payable by it to such Bondholder pursuant to the terms of the Bonds detailed in the Securities Note as and when the same shall become due under any of the foregoing, the Guarantor will pay to such Bondholder on demand the amount payable by the Issuer to such Bondholder.

Such payment shall be made in the currency in force in Malta at the time the payment falls due.

This Guarantee shall apply to all Bonds issued on or after 16<sup>th</sup> September 2016 in accordance with the terms of the Securities Note.

#### 4.1A Additional Undertaking

In addition to and in connection with the Guarantee provided pursuant to clause 4.1 above, the Guarantor undertakes that following issue of the Bonds, the Guarantor shall not declare dividends in excess of 35% of profits available for distribution until such time as the Guarantor shall have accumulated retained earnings equivalent to at least 50% of the outstanding Bond amount.

#### 4.2. Guarantor as Joint and Several Surety

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The Guarantor will be liable under this Guarantee as joint and several surety with the Issuer.

#### 4.3. Guarantor’s Obligations Continuing

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Save as otherwise specified in clause 4.1A above, the Guarantor’s obligations under this Guarantee are and will remain in full force and effect by way of continuing security until no sum remains payable to any Bondholder pursuant to the issue of the Bonds.

#### 4.4. Repayment to the Issuer

---

If any payment received by a Bondholder is, on subsequent liquidation or insolvency of the Issuer, avoided under any laws relating to liquidation or insolvency, such payment will not be considered as having discharged or diminished the liability of the Guarantor, and this Guarantee will continue to apply as if such payment had at all times remained owing by the Issuer.

#### 4.5. Indemnity

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As a separate and alternative stipulation, the Guarantor unconditionally and irrevocably agrees that any sum expressed to be payable by the Issuer pursuant to the terms of the Bonds but which is for any reason (whether or not now known or becoming known to the Issuer, the Guarantor or any Bondholder) not recoverable from the Guarantor, will nevertheless be recoverable from it as if it were the sole principal debtor and will be paid by it to the Bondholder on demand. This indemnity constitutes a separate and independent obligation from the other obligations in this Guarantee, gives rise to a separate and independent obligation from the other obligations in this Guarantee and gives rise to a separate and independent cause of action.

#### **4.6. Status of Guarantee**

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The obligation of the Guarantor under this Guarantee constitutes a general, direct and unsecured obligation of the Guarantor and ranks equally with all its other existing and future unsecured obligations, except for any debts for the time being preferred by law.

#### **4.7. Power to execute**

---

The Guarantor hereby warrants and represents with each Bondholder that it has all corporate power, and has taken all necessary corporate or other steps, to enable it to execute, deliver and perform this Guarantee, and that this Guarantee constitutes a legal, valid and binding obligation of the Guarantor in accordance with the terms laid out in this clause 4.

#### **4.8. Deposit and Production of the Guarantee**

---

The instrument creating this Guarantee shall be deposited with and held by the Issuer at its registered address for the benefit of the Bondholders until all obligations of the Guarantor have been discharged in full, and until such time, the Guarantor acknowledges the right of every Bondholder to obtain a copy of the instrument creating the Guarantee.

#### **4.9. Subrogation**

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Until all amounts which may be payable under the terms of the Bonds have been irrevocably paid in full, the Guarantor shall not by virtue of this Guarantee be subrogated to any rights of any Bondholder or claim in competition with the Bondholders against the Issuer.

#### **4.10. Governing Law and Jurisdiction**

---

This Guarantee is governed by and shall be construed in accordance with Maltese Law, and any disputes which may arise out of in connection with this Guarantee are to be settled by the Courts of Malta, whose decision on the dispute shall be conclusive and binding.

## Annex IV. Financial Analysis Summary

26 August 2016

The Directors  
Dizz Finance plc  
Dizz Buildings  
Triq il-Harruba  
Santa Venera  
Malta

Dear Sirs

**Dizz Finance plc – Financial analysis summary**

In accordance with your instructions, and in line with the requirements of the Listing Authority, we have compiled the Financial Analysis Summary (the “Analysis”) set out on the following pages. A copy of this report is also attached to this letter.

The purpose of the Analysis is that of summarising key financial data appertaining to Dizz Finance plc (the “Issuer”) and Dizz Group of Companies Limited (the “Guarantor” or “Dizz Group” or “Group”). The information is derived from various sources, as disclosed, or is based on our own computation as follows:

1. Historical financial data for the period 24 June 2015 (date of incorporation) to 31 December 2015 were extracted from the audited financial statements of the Issuer;
2. Historical financial data for the three years ended 31 December 2013, 31 December 2014 and 31 December 2015 were extracted from audited financial statements of the Guarantor;
3. The forecast for the financial year ending 31 December 2016 and the projection for the year ending 31 December 2017 was prepared by management;
4. Our commentary on the result of the Issuer and Guarantor and on its financial position is based on the explanations provided by management;
5. The ratios quoted in the following pages are computed through the application of the definitions set out in Part 8 of the Analysis.

The Analysis is meant to assist potential investors by summarising the more important financial data set out in the Prospectus. The Analysis does not contain all data that is relevant to investors or potential investors. The Analysis does not constitute an endorsement by our firm of the proposed Bond Issue and should not be interpreted as a recommendation to invest in the Bonds. We shall not accept any liability for any loss or damage arising out of the use of the Analysis and no representation or warranty is provided in respect of the reliability of the information contained in the Prospectus. Prospective investors should seek professional advice before investing in the Bonds.

Yours faithfully,

Matthew Bonello  
Director

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## Glossary

Analysis	Financial Analysis Summary
Bond Issue	The €8.0 million 5% unsecured bonds 2026
Company or Dizz Finance or Issuer	Dizz Finance plc
Dizz Group or Group or Guarantor	Dizz Group of Companies Limited
EBIT	Earnings Before Interest and Taxes
FY	Financial Year
Hub	Development of a site in Mriehel
ROA	Return on Assets
ROE	Return on Equity
ROCE	Return on Capital Employed

## 1 Information about the Issuer and Guarantor

### 1.1 Issuer's key activities

Dizz Finance plc (the "Issuer", the "Company" or "Dizz Finance") was originally registered as Dizz Rentals Ltd as a limited liability company under the laws of Malta on 24 June 2015. This company was transformed into a public limited company and re-named on 15 January 2016.

The principal activity of Dizz Finance is to act as the financing arm of the Dizz Group, by raising funds and lending them on to Group companies. The Company owns a portfolio of properties in Malta either for its own use or for rental to third parties.

### 1.2 Shareholding of the Issuer

The following are the shareholders of the Issuer as at the date of the Prospectus:

Names and addresses of shareholders	Number of shares and percentage paid up	Shareholding percentage
Dizz Group of Companies Limited C64435 Dizz Buildings Triq il-Harruba Santa Venera Malta	One million, nine hundred, nine thousand, nine hundred and ninety-nine Ordinary Shares (1,909,999) of one euro (€1) each fully paid up	99.99%
Diane Izzo 407077M Flat 13 Waterside apartments Qui-Si-Sana Place Sliema Malta	One (1) Ordinary Share of one euro (€1) each fully paid up	0.01%

### 1.3 Principal assets and operations of the Issuer

#### 1.3.1 Investment property

As part of the Group's restructuring process, properties previously held by Dizz Limited (a Group company) and by its shareholders were in November 2015 transferred to Dizz Finance. All the respective rental agreements were assigned to the Company on 1 January 2016. These properties were revalued by an independent architect and as a result, an uplift in value (net of deferred tax) of €685k was recognised in the 2015 financial statements.

Furthermore, Dizz Finance has in 2015 directly acquired two properties in Swieqi and Gzira and entered into five 'promise of sale' agreements which result in a total cost of €1.16 million. This is expected to be paid in different instalments over three years; €0.13 million was paid as deposit in 2015 and the remaining amount of €1.03 million is expected to be paid over the next two years. In addition, in August 2016, Dizz Finance acquired two apartments on plan in Qui Si Sana, Sliema. These apartments are expected to be developed and transferred to the Issuer in shell form by 30 June 2017,



upon completion of construction works. The total consideration for this transaction is €1.0 million, of which €0.72 million has been paid to date whilst the remaining €0.24 million will become due once the construction works are complete. In connection with the transaction, the Issuer has incurred stamp duty and notarial fees of €50k in FY16.

#### *1.3.1.1 St. Venera retail outlet and Head Office*

The Issuer owns freehold title to the premises known as the Terranova retail outlet in St. Venera. The outlet measures 420sqm and was the first Terranova outlet in Malta. The outlet was valued at €567k on 31 December 2015. The Issuer also owns the Group's Head Office, which is also situated in St. Venera. The offices measure 114sqm and were valued at €255k on 31 December 2015.

It is management's intention to relocate its Head Office to the premises it is currently developing in Mriehel and plans to lease out the existing offices to third parties once vacated.

#### *1.3.1.2 Other properties*

The Issuer owns a portfolio of five properties which are held for leasing out to third parties. On the basis of contracts currently in place, rental income is expected to increase at 3% per annum over the term of the proposed bond.

In August 2016, the Issuer acquired two apartments on plan in Qui Si Sana, Sliema which are expected to be developed by 30 June 2017. The projections assume that €0.24 million will be paid in 2017, upon completion of construction works. The projections also assume that no rental income will be generated from these apartments.

The Issuer entered into five promise of sale agreements. However, one of these agreements was assigned to a third party for a profit of €5k (excluding agency costs, tax and stamp duty implications, if any). These properties (each measuring between 80sqm and 195sqm) were acquired for €1.2 million. A deposit of €132k was paid on these properties.

#### *1.3.2 Improvements to properties*

Improvements to properties primarily include the value of movables (equipment, furniture and fittings) within the investment properties owned by Dizz Finance, which were transferred as part of the initial transfer. The carrying amount of these movables is €409k as at 31 December 2015, and are depreciated over 5 years.

#### *1.3.3 Amounts due by Group companies*

As at 31 December 2015, Dizz Group of Companies Ltd owed Dizz Finance €32k, which are unsecured, interest free and repayable on demand.

#### *1.4 Key activities and dependencies on the Group*

The Issuer's principal business is to act as the main financing arm and property holding company of the Group. The Issuer is dependent on other entities within the Group and it is estimated that over 85% of its revenue in FY16 and FY17 will be generated by Group companies.

The following is an overview of the principal activities of the Issuer:

#### 1.4.1 Loans to Group companies

Management plans to lend the funds raised through the issue of €8.0 million 5% unsecured bond (the Bond Issue) to Group companies in line with the planned use of bond proceeds and earn a margin on the interest cost.

#### 1.4.2 Rent

The Issuer rents out the Terranova outlet and Head Office, both situated in St. Venera to Dizz Ltd.

#### 1.5 Material contracts and key clients

On the basis of its core operations, other companies of the Group are expected to be the major counterparties or key clients the Issuer shall engage with in the ordinary course of its business. All material contracts defining key relations entered are listed below.

##### 1.5.1 Investment property

###### 1.5.1.1 *St. Venera retail outlet and Head Office*

Dizz Limited is the lessee of the St Venera outlet and head office, collectively measuring over 530sqm. The rental agreement came into effect on 1 January 2016 and expires on 31 December 2025. The initial three year term is on a *di fermo* basis whereas the subsequent 7 years are on a *di rispetto* basis.

Revenue is fixed at €5,000 (excl. VAT), payable quarterly in advance in equal instalments. Rent shall increase annually at 4% per annum. Lessee is responsible to pay for all running expenses over and above the rental cost.

###### 1.5.1.2 *Other properties*

The Issuer is party to lease agreements in respect to its five other properties that expire in 2016. Whilst rents are payable one month in advance, the company expects to generate rental income amounting to €56k from these properties.

##### 1.5.2 Amounts owed to Group companies

As at 31 December 2015, Dizz Finance owed Dizz Ltd €930k arising in connection with the initial transfer of properties during FY15. This loan bears no interest and has no fixed date of repayment.

#### 1.6 Material contracts of the Group

The Group, through its subsidiaries, has entered into/is currently in the process of entering into the following material contracts:

##### 1.6.1 Franchise agreements for existing brands

The Group's key brands are Terranova, Calliope, Liu Jo and Café Pascucci. The main commercial terms of these agreements is summarised below:

- Terranova franchise agreement: Dizz Ltd entered into five franchise agreements with Teddy S.p.A. for the operation of five Terranova outlets in Bay Street, Embassy, St. Venera, Paola and Tigne Mall. The contracts are renewed annually and are subject to minimum turnover levels per outlet. Dizz Ltd is in the process of signing a sales network contract agreement with reference to the Terranova Fgura and Iklin outlets. These contracts are expected to be signed in 2016 and will be valid for seven years but will be automatically renewed upon expiry.

- Calliope franchise agreement: Dizz Ltd entered into two franchise agreements with Teddy S.p.A. for the operation of two Calliope outlets in Bay Street and Tigne Mall. The contracts are renewed annually and are subject to minimum turnover levels.
- Café Pascucci franchise agreement: Dizz Ltd entered into three franchise agreements with Café Pascucci Torrefazione S.p.A. for the operation of three Café Pascucci cafeterias in Bay Street, Tigne Mall and St. Venera. The agreements have an initial duration of three years, after which they will be renewed for a further three years. Dizz Ltd was required to pay an entrance fee upon signing the agreement (which includes material and services), together with an annual fee thereafter.

#### 1.6.2 Franchise agreements for new brands

The Group objective is to obtain the right to distribute and sell a number of new high-end brands. The main commercial terms of these agreements are summarised below:

- Dizz Group acquired the franchise of the following three brands, Guess, 7 Camicie and Brooks Brothers on 1 May 2016. This transfer was secured for a consideration of €1.0 million; €0.1 million will be paid in 2016 whilst the outstanding €0.9 million will be paid in five equal instalments thereafter.
- Management expect that by 31 July 2016 the Group will acquire the right to distribute and sell through exclusive stores three new high end brands in Malta. The transfer will be made for a total consideration of €1.4 million and is expected to be paid on transfer date. In addition, any stock held by the transferor as at transfer date will be valued and transferred to the Group along with any fixtures and fittings. The value of the stock shall be paid by Dizz Group within 30 days from the date of notification of the actual value.

#### 1.6.3 Development of the Hub

The Group is currently in the process of developing the proposed site in Mriehel (referred to as the “Hub” or the “Hub project”), which is earmarked as a logistics centre for the Group’s retail operations, house its head office, serve as a manufacturing site and also the Group’s storage and distribution centre. A Café Pascucci outlet is also expected to be developed in the reception area. The Hub is expected to be complete by June 2018.

The Hub will be constructed on a proposed site of c. 1,245 sqm located in Mriehel. Currently the site is owned by the Government Property Department and thus will be granted to Dizz Manufacturing on a temporary emphyteusis of 65 years. This emphyteutical grant will be granted against a lump sum of €500k which is to be paid upon commencement of the grant and another €18k will be payable annually throughout the term of the grant. The ground rent is also subject to a revision every five years.

This project will be set on seven floors including two which will be used as a parking area. The other floors will be used to organise the storage and distribution hub for the Group’s retail operations. Part of the storage hub will be used for the assembly and packaging of garments. These operations will involve buttoning, zipping and packaging of Terranova clothing before these are distributed to various countries. These operations are expected to account for c. 41% of the proposed area. The remaining area will be used for the Group’s Head Office and the Café Pascucci cafeteria.

#### 1.6.4 Lease agreements

The Group has a number of lease agreements in place. The main terms of these agreements are listed below:

- Embassy Management Ltd: Dizz limited has entered into a lease agreement with Embassy Management Ltd to operate the Terranova brand from the designated area. This agreement will expire in 2024. During this period the lessee is expected to pay a monthly concession fee in advance.
- Bay Street Holdings Ltd: the following four subsidiaries, Dizz Ltd, D's Ltd, DK Fashion Co. Ltd and DKM Ltd have signed separate lease agreements to operate Terranova, Calliope, Calliope (Kids), Liu Jo and Café Pascucci brands. All agreements with Bay Street Holdings Ltd are expected to expire by 2020. The lessees agreed to pay a one-time goodwill fee to the lessor and also an operator's fee and a service fee per square meterage of the designated area. The latter charges required to be paid on a monthly basis and in advance.
- Tigné Mall Ltd: Dizz Ltd, DK Fashion Co. Ltd and DKM Ltd signed a lease agreement with the lessor to operate the Terranova, Calliope, Liu Jo and Pascucci brands in an assigned space in Tigné Mall. The lease agreements are expected to expire between 2020 and 2030. During such tenure the Lessee is expected to make rental payments on a quarterly/monthly basis.

#### 1.7 Directors of the Issuer

The Issuer is managed by a Board of seven directors who are entrusted with its overall direction and management. The members of the Board as at date of this report are included hereunder:

<b>Directors</b>	<b>Position</b>
Diane Izzo	Chairperson and Executive director
Karl Izzo	Executive director
Nigel Scerri	Executive director
Edwin Pisani	Executive director
Dr Laragh Cassar	Independent non-executive director
Francis Gouder	Independent non-executive director
Joseph C. Schembri	Independent non-executive director

#### 1.8 Guarantor's key activities

The Dizz Group is an established business operator in Malta, which was set up in 2000 and currently employs 140 fulltime employees and around 45 part-time employees. The Group's core activities involve the retail of branded garments and apparel. The Group is the local franchisor of Terranova, Terranova Kids, Calliope, Liu Jo and Liu Jo, Uomo. The Group operates 19 outlets across Malta, which are concentrated in

the St. Julian's and Sliema area. One Terranova megastore was opened in Iklin in June 2016 and another one is planned to open in Fgura later on in the year whilst the Paola outlet will be closed in future.

The Group has recently acquired further high-end franchises, namely, Elisabetta Franchi and Max & Co. Whilst the Elisabetta Franchi store has recently commenced operations through an outlet situated in Bisazza Street, Sliema, the Group is still in the process of setting up the Max & Co store in Valletta. The Group is currently in the process of acquiring representation rights for a number of high-end brands.

The Group also operates a beauty product outlet at Tigne Point (The Make Up Store) and three cafeterias through the representation of the Italian franchise Café Pascucci. The Group is currently in the process of acquiring a commercial property in Gzira (currently under POS agreement) and converting this property into the fourth Café Pascucci outlet. The Group intends to add another outlet in future.

In addition, the Group, through Dizz Finance, manages a portfolio of investment properties held primarily for rental income and capital appreciation. The Group also sub-leases commercial properties held at The Point (Sliema) and The Embassy (Valletta) to a third party.

#### 1.9 Directors of the Guarantor

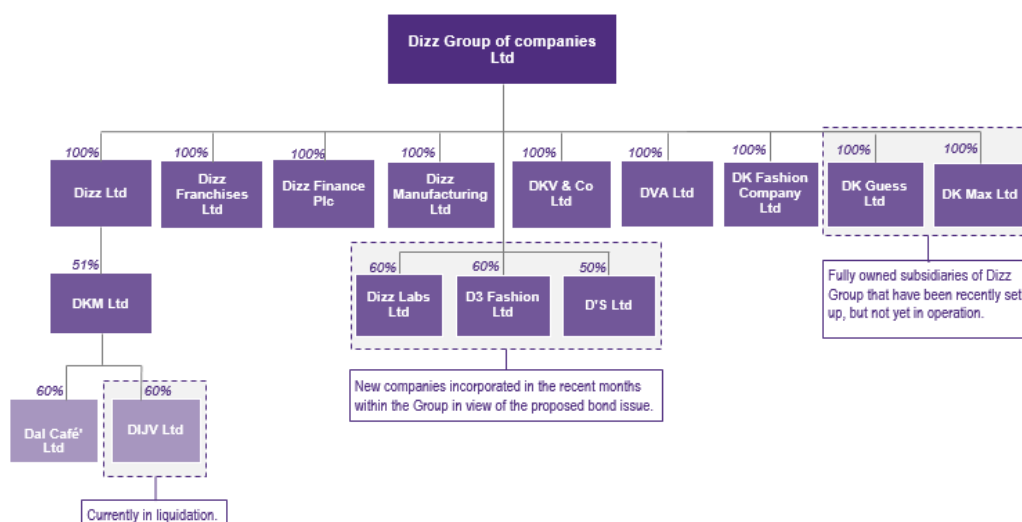
The Guarantor is managed by a Board of Directors who is entrusted with its overall direction and management. The members of the board as at the date of this report are included hereunder:

<b>Directors</b>	<b>Position</b>
Diane Izzo	Chief Executive and Executive Director
Denise Bonello	Operational Director
Daniela Bonello	Operational Director
Jean Paul Muscat	Finance Director
Edwin Pisani	Operational Director

## 2 Dizz Group's organisational structure

The authorised and issued share capital of Dizz Group as at the date of this Analysis is 3,290,000 ordinary shares at a nominal value of €1 per share. All issued shares are fully paid up. The shares are owned equally by Diane Izzo and Karl Izzo.

The diagram below illustrates the organisational structure of the Group.



### 2.1.1 Dizz Ltd – 100% shareholding

Dizz Ltd was set up on 16 August 2000. This was the first company of the Group and was incorporated with the objective of holding and operating the Terranova and Calliope franchises in Malta. More recently, Dizz Ltd entered into a franchise agreement for representation of the Italian franchise Café Pascucci.

### 2.1.2 DKM Ltd – 51% shareholding

DKM Ltd was set up on 5 December 2012 with the scope of holding and operating the food and beverage franchise Café Pascucci. Currently, this company operates three Café Pascucci cafeterias, including an outlet in St. Venera and two cubicles, situated in Bay Street and Tigne', but intends on opening a fourth outlet in Gzira shortly.

### 2.1.3 DAL Café Limited – 30.6% shareholding

DAL Café Limited was set up on 19 October 2015. This company is owned by DKM Ltd and operates a third party owned cafeteria in Cospicua under the Café Pascucci brand. The remaining shares in the company are owned by Denis Bonello, Matthew Zammit and Dr. Alicia Agius Gatt. This sub-franchise agreement was entered into in 2015 and is expected to last for a 10 year period.

### 2.1.4 DIJV Ltd – 30.6% shareholding

This company is currently in liquidation.

#### 2.1.5 Dizz Franchises Ltd – 100% shareholding

Dizz Franchises Ltd was set up on 9 November 2015. The objective of this company is to act as the holding company for all of the Group's franchises. Rights on the franchise agreements will be assigned to the respective Group companies, who will be charged royalty fees. The company is still not operational.

#### 2.1.6 Dizz Manufacturing Ltd – 100% shareholding

Dizz Manufacturing Ltd was set up on 19 November 2013 with the scope of developing the Hub project in Mriehel. The Hub is a multi-purpose complex which will serve as the logistics centre for the Group's retail operations and house its head office. The Hub will also serve as a manufacturing hub, as well as the Group's storage and distribution centre.

#### 2.1.7 DKV & Co Ltd – 100% shareholding

DKV & Co Ltd was set up on 4 June 2015. The objective of this company is to hold and operate the three new franchises which are in the process of being acquired. The plan is for this company to operate four retail outlets, but at the date of this report the company is not operational yet.

#### 2.1.8 DVA Ltd – 100% shareholding

DVA Ltd was set up on 7 September 2012. Whilst originally the Group held a 12.5% shareholding in this company, it acquired the remaining shareholding in 2015. DVA Ltd operates The Make Up Store outlet and designer sunglasses through You Vee Sunglasses outlet, both of which are situated at The Point. The company also sub-leases commercial premises situated at The Point and The Embassy to a third party.

#### 2.1.9 DK Fashion Co. Ltd. – 100% shareholding

DK Fashion Company Ltd was set up on 14 July 2009. The objective of the company is to hold and operate the Liu Jo and Liu Jo Uomo franchises in Malta. There are currently four outlets representing this brand in Malta. The brand is also present at the Malta International Airport, and this is governed by an agreement with a third party retailer at the Departures Lounge. The company plans to open a fifth outlet in Sliema which is currently still under construction.

#### 2.1.10 Dizz Labs Ltd – 60% shareholding

Dizz Labs Ltd was set up on 9 February 2016 but still not operational yet. The remaining 40% shareholding is owned by Edwin Pisani. Management plans to transfer the Group's administrative functions to Dizz Labs in 2016. Dizz Labs will, in turn, charge a management fee to the other Group companies for the administration services provided.

#### 2.1.11 D3 Fashion Ltd – 60% shareholding

D3 Fashion was set up on 21 May 2015 with the objective of holding and operating the Elisabetta Franchi brand in Malta.

#### 2.1.12 D's Ltd – 50% shareholding

D'S Ltd was set up on 30 April 2004 with the objective of holding and operating the Terranova Kids franchise in Malta. The company currently operates one outlet in St. Venera.

#### 2.1.13 DK Max Ltd – 100% shareholding

DK Max Ltd was set up on 8 April 2016 with the aim of holding and operating the Max & Co brand. Although the company is not operational yet, management plans on converting the existing Brooks Brothers outlet in Valletta into a Max & Co outlet.

#### 2.1.14 DK Guess Ltd – 100% shareholding

DK Guess Ltd was set up on 8 April 2016 with the aim of holding and operating the Guess and 7 Camicie franchises, which are in the process of being acquired. Although the company is expected to operate six retail outlets, with plans of adding an additional outlet further down the line, the company is not operational yet.

### 3 Proposed Bond Issue

The Company is proposing to issue an €8 million bond, with a nominal value of €100 each and which will be issued at par. The bond will have a term of ten years and will be redeemed in June 2026.

The forecasts and projections included in the Analysis are based on a coupon of 5%. Interest is expected to be paid annually in June with the initial interest payment made in June 2017.

The proposed Bond Issue is unsecured and not underwritten, but is guaranteed by the Guarantor.

The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to €7.7 million will be advanced to the other Group companies. These funds will be used for the following purposes:

- Partly finance the construction and development of a site in Mriehel (the Hub) which will be used as a logistics centre and will house the Group's storage and distribution operations along with its Head Office (€1.2 million);
- Refinance the Group's outstanding loans and bank overdraft (€2.3 million);
- Finance the acquisition of the representation rights and stocks in relation to new high-end brands, settlement of outstanding payments pertaining to the acquisition of the Guess, 7 Camicie and Brooks Brothers brands, and the refurbishment and roll-out of the Max & Co, Elisabetta Franchi outlets and the Terranova megastore in Iklin (€2.9 million); and
- General corporate funding purposes (€1.3 million).

### 4 Performance and financial position of the Issuer

This section makes reference to the financial statements of the Issuer for the financial year 24 June 2015 (being date of incorporation of the Company) up to 31 December 2015. These have been audited by SWK Certified Public Accountants & Auditors. The forecast financial information for the years ending 31 December 2016 to 2018 is provided by the Company's Management. The projected financial statements relate to events in the future and are based on assumptions which Management believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.



## 4.1 Statement of comprehensive income

### Issuer's statement of comprehensive income

€000	FY15 <sup>(1)</sup>	FY16	FY17	FY18
	Actual	Forecast	Projection	Projection
Revenue	15	412	702	745
Interest payable	-	(200)	(400)	(400)
Gross profit	15	212	302	345
Administrative expenses	(1)	(77)	(78)	(79)
Depreciation and amortisation	(8)	(92)	(103)	(103)
Fair value movement on property	-	-	532	-
Operating profit	5	43	653	163
Taxation	(5)	(23)	(174)	(51)
<b>Net profit after tax</b>	<b>0</b>	<b>20</b>	<b>479</b>	<b>112</b>
<b>Other comprehensive income</b>				
Property revaluation, net of deferred tax	685	-	-	-
<b>Total comprehensive income for the period</b>	<b>686</b>	<b>20</b>	<b>479</b>	<b>112</b>

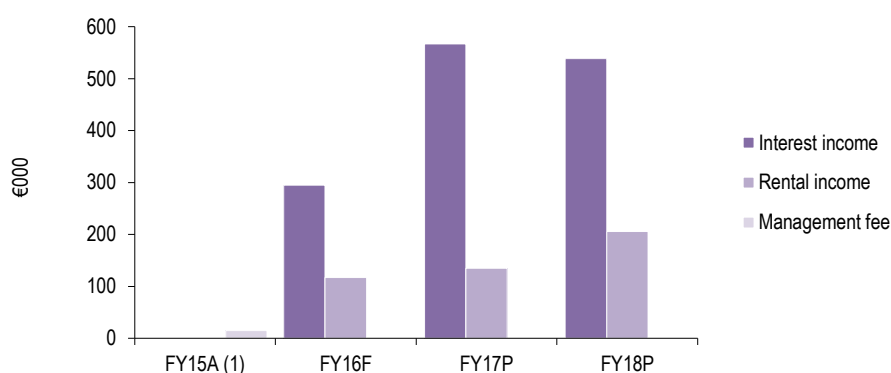
Source: Dizz Finance p.l.c. 2015 audited financial statements, Management projections and Due Diligence Report

Note (1): Period covers from 24 June 2015 to 31 December 2015

As set out in the above table, during FY15, the Company generated revenue of €15k, consisting of management fees charged to Dizz Limited as compensation for costs incurred by Dizz Finance in connection with the preparation for the proposed bond issue. Going forward, Management expects to achieve revenues of €745k in FY18 representing a stabilised year of performance. This growth in revenue is projected to accrue from:

- Interest receivable from loans to Group undertakings: The Company will enter into loan agreements with Group companies earning interest at the rate of 7.5% per annum;
- Rental income: The Company is expected to generate a stabilised annual rental income of €200k equally split between Group companies and third party lessees. The projections are based on the assumption that existing contracts will be automatically renewed on termination and that no revenue will be generated on the two apartments in Qui Si Sana, Sliema.

### Issuer's revenue breakdown by product



Source: Dizz Finance p.l.c. 2015 audited financial statements, Management projections and Due Diligence Report

Note (1): Period covers from 24 June 2015 to 31 December 2015

Administrative expenses include Directors' emoluments, management fees charged by Group companies (including general administration costs and salaries, accountancy and professional fees), audit fees, MSE listing and registration fees. Directors' remuneration is expected to increase by 10% every three years whilst management fees, which mainly include general administrative costs and salaries, are expected to increase at the rate of 2% per annum, in line with general inflation.

Architect Kurt Vella's valuation report dated 18 August 2016 stated that based on a comparative method of assessment, the two apartments in Qui Si Sana shall have a market value in the region of €1.5 million upon completion of works, in FY17. Based on an acquisition price of €1.0 million (€0.72 million payments to date + €50k stamp duty and notary fees + €240k future payments), the Issuer is expected to recognise a fair value movement of €0.53 million in FY17 on these apartments.

The projected taxation has been assumed at 15% of rental income (Final Withholding Tax), with the remaining interest income from group advances and bank balances and fair value gains taxed at the corporate tax rate of 35%, after allowing for apportionment of costs between rental and group financing activities.

## 4.2 Statement of cash flows

### Issuer's statement of cash flows

€000	FY15 <sup>(1)</sup>	FY16	FY17	FY18
	Actual	Forecast	Projection	Projection
Cash flows from operating activities	15	333	601	616
Cash flows from investing activities	(1,832)	(6,493)	(1,221)	(449)
Cash flows from financing activities	1,798	9,397	(400)	(400)
Movement in cash and cash equivalents	(19)	3,237	(1,020)	(233)
Opening balance	-	(19)	3,218	2,198
<b>Closing balance</b>	<b>(19)</b>	<b>3,218</b>	<b>2,198</b>	<b>1,965</b>

Source: Dizz Finance p.l.c. 2015 audited financial statements, Management projections and Due Diligence Report

Note (1): Period covers from 24 June 2015 to 31 December 2015

The cash flow statement for the Company reflects the flows into and out of the company that relate to the raising, servicing and repayment of debt, in addition to the income derived from the rent and interest receivable.

During FY15, Dizz Finance acquired the Group's head office, the Terranova outlet in St. Venera together with other properties from Dizz Ltd at a cost of €1.8 million. The acquisition of these properties was funded through a shareholder's loan of €0.9 million which was subsequently capitalised into equity. The negative cash balance of €19k as at 31 December 2015 represents unpresented cheques at year end.

The cash flow position of the Issuer is set to improve in FY16. Cash flow from operating activities represents the rental income generated on its property portfolio and interest income earned on intra-group loans.

An outflow from investing activities of €6.5 million is expected in FY16. This represents the net effect of:

- a) Advancement of the net bond proceeds: Net bond proceeds of €7.7 million will be advanced to Group companies in FY16 in line with the planned use of bond proceeds;

- b) Deposits received from Group companies: Any balances held by Group companies at year end are expected to be transferred to Dizz Finance (cash sweep mechanism) given that Dizz Finance is the financing arm of the Group. Consequently, through this mechanism, at any point in time, the Group's entire cash balances are expected to be held by Dizz Finance. The projections assume that such transfers will not bear interest;
- c) The acquisition of two apartments on plan in Qui Si Sana: The acquisition of these apartments in 2016 was funded through a shareholder's loan of €1.0 million which was subsequently capitalised into equity.

Going forward, cash flow from investing activities represents the monthly capital repayments on group loans and net amounts received through the cash sweep mechanism.

Net cash flows from financing activities of €9.4 million are expected to be generated in FY16, being the net bond proceeds of €7.7 million and shareholder loans of €1.6 million. Thereafter, net cash flows from financing activities represent the payment of interest.

#### 4.3 Statement of financial position

##### Issuer's statement of financial position

€000	FY15 Actual	FY16 Forecast	FY17 Projection	FY18 Projection
<b>Non-current assets</b>	-	-	-	-
Investment property	2,118	3,208	4,825	4,825
Improvements to property	410	328	246	164
Payments on account	132	245	-	-
	2,660	3,781	5,071	4,989
Bond issue costs	-	202	181	160
Intra group loans	-	7,703	7,083	6,424
Deposits from group companies	-	(3,224)	(2,341)	(1,233)
Deferred tax liability	(151)	(151)	(274)	(274)
Accruals	(1)	(3)	(4)	(4)
Amounts owed by Group undertakings	32	32	32	32
Taxation	(5)	(23)	(51)	(51)
<b>Capital employed</b>	<b>2,535</b>	<b>8,198</b>	<b>9,697</b>	<b>10,042</b>
<b>Net debt</b>				
Amounts due to group undertakings	930	-	-	-
Bond issue	-	8,000	8,000	8,000
Accrued interest	-	200	200	200
Cash and cash equivalents	19	(3,218)	(2,198)	(1,965)
	949	4,982	6,002	6,235
<b>Equity</b>				
Share capital	900	1,910	1,910	1,910
Retained earnings	0	20	499	611
Revaluation reserve	685	685	685	685
Shareholders loans	-	600	600	600
Total equity	1,586	3,216	3,695	3,807
<b>Total funding</b>	<b>2,535</b>	<b>8,198</b>	<b>9,697</b>	<b>10,042</b>

Source: Dizz Finance p.l.c. 2015 audited financial statements, Management projections, Due Diligence Report

Note (1): Period covers from 24 June 2015 to 31 Dec 2015

Total capital employed is expected to increase from €2.5 million as at 31 December 2015 to €10.0 million by 31 December 2018. This increase is principally driven by bond proceeds which are advanced to Group companies net of cash surplus balance as at the end of the year. It is envisaged that the Company will gradually build up its cash reserves for the redemption of the Bond in June 2026.

Investment property is also expected to increase from €2.1 million as at 31 December 2015 to €4.8 million as at 31 December 2018, following the acquisition of two apartments on plan in Qui Si Sana in FY16 and expected fair value movement on the same apartments upon completion of construction in FY17, as well as the acquisition of properties currently held under promise of sale agreement.

As at 31 December 2015 total equity amounted to €1.6 million. During FY15, the Issuer recognised a revaluation of €685k (net of deferred tax), which represents the uplift in value of investment properties upon transfer to Dizz Finance. Shareholder's equity is projected to increase to €3.2 million as at 31 December 2018, reflecting the €1.0 million increase in share capital in FY16 following the capitalisation of the shareholders' loan and movement in projected profits.

#### 4.4 Evaluation of performance and financial position

##### Issuer's evaluation of performance and financial position

	FY15 <sup>(1)</sup>	FY16	FY17	FY18
	Actual	Forecast	Projection	Projection
Gross profit margin (Gross Profit / Revenue)	100.0%	51.5%	43.0%	46.3%
Operating profit margin (Operating Profit / Revenue)	34.7%	10.4%	93.0%	21.9%
Net profit margin (Profit for the year / Revenue)	3.3%	4.8%	68.2%	15.0%
Interest coverage ratio (Operating profit adding back depreciation, amortisation and interest payable / interest payable)	n/a	1.68x	2.89x	1.67x
Return on assets (Operating Profit / Total Assets)	0.2%	0.3%	4.5%	1.2%
Return on capital employed (Operating Profit / Capital Employed)	0.19%	0.38%	5.54%	1.37%
Return on equity (Profit attributable to owners / Average Equity attributable to owners)	0.03%	0.76%	15.48%	3.49%
Current ratio (Current Assets / Current Liabilities)	-3.20x	1.11x	1.10x	1.76x
Gearing Ratio <sup>1</sup> (Borrowings / (Total Equity + Borrowings))	1.2%	65.6%	66.0%	66.0%
Gearing Ratio <sup>2</sup> (Borrowings / Total Equity)	0.01x	1.90x	1.94x	1.94x

Source: Financial Services Planning Ltd

Note (1): Period covers from 24 June 2015 to 31 Dec 2015

The ratios for FY15 cover the period 24 June 2015 (date of incorporation) to 31 December 2015. Given that the Company's only source of income was management fees of €15k the ratios for FY15 are not reflective of the Company's operation.

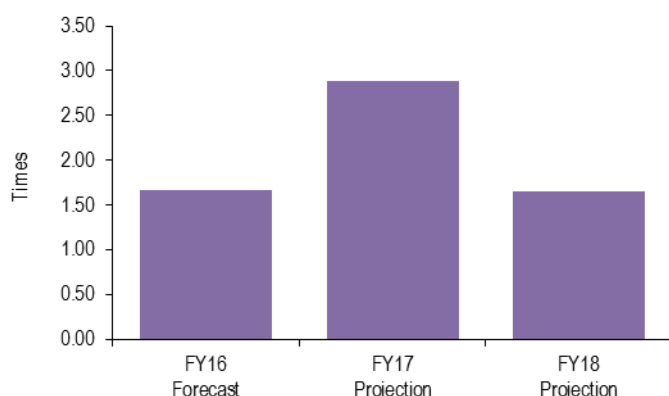
The profitability ratios for the period FY16 to FY18 display a considerable level of stability, reflecting its role as a holder of investment properties and finance arm of the Group. Rental and fixed interest income, in addition to fixed interest payable on the borrowings, drive operations and profits from FY16 onwards. Profitability ratios of FY17 are considerably higher than those expected for FY16 and FY18, given that the Issuer is expected to generate a fair value movement of €0.5 million, following an uplift on its two apartments in Qui Si Sana upon completion of construction.

A gross profit margin of over 40% is projected for the period FY16 to FY18. However, as the properties currently under promise of sale agreement will be acquired and leased out during the next two years, the gross profit margin is expected to stabilise in FY18 at 46%.

Return on Capital Employed (ROCE) and Return on Assets (ROA) were estimated on the basis of operating profit and are expected to improve throughout the years. Consequently, ROE is expected to increase to 3.49% by FY18, reflecting the increase in profits emanating principally from an increase in revenue in FY16. ROA is also expected to improve from 0.2% in FY15 to 1.2% in FY18.

Interest coverage would typically be calculated as the ratio of Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) to net finance costs. In the case of the Issuer, the core revenue of the Company consists of rental income and interest earned on loans advanced to Group companies. Therefore, in order to calculate the ability to service the bond borrowings, interest coverage is estimated as the ratio of this financial income (after adjusting for administrative expenses, and fair value movement on property but excluding depreciation and amortisation) to interest payable. Bond interest will accrue from the month following issue and interest cover is expected to be in excess of 1.6 times as from FY16 onwards.

#### Interest cover ratio analysis



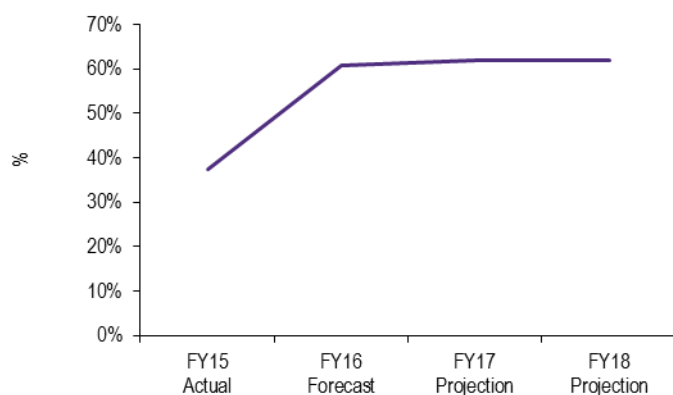
Source: Financial Services Planning Ltd

The Group loans have been classified between current and non-current assets, given that it is expected that these loans will be repaid over a 10 year period with fixed monthly repayments. Conversely, the deposits from Group companies, are classified as current liabilities, on the basis that any surplus cash at year end is transferred to Dizz Finance. Current ratio for FY16 and FY17 is expected to be c. 1:1, increasing to 1:1.8 by FY18.

For the purposes of the gearing calculation, borrowings are based on the bond amount and accrued bond interest net of cash balances held by the Company. Total equity includes the Company's issued equity share capital, its accumulated reserves, revaluation reserve and shareholders' loans that carry no

interest and have no fixed repayment date. Gearing is expected to increase over the three years, from 37.4% in FY15 to a peak of 62.1% in FY18. As from FY19 onwards, gearing is expected to decline in the projected period due to a gradual build up in cash reserves of Dizz Finance, as more cash is generated from Group companies and repaid to the Company, either in the form of interest and loan repayments, or interest-free deposits with the Issuer.

### Gearing ratio analysis



Source: Financial Services Planning Ltd

## 5 Financial Performance of the Guarantor

As illustrated in previous sections, the Issuer is owned by Dizz Group of Companies Limited. As the Issuer's primary role is that of raising funds to finance the Group's operations, combined with the fact that the proposed Bond Issue is unsecured and not underwritten, but is guaranteed by the Dizz Group, an overview of the performance and financial position of the Group is set out below.

This section makes reference to the financial statements of the Guarantor for the financial years 31 December 2013, 31 December 2014 and 31 December 2015. As the Guarantor was set up on 28 March 2014, the period 1 January 2013 to 31 December 2013 is based on audited pro-forma results for the Group. All financial statements have been audited by SWK Certified Public Accountants & Auditors. The forecasted financial information for the years ending 31 December 2016 to 2018 was provided by management of the Company. The projected financial statements relate to events in the future and are based on assumptions which Management believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

## 5.1 Statement of comprehensive income

### Guarantor's Statement of comprehensive income

€000	FY13 <sup>(1)</sup>	FY14	FY15	FY16	FY17	FY18
	Actual	Actual	Actual	Forecast	Projection	Projection
Revenue	4,741	5,118	6,270	11,204	16,571	17,357
Cost of material	(2,377)	(2,342)	(2,831)	(5,784)	(8,517)	(8,860)
Gross profit	2,364	2,776	3,439	5,420	8,054	8,497
Administrative costs	(2,034)	(2,313)	(2,855)	(4,168)	(5,928)	(6,352)
EBITDA	330	464	584	1,252	2,126	2,146
Depreciation and amortisation	(286)	(344)	(360)	(658)	(699)	(711)
Operating profit	44	120	224	594	1,427	1,435
Share of results from associate	(5)	-	-	-	-	-
Fair value movement on properties	-	-	-	-	532	-
Foreign exchange gains	-	2	-	-	-	-
Other income	45	39	30	103	119	140
Finance costs	(37)	(40)	(44)	(211)	(390)	(370)
Profit before tax	47	121	210	486	1,688	1,205
Taxation	(21)	(28)	(51)	(164)	(523)	(409)
Net profit	26	92	159	322	1,165	795
<b>Other comprehensive income</b>						
Property revaluation, net of deferred tax	-	-	207	-	-	-
<b>Total comprehensive income</b>	<b>26</b>	<b>92</b>	<b>366</b>	<b>322</b>	<b>1,165</b>	<b>795</b>

Source: Dizz Group of Companies Ltd 2013 to 2015 audited financial statements, Management projections and Due Diligence Report

Note 1: Based on Audited pro-forma results as Dizz Group of Companies Ltd as incorporated on 28 March 2014

The Group's revenue is principally generated through the sale of branded garments. Between FY13 and FY15 the Group generated over 90% of its revenue from the Terranova, Terranova Kids, Calliope, Liu Jo and Liu Jo Uomo brands. During this period, revenue from these brands increased by 23.1%, principally due to:

- a) The Terranova and Calliope brands, which further established themselves in the local market, generating a higher average revenue per outlet; and
- b) Opening of three additional outlets for Liu Jo and Liu Jo Uomo brands, a higher-end designer brand, which enables the Group to achieve a higher overall margin.

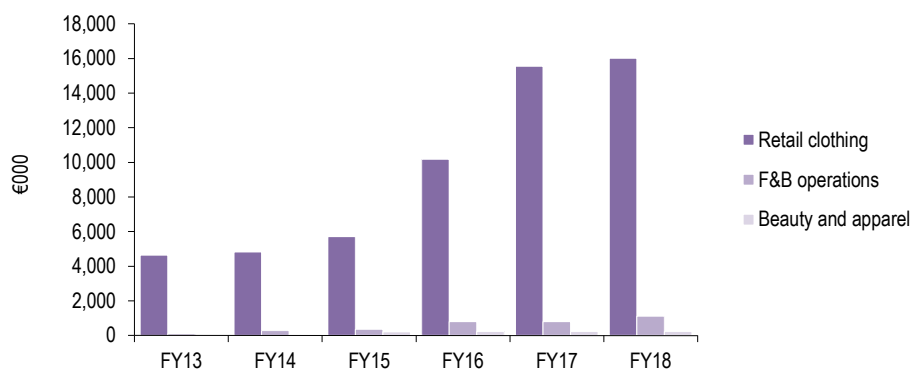
Going forward, as set out in the chart below, retail clothing revenue is expected to increase from €5.7 million in FY15 to €16.0 million in FY18, representing a compound annual growth rate of 41.1%. This projected increase in revenue is driven by:

- a) The acquisition of two high-end franchises, Elisabetta Franchi and Max & Co;
- b) The transfer agreements entered into by the Group during the first quarter of 2016, whereby the Group is currently in the process of acquiring representation rights for Guess, 7 Camicie, Brooks Brothers, and three other high-end brands. Although the latter transaction is still subject to franchisor approval, the projections assume that the Group will commence operations of these brands during the second half of 2016;
- c) Opening of two Terranova megastores in Iklin and Fgura in FY16. The Iklin megastore has already welcomed its first customers in June 2016. As the Group already operates a Terranova

outlet in Paola, upon commencement of the Figura megastore, the Terranova outlet in Paola will be closed down.

Notwithstanding the projected growth in revenues through the acquisition of these new brands, Management expects that the Terranova brand will still account for c. 50% of revenues in FY17 and FY18.

### Group's revenue breakdown



Source: Dizz Group of Companies Ltd 2013 to 2015 audited financial statements, Management projections and Due Diligence Report

During FY14 the Group expanded its operations into catering, through the representation of the Italian franchise Café Pascucci. At present, the Group operates three Café Pascucci outlets, with plans to operate another two outlets in place. Although sales for F&B operations were minimal in FY14 and FY15, Management expects to increase sales by €754k between FY15 and FY18, representing a compound annual growth rate of 45.3%. This increase is primarily driven through the operation of a further two outlets.

The beauty operation started through the operation of an outlet in Tigne Mall, which sells products of the franchise Make Up store. Going forward, Management expects to generate revenue of €225k per annum, which is in line with the revenue generated during FY15.

Administration costs are managed by the Head Office and are then allocated on a company by company basis. Administrative costs increased from €2.0 million in FY13 to €2.9 million in FY15 and are expected to increase further to €6.4 million in FY18, principally due to an increase in rent and staff costs following the acquisition of the new brands.

The Group incurred c. €40k of interest costs per annum, between FY13 and FY15. This is expected to increase to €400k per annum as from June 2016 onwards, based on the coupon rate of 5%.

Net profits generated by the Group increased from €26k in FY13 to €159k in FY15, representing a compound annual growth rate of 147.29%. Based on the envisaged growth in revenue, net profit is expected to reach €795k by 2018. During FY15, the Group also recognised a revaluation gain of €207k (net of deferred tax) on its property portfolio held within Dizz Finance and is expected to recognise a fair value movement of €532k (prior to deferred tax) in FY17 following completion of construction of the two apartments in Qui Si Sana.



## 5.2 Statement of cash flow position

### Guarantor's cash flow statement

	FY13 <sup>(1)</sup>	FY14	FY15	FY16	FY17	FY18
€000	Actual	Actual	Actual	Forecast	Projection	Projection
Cash flow operating activities	333	293	273	374	2,037	1,864
Cash flow used in investing activities	(467)	(580)	(2,006)	(4,915)	(2,656)	(1,697)
Cash flows from financing activities	142	351	1,109	8,410	(400)	(400)
Movements in cash and cash equivalents	8	65	(624)	3,869	(1,020)	(233)
Opening balance	(85)	(77)	(12)	(652)	3,218	2,198
Upon acquisition	-	-	(15)	-	-	-
<b>Closing balance</b>	<b>(77)</b>	<b>(12)</b>	<b>(652)</b>	<b>3,218</b>	<b>2,198</b>	<b>1,965</b>

Source: Dizz Group of Companies Ltd 2013 to 2015 audited financial statements, Management projections and Due Diligence Report

Note 1: Based on Audited pro-forma results as Dizz Group of Companies Ltd as incorporated on 28 March 2014

Between FY13 and FY15 the Group invested significantly in its operations, with a total investment cash outflow of €3.1 million. This involved the acquisition of investment property, furniture and fittings for its outlets and the purchase of goodwill/key money as the Group invested in the expansion of its outlets. Going forward, Management envisages that there will be a total investment outflow of €9.3 million between FY16 and FY18, which is principally driven by the acquisition of new brands, opening of the Terranova megastores and Café Pascucci outlets, development of the Hub, and acquisition of investment properties (the acquisition in FY16 of two apartments on plan in Qui Si Sana and other properties which are currently under promise of sale agreement).

The investment activities of the Group between FY13 and FY15 were mainly funded through cash flows generated from operations, bank finance and equity. It is expected that going forward, profits generated by the Group are re-invested in working capital as the Group's priority is to continually expand its operations.

The Group's investments between FY16 and FY18 are expected to be primarily financed through the proposed bond issue. Following the bond issue, the Group plans on refinancing its existing bank facilities. Despite this, Management plans on retaining its existing overdraft facilities and use such facilities to finance any short-term working capital requirements.

### 5.3 Statement of financial position

#### Guarantor's statement of financial position

€000	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Forecast	FY17 Projection	FY18 Projection
<b>Non-current assets</b>						
Property, plant and equipment	2,194	2,360	3,075	7,388	9,243	10,114
Investment property	-	-	1,297	2,187	2,839	2,839
Deposits on property	-	-	132	245	-	-
Goodwill	79	149	280	232	184	144
	2,273	2,509	4,784	10,051	12,266	13,097
Bond issue costs	-	-	-	202	181	160
Investment in associates	-	1	-	-	-	-
	2,273	2,510	4,784	10,253	12,447	13,257
<b>Net working capital</b>						
Inventories	141	471	565	1,793	1,883	1,977
Trade receivables	-	4	16	77	84	89
Trade payables	(269)	(557)	(457)	(560)	(588)	(617)
Trade working capital	(128)	(82)	123	1,311	1,380	1,449
Prepayments and other receivables	40	51	136	86	90	94
Accruals and other payables	(377)	(179)	(201)	(391)	(411)	(431)
Net working capital	(466)	(210)	58	1,005	1,059	1,112
Capital creditors	-	-	-	(1,000)	(704)	(528)
Taxation	(41)	(84)	(34)	(164)	(399)	(409)
Deferred tax	(15)	3	(137)	(137)	(261)	(261)
<b>Capital employed</b>	<b>1,752</b>	<b>2,219</b>	<b>4,671</b>	<b>9,957</b>	<b>12,142</b>	<b>13,171</b>
<b>Net debt</b>						
Bond issue	-	-	-	8,000	8,000	8,000
Accrued interest	-	-	-	200	200	200
Bank loans	513	605	976	-	-	-
Shareholder loans	400	739	-	-	-	-
Bank overdraft	83	146	659	-	-	-
Cash and cash equivalents	(6)	(134)	(8)	(3,218)	(2,198)	(1,965)
	990	1,356	1,628	4,982	6,002	6,235
<b>Equity</b>						
Share capital	468	468	2,280	3,290	3,290	3,290
Retained earnings	(210)	(93)	24	301	1,420	2,162
Revaluation reserve	478	478	685	685	685	685
Shareholders loan	-	-	-	600	600	600
	736	853	2,989	4,876	5,995	6,737
Non-controlling interest	26	10	54	98	146	199
Total equity	762	863	3,043	4,975	6,140	6,936
Total funding	1,752	2,219	4,671	9,957	12,142	13,171

Source: Dizz Group of Companies Ltd 2013 to 2015 audited financial statements, Management projections and Due Diligence Report  
 Note 1: Based on Audited pro-forma results as Dizz Group of Companies Ltd as incorporated on 28 March 2014

During the historical period the Group's total capital employed increased from €1.8 million as at 31 December 2013 to €4.7 million as at 31 December 2015. This increase was principally driven by an increase in share capital of €1.8 million and bank borrowings of €1.0 million. This capital was allocated towards the increased funding requirement of property, plant and equipment, investment properties and inventories.

The Terranova and Calliope stocks are acquired on a consignment basis and therefore, although the cost of material from the franchisor includes a premium for this arrangement, inventory as at the end of the year does not include any stock on these brands. Consequently, between FY13 and FY15 the Group's inventories consisted of stocks of Liu Jo, Liu Jo Uomo, The Make Up Store and You Vee Sunglasses.

Going forward, total capital employed is expected to reach €13.2 million by 31 December 2018. The principal increase in total capital employed is due to the proceeds of the bond issue.

As at 31 December 2015 the Group was principally funded through equity of €3.0 million, bank facilities of €1.6 million and trade payables of €0.7 million. As at 31 December 2015, the Group also had off balance sheet financing of €1.8 million, relating to bank guarantees to stock suppliers. These guarantees are secured, *inter alia*, by the Group's properties, including the investment property portfolio held by Dizz Finance.

Trade and other payables are expected to increase to €1.8 million as at 31 December 2018, principally due to an increase in capital creditors, representing the acquisition of the new brands which will be paid over a period of time as stipulated in the agreements currently being entered into by Management.

During 2016, the shareholder's injected €1.6 million by way of a shareholder's loan, of which €1.0 million has been capitalised to date. The shareholder's loan does not carry interest and does not have a fixed repayment date. Shareholder's equity is projected to increase from €3.0 million as at 31 December 2015 to €6.9 million as at 31 December 2018, reflecting the €1.0 million increase in share capital in FY16 and movement in projected profits.

## 5.4 Evaluation of performance and financial position

### Guarantor's evaluation of performance and financial position

	FY13 <sup>(1)</sup> Actual	FY14 Actual	FY15 Actual	FY16 Forecast	FY17 Projection	FY18 Projection
Gross profit margin (Gross Profit / Revenue)	49.9%	54.2%	54.8%	48.4%	48.6%	49.0%
Operating profit margin (Operating Profit / Revenue)	0.9%	2.3%	3.6%	5.3%	8.6%	8.3%
Net profit margin (Profit for the year / Revenue)	0.5%	1.8%	2.5%	2.9%	7.0%	4.6%
Interest coverage ratio (EBITDA / interest payable)	8.92x	11.59x	13.26x	5.93x	5.45x	5.80x
Return on assets (Operating Profit / Total Assets)	1.8%	3.8%	4.1%	3.9%	8.7%	8.4%
Return on capital employed (ROCE) (Operating Profit / Capital Employed)	2.5%	5.4%	4.8%	6.0%	11.8%	10.9%
Return on equity (Profit attributable to owners / Equity attributable to owners)	3.4%	10.7%	12.0%	7.4%	21.0%	12.5%
Current ratio (Current Assets / Current Liabilities)	0.27x	0.54x	0.45x	2.23x	1.85x	1.89x
Quick Ratio (Current Assets less Inventories / Current Liabilities)	0.07x	0.16x	0.10x	1.46x	1.03x	0.98x
Gearing ratio (Net Debt / Total Funding)	56.5%	61.1%	34.8%	50.0%	49.4%	47.3%

Source: Financial Services Planning Ltd

Note 1: Based on Audited pro-forma results as Dizz Group of Companies Ltd as incorporated on 28 March 2014

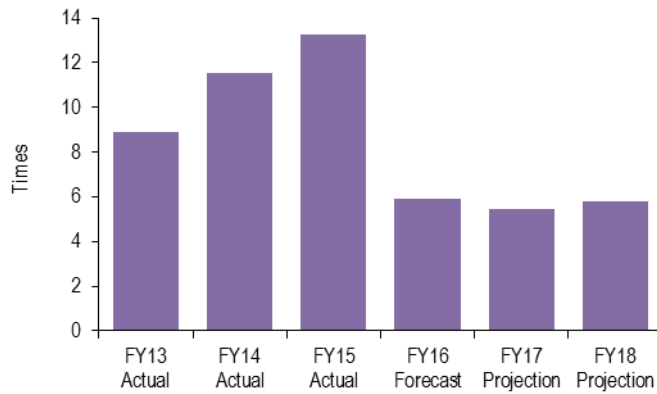
The table above sets out an evaluation of the performance of the Group between FY13 and FY18. As illustrated above, the Group's performance improved between FY13 and FY15, and is expected to improve further in the projected period, through the acquisition of new brands and opening of new outlets on its existing brands. However, Management expects that FY18 will represent a stabilised year, given that in FY17, Management expects to generate an uplift of €0.5 million on its apartments in Qui Si Sana.

Although the Group added two new lines of business between FY13 and FY15, a consistent gross profit margin of c. 50% was maintained during this period. From FY16 onwards, Management is expecting to continue to achieve a gross profit margin of over 48%.

The overall operating performance after administrative costs, depreciation and amortisation increased from 0.9% in FY13 to 3.6% in FY15. Such thin margins reflect the high rental costs paid by the Group given that the majority of the Group's outlets are all situated in prime locations around Malta and the wages and salaries paid by the Group in order to support its organisational structure. Management is expecting operating profit to reach 8.3% by FY18. Likewise, net profit margin has also increased in the historical period, and is expected to increase further to 4.6% by FY18.

Interest cover ratio increased from 8.92x in FY13 to 13.26x in FY15. A drop in the interest cover ratio is expected from FY16 onwards, due to the increased interest cost arising on the proposed bond. Despite this, the Group is still projecting that the interest cover ratio will be over 5.4x in the projected period.

### Interest coverage ratio analysis



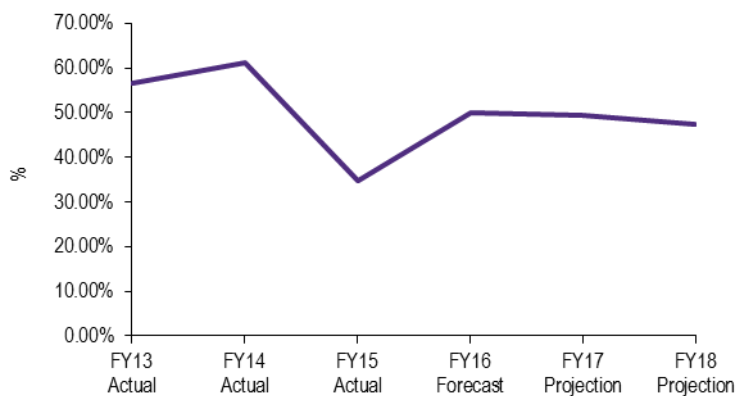
Source: Financial Services Planning Ltd

ROCE and ROA have recorded significant increases between FY13 and FY15. Likewise, given the projected increase in net profit, the projections result in ROCE and ROA increases, reaching 10.9% and 8.4% respectively by FY18.

The current ratio for the historical period FY13 to FY15 was less than 0.5x, indicating that current liabilities exceeded current assets. As the increase in inventory and cash is expected to increase at a higher rate than the increase in trade and other payables, the current ratio is expected to turn positive as from FY16.

The Group's gearing has been relatively stable at around 60% between FY13 and FY14, and decreased to 35% as at 31 December 2015 due to a net equity injection of €1.8 million. Going forward, the Group's gearing is expected to peak at 50.0% in FY16 following the bond issue and gradually decreasing thereafter.

### Gearing ratio analysis



Source: Financial Services Planning Ltd

## 5.5 The retail apparel market in Malta

**Marked growth in retail sales in Malta:** retail apparel sales, excluding footwear and leather goods, increased at a CAGR of 3.6% between 2008 and 2013. The rate of growth is well above the European CAGR in the same period.

**Significant volatility in sales levels:** the recent sales trend evidences a marked volatility with sales increasing by 13% in 2010, contracting by 1% in 2011, increasing by 9% in 2012 and 1% in 2013.

**Retail outlets in Malta are becoming larger:** although the total number of outlets has remained relatively unchanged (FY08: 725 outlets; FY13: 712 outlets), there have been decreased in the number of smaller outlets (less than 10 employees) and increases in larger outlets (for example, outlets employing more than 50 employees have doubled between FY08 and FY13).

**Spend is shifting towards larger outlets:** sales by outlets employing more than 50 employees increased at CAGR of 12.4% in FY08 to FY13, as opposed to an annual decrease of 5.5% in the sales of outlets employing less than ten employees.

**Dizz Group's market share is estimated at c. 2.5% in FY13:** The Group's retail clothing sales in FY13 amounted to €4.6 million, which approximate to c.2.5% of the total market.

## 6 Risks underlying the proposed issue

The Issuer's cash flow generation is highly dependent on the performance of the Group. Thus the proposed bond issue is also subject to the risk pertaining to the Group's operations as identified below.

**Achieving significant growth:** the Group's projections indicate that there will be significant growth in profits and cash flows in the coming years. Group's EBITDA is expected to increase from €0.6 in FY15 to €2.1 million in FY18. The ability to repay the proposed bond is highly dependent on these targeted figures. In the meantime, this growth will initiate a transition from a family run business focusing on one main brand (Terranova) to a public company managing a portfolio of brands. This will bring along a change in the management, control and governance of the Group. The ability to adapt to these changes will also have a significant bearing on the achievement of the growth targets.

**Highly leveraged capital structure and limited asset cover:** As the gearing levels indicate both the Issuer's and the Group's capital structure are expected to remain highly leveraged through the initial five years of the projections. This will give rise to numerous risks mainly due to the fact that such a capital structure will absorb a large portion of the cash flows generated. The high gearing level indicates that the Group and the Company have limited asset cover. Moreover, one must note that these gearing figures exclude off-balance sheet financing and guarantees which are expected to increase in the near future in line with the projected growth in operations.

**Development of the Hub:** A portion of the proposed bond proceeds will be allocated to the acquisition and construction the Hub. This Hub will allow the Group to step up the effectiveness of the logistic functions which will be critical to support the projected growth in retail operations. The permit for the development of this project was issued on 15 July 2016. Moreover, the project still needs to be approved by the Government's Property Division.

**Assembly operations:** the projections assume that once the development of the Hub is completed in FY18, the Group will start generating revenue from operations of the assembly of garments of Terranova. The scope and scale of these operations are still fluid and hence the level of uncertainty with this business plan heightens the level of execution risk on the projected cash flows.

**Exposure to the retail apparel market:** the European retail apparel market is expected to grow at a CAGR of 2% between FY15 and FY19. Turnover from fashion retail operations for the Group is projected to increase at an average growth rate of 3% per annum as from FY17. This would be in line with the European market. Recent statistics for the local market also indicate a high level of volatility with substantial shifts in overall sales levels. Moreover, one also needs to consider the increasing competition that local fashion retailers are facing from e-commerce and online sales.

**Newly acquired brands:** The Group expects EBITDA to increase from €0.6 million in FY15 to €2.1 million in FY18. This increase is subject to the assumption that the Group will complete the acquisition of a number of new retail fashion brands in Malta. These agreements were verbally agreed but no formal consent from the franchisors was obtained. One must note that negotiations are in place but if the Group is not appointed as franchisor for one or more of these brands, its projected cash flows are likely to be adversely affected.

**The new Terranova megastores:** The two new megastores are expected to contribute substantially to the Group's operating results. However, the projections do not factor in the possibility of sales shifting from one store to another. The only loss which was factored in is the closure of the Paola outlet.

**Over reliance on Terranova and Calliope:** The Group's existing retail operations are highly concentrated on the Terranova and Calliope brand. Sales for these two brands represented c.86% of total retail fashion turnover in FY15. The franchise agreements for the majority of the Terranova and Calliope outlets are currently based on a tacit annual renewal but can be rescinded by both parties subject to three months' notice. Non-renewal of these franchise agreements would materially influence the projected cash flows of the Group.

**Renewal of lease agreements:** The projections assume that the lease for all retail outlets will be renewed at the existing terms upon expiry of the current lease term. If the Group fails to renew any of the agreements or renews at rates that are materially different than current rates, this could have a material effect on the Group's operating results and projected cash flows.

**Renewal of rental agreements:** Only a minimal portion of the projected rental income is covered by rental agreements, as most of these agreements expire within one year. The projections assume that these rental agreements will be renewed on similar terms upon expiry. Thus, the projected stream of rental income is based on the Company's ability to secure an agreement on similar terms to those currently being achieved.

## 7 Comparables

The table below compares the Dizz Group and the Issuer's proposed bond issue to other debt issuers which are listed on the Malta Stock Exchange. The list includes most of the issuers (excluding financial institutions) which have listed bonds maturing in the medium term, i.e. between eight to ten years. This is in line with the term of the bond of the Issuer. Although one might argue that there are significant and material differences between the risks and operations of Dizz Group and that of the comparables, the comparative analysis highlighted below provides an indication of the financial performance and strength of the Group.

### Comparative analysis

	Maturity date	Nominal value		Yield to maturity <sup>1</sup>		Total assets (€000)	Net asset value (€000)	Gearing
		(€000)	Coupon	Interest cover				
Tumas Investments plc	2024	25,000	5.0%	3.8%	4.5x	274,893	98,839	49.1%
Mariner Finance plc	2024	35,000	5.3%	3.7%	2.8x	67,669	25,823	58.2%
AXI plc	2024	40,000	6.0%	4.3%	2.8x	188,378	102,171	38.3%
Hal Mann Vella plc	2024	30,000	5.0%	3.7%	0.0x	81,841	31,150	55.5%
PTL Holdings plc	2024	36,000	5.1%	4.1%	2.2x	70,543	6,592	86.8%
6PM Holdings plc	2025	13,000	5.1%	3.7%	10.0x	12,546	5,660	36.6%
Medserv plc	2026	21,982	4.5%	3.9%	6.8x	81,141	11,122	69.3%
Dizz Finance plc <sup>2</sup>	2026	8,000	5.0%	5.0%	5.8x	17,112	6,336	47.3%

Source: Data was extracted from the FY15 audited financial statements for Mariner Finance plc, Hal Mann Vella plc, PTL Holdings plc, Medserv plc and Corinthia Finance plc

Data was extracted from the FY14 audited financial statements for Tumas Investment plc, AXI plc and 6PM Holdings plc

Note 1: Yield to maturity as at 22 June 2016

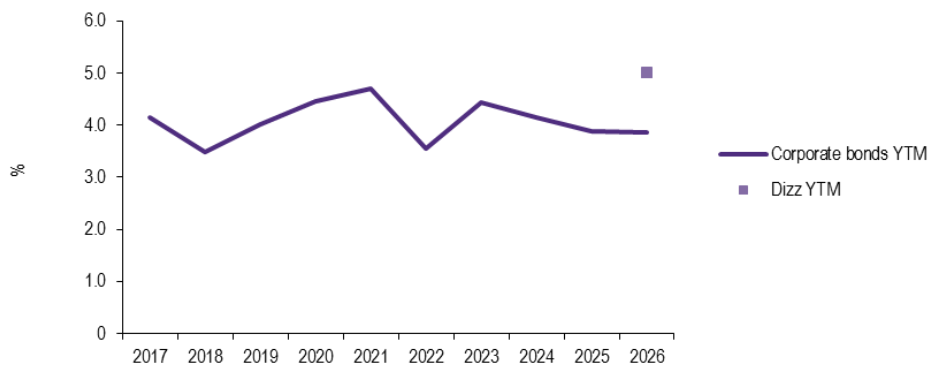
Note 2: Data for Dizz Finance is based on FY18 for the Guarantor

The interest cover ratio determines the ability of the company to meet its interest obligations on the outstanding borrowings. The table above is based on FY18 data (the stabilised year) for Dizz Group to reflect the impact of the bond issue on the company's interest cover ratio. The Group can cover the interest costs by 5.8 times.

The gearing ratio indicates what level of funding is being generated by external borrowings as compared to shareholders' funding. The gearing level for the Group stands at 47.3%. The higher the gearing level the more vulnerable the company tends to be to an economic slowdown.

The chart below depicts the yield to maturity of the proposed bond when compared to other corporate bonds listed on the Malta Stock Exchange. The yield to maturity in 2026 for the Issuer's Bond is 5%; higher than the weighted average yield to maturity for Malta's corporate bonds as at the same date.

### Bond yield to maturity



Source: Malta Stock Exchange and Dizz Group information



## 8 Explanatory definitions

<b>Statement of comprehensive income</b>	
Revenue	Total revenue generated by the Group from its business activities during the financial year, including retail income and rental income.
Direct costs	Direct costs include costs which are incurred in the production of revenue.
Gross profit	Gross profit is the difference between revenue and direct costs. It refers to the profit made by the Group before deducting operating costs, depreciation and amortisation, finance costs, impairment provisions, share of profits from associate and affiliate companies and other operating costs.
Operating costs	Operating costs include all operating expenses other than direct costs and include general and administration expenses.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. EBITDA can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
Fair value of investment property	Fair value of investment property is an accounting adjustment to change the book value of the Group's investment property to its estimated market value.
Profit after tax	Profit after tax is the profit made by the Group during the financial year both from its operating as well as non-operating activities.
<b>Profitability ratios</b>	
Gross profit margin	Gross profit margin is the difference between revenue and direct costs expressed as a percentage of total revenue.
Operating profit margin	Operating profit margin is operating income or EBITDA as a percentage of total revenue.
Net profit margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.
<b>Efficiency ratios</b>	
Return on equity	Return on equity (ROE) measures the rate of return on the shareholders' equity, computed by dividing profit after tax by shareholders' equity.
Return on capital employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on Assets	Return on assets (ROA) is computed by dividing profit after tax by total assets.
<b>Cash Flow Statement</b>	
Cash flow from operating activities	Cash generated from the principal revenue-producing activities of the Group.

## 9 Appendices

### 9.1 Issuer's statement of financial position

#### Issuer's statement of financial position

€000	FY15 <sup>(1)</sup>	FY16	FY17	FY18
	Actual	Forecast	Projection	Projection
<b>ASSETS</b>				
<b>Non-current assets</b>				
Investment property	2,118	3,208	4,825	4,825
Property, plant and equipment	410	328	246	164
Trade and other receivables	164	7,360	6,456	5,797
<b>Total non-current assets</b>	<b>2,692</b>	<b>10,896</b>	<b>11,527</b>	<b>10,786</b>
<b>Current assets</b>				
Trade and other receivables	-	620	659	659
Cash and cash equivalents	(19)	3,218	2,198	1,965
<b>Total current assets</b>	<b>(19)</b>	<b>3,838</b>	<b>2,857</b>	<b>2,624</b>
<b>Total assets</b>	<b>2,673</b>	<b>14,734</b>	<b>14,384</b>	<b>13,410</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	900	1,910	1,910	1,910
Retained earnings	0	20	499	611
Revaluation reserve	685	685	685	685
<b>Total equity</b>	<b>1,586</b>	<b>2,615</b>	<b>3,094</b>	<b>3,206</b>
<b>Non-current liabilities</b>				
Borrowings	-	7,798	7,819	7,840
Trade and other payables	930	720	600	600
Deferred tax liability	151	151	274	274
<b>Total non-current liabilities</b>	<b>1,081</b>	<b>8,669</b>	<b>8,693</b>	<b>8,714</b>
<b>Current liabilities</b>				
Trade and other payables	1	3,427	2,545	1,438
Current taxation	5	23	51	51
<b>Total current liabilities</b>	<b>6</b>	<b>3,450</b>	<b>2,596</b>	<b>1,489</b>
<b>Total liabilities</b>	<b>1,087</b>	<b>12,119</b>	<b>11,289</b>	<b>10,204</b>
<b>Total equity and liabilities</b>	<b>2,673</b>	<b>14,734</b>	<b>14,383</b>	<b>13,410</b>

Source: Dizz Finance p.l.c. 2015 audited financial statements, Management projections and Due Diligence Report

Note (1): Period covers from 24 June 2015 to 31 Dec 2015

## 9.2 Guarantor's statement of financial position

### Guarantor's statement of financial position

€000	FY13 <sup>(1)</sup> Actual	FY14 Actual	FY15 Actual	FY16 Forecast	FY17 Projection	FY18 Projection
<b>ASSETS</b>						
<b>Non-current assets</b>						
Intangible asset	79	149	280	232	184	144
Property, plant and equipment	2,194	2,360	3,075	7,388	9,243	10,114
Investment property	-	-	1,297	2,187	2,839	2,839
Trade and other receivables	-	-	132	245	-	-
Investment in associates	-	1	-	-	-	-
Deferred tax asset	-	3	14	14	(110)	(110)
<b>Total non-current assets</b>	<b>2,273</b>	<b>2,513</b>	<b>4,798</b>	<b>10,065</b>	<b>12,156</b>	<b>12,987</b>
<b>Current assets</b>						
Inventories	141	471	565	1,793	1,883	1,977
Trade and other receivables	40	55	152	163	174	183
Cash and cash equivalents	6	134	8	3,218	2,198	1,965
<b>Total current assets</b>	<b>187</b>	<b>660</b>	<b>725</b>	<b>5,174</b>	<b>4,256</b>	<b>4,125</b>
<b>Total Assets</b>	<b>2,460</b>	<b>3,173</b>	<b>5,523</b>	<b>15,239</b>	<b>16,411</b>	<b>17,112</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
Share capital	468	468	2,280	3,290	3,290	3,290
Retained earnings	(210)	(93)	24	301	1,420	2,162
Revaluation reserve	478	478	685	685	685	685
	736	853	2,989	4,276	5,395	6,137
Non-controlling interest	26	10	54	98	146	199
<b>Total equity</b>	<b>762</b>	<b>863</b>	<b>3,043</b>	<b>4,375</b>	<b>5,541</b>	<b>6,336</b>
<b>Non-current liabilities</b>						
Borrowings <sup>(2)</sup>	996	1,093	723	8,398	8,419	8,440
Deferred tax liability	15	-	151	151	151	151
<b>Total non-current liabilities</b>	<b>1,011</b>	<b>1,093</b>	<b>874</b>	<b>8,549</b>	<b>8,570</b>	<b>8,591</b>
<b>Current liabilities</b>						
Borrowings <sup>(2)</sup>	-	397	912	-	-	-
Trade and other payables	646	736	659	2,151	1,902	1,776
Current taxation	41	84	34	164	399	409
<b>Total current liabilities</b>	<b>687</b>	<b>1,217</b>	<b>1,605</b>	<b>2,315</b>	<b>2,301</b>	<b>2,185</b>
<b>Total liabilities</b>	<b>1,698</b>	<b>2,310</b>	<b>2,479</b>	<b>10,864</b>	<b>10,871</b>	<b>10,776</b>
<b>Total Equity and liabilities</b>	<b>2,460</b>	<b>3,173</b>	<b>5,522</b>	<b>15,239</b>	<b>16,412</b>	<b>17,112</b>

Source: Dizz Group of Companies Ltd 2013 to 2015 audited financial statements, Management projections and Due Diligence Report

Note 1: Based on Audited pro-forma results as Dizz Group of Companies Ltd as incorporated on 28 March 2014

Note 2: A split between current and non current borrowings was not made available for FY2013





### **Issuer**

Dizz Finance p.l.c.

Dizz Building,  
Carob Street,  
Santa Venera, SVR1700  
Malta

### **Legal Counsel**

Camilleri Preziosi

Level 3, Valletta Buildings,  
South Street  
Valletta VLT 1103  
Malta

### **Registrar and Manager**

Malta Stock Exchange p.l.c.

Garrison Chapel,  
Castille Place  
Valletta VLT 1063  
Malta

### **Sponsor**

Financial Planning Services Limited

4, Marina Court,  
G. Cali Street,  
Ta' Xbiex XBX 1412  
Matla