BASE PROSPECTUS OF

TIMBERLAND SECURITIES INVESTMENT PLC

(incorporated as a public limited liability company under the laws of Malta)

FOR THE ISSUANCE OF

Series 5 Contingent Capital Fixed Rate Bearer Notes, Series 6 Contingent Capital Fixed Rate Registered Notes, Series 7 Fixed Rate Bearer Notes and Series 8 Fixed Rate Registered Notes

4 JULY 2016

In accordance with the Liechtenstein law relating to securities prospectuses dated 23 May 2007 as amended *(Wertpapierprospektgesetz)* (the **Liechtenstein Securities Prospectus Act**), this Base Prospectus was approved by the Liechtenstein Financial Market Authority (the **FMA**) as the competent authority in Liechtenstein (the **Competent Authority**) in accordance with the Liechtenstein Securities Prospectus Act. In accordance with Article 30a of the Liechtenstein Securities Prospectus Act, by approving this Base Prospectus, the FMA gives no assurances relating to the economic and financial suitability of the transaction and the quality or solvency of the Issuer.

This document constitutes a base prospectus (the **Base Prospectus**) according to Article 5 (4) of the Directive 2003/71/EC, as amended, (the **Prospectus Directive**) in connection with the Commission Regulation (EC) No 809/2004, as amended, for the issuance of series 5 contingent capital fixed rate bearer notes, series 6 contingent capital fixed rate registered notes, series 7 fixed rate bearer notes and series 8 fixed rate registered notes (together the **Securities**, or the **Notes**) issued from time to time by Timberland Securities Investment plc (the Issuer, or the **Company**).

The purpose of this Base Prospectus is the offer to the public and/or the admission to trading of the Securities described herein. This Base Prospectus is to be read together with the information provided in (a) the supplements to this Base Prospectus, if any (the **Supplements**), (b) all other documents whose information is incorporated herein by reference (see section "Documents Incorporated by Reference" below) as well as (d) the respective Final Terms (the **Final Terms**).

Any person (an **Investor**) intending to acquire or acquiring any Securities from any person (an **Offeror**) should be aware that, in the context of an offer to the public as defined in the Prospectus Directive, the Issuer may be responsible to the Investor for the contents of the Base Prospectus only if the Issuer is acting in association with that Offeror to make the offer to the Investor. Each Investor should therefore verify with the Offeror whether or not the Offeror is acting in association with the Issuer. If the Offeror is not acting in association with the Issuer, the Investor should check with the Offeror whether anyone is responsible for the Base Prospectus for the purposes of Article 6 of the Prospectus Directive as implemented by the national legislation of each EEA member state in the context of an offer of securities to the public, and, if so, who that person is. If the Investor is in any doubt about whether it can rely on the Base Prospectus and/or who is responsible for its contents, it should take legal advice.

The terms and conditions of the Notes (the **Terms and Conditions**) may be complex. An investment in the Notes is suitable only for investors who are in a position to evaluate the risks and who have sufficient resources to be able to bear any losses which may result from such investment. Before subscribing to or otherwise acquiring any Notes, prospective investors should specifically ensure that they understand the structure of, and the risk inherent to, the Notes and should specifically consider the risk factors set out in section "Risk Factors" below.

The Issuer accepts responsibility for the information contained in this Base Prospectus and, to the best of its knowledge (having taken all reasonable care to ensure that such is the case) the information contained in the Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer.

Neither this Base Prospectus or its delivery nor any other information supplied in connection with the offering, sale or delivery of the Notes (a) is intended to provide the basis of any credit or other evaluation, or (b) should be considered as a recommendation by the Issuer that any recipient of this Base Prospectus or any other information supplied in connection with the offering, sale, or delivery of the Notes should purchase any Notes. Each investor contemplating acquiring any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Issuer. Save for the approval of the Base Prospectus by the FMA and save as described herein, neither this Base Prospectus nor any other information supplied in connection with the offering of the Notes constitutes an offer or invitation by or on behalf of the Issuer to any person to subscribe to, or otherwise acquire, any Notes.

Neither the delivery of the Base Prospectus nor the offering, sale or delivery of the Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Notes is correct as of any time subsequent to the date indicated in the document containing the same.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, AND ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. SUBJECT TO CERTAIN EXCEPTIONS, THE NOTES MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO U.S. PERSONS. FOR A FURTHER DESCRIPTION OF CERTAIN RESTRICTIONS ON THE OFFERING AND SALE OF THE NOTES AND ON DISTRIBUTION OF THIS DOCUMENT, SEE SECTION "SELLING RESTRICTIONS".

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale or delivery of Notes may be restricted by law in certain jurisdictions. The Issuer does not represent that this Base Prospectus may be lawfully distributed, or that the Notes may be lawfully offered or sold, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer which is intended to permit an offering to the public or sale of the Notes or the distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States and the EEA including the Public Offer Jurisdictions (please see section "Selling Restrictions").

TABLE OF CONTENTS

SUMMARY OF THE BASE PROSPECTUS 5
RISK FACTORS 19
RESPONSIBILITY STATEMENT 35
CONSENT TO THE USE OF THE BASE PROSPECTUS 36
SUBSCRIPTION FOR NOTES 37
TERMS AND CONDITIONS OF THE NOTES 39
OPTION V
TERMS AND CONDITIONS OF THE SERIES 5 CONTINGENT CAPITAL FIXED RATE BEARER NOTES 39
OPTION VI
TERMS AND CONDITIONS OF THE SERIES 6 CONTINGENT CAPITAL FIXED RATE REGISTERED NOTES 53
OPTION VII
TERMS AND CONDITIONS OF THE SERIES 7 FIXED RATE BEARER NOTES 65
OPTION VIII
TERMS AND CONDITIONS OF THE SERIES 8 FIXED RATE REGISTERED NOTES 77
NOTEHOLDER MEETING PROVISIONS 87
FORM OF FINAL TERMS 94
DESCRIPTION OF THE PARTIES 102
TAXATION 112
SELLING RESTRICTIONS 155
DOCUMENTS INCORPORATED BY REFERENCE 165
OFFER TO THE PUBLIC 166
GENERAL INFORMATION 168

SUMMARY OF THE BASE PROSPECTUS

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 a 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 should be included in the summary with the mention of 'not applicable'.

SECTION A – INTRODUCTION AND WARNINGS

Element	Title	
A.1	Warnings that the summary should be read as an introduction and provision as to claims	• This summary should be read as an introduction to this Prospectus. • Any decision to invest in the Notes should be based on consideration of the Prospectus as a whole by the investor. • Where a claim relating to information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member State, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. • Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Notes.
A.2	Consent as to use of the Base Prospectus, period of validity and other attached conditions	• [Timberland Invest Ltd.] [and] [Timberland Capital Management GmbH] (the Distribution Agent[s]) ha[s][ve] been authorised by the Issuer to use the Prospectus for any final placement of the Notes during the Offer Period (as defined in Element E.3 below). Information on the terms and conditions of the offer of Notes is to be provided at the time of the offer by the Distribution Agent[s].

Element	Title	
B.1	Legal and commercial name of the Issuer	The legal and commercial name of the issuer is Timberland Securities Investment plc (the **Issuer**).
B.2	Domicile/ legal form/ legislation/ country of incorporation	The Issuer is a public limited liability company incorporated and registered under the laws of Malta and domiciled in Malta. The head office of the Issuer is at the Aragon House, St. George's Park, St. Julian's STJ 3140, Malta. The registered address is 171, Old Bakery Street, Valletta VLT 1455, Malta.

SECTION B – ISSUER

Element	Title	
B.1	Legal and commercial name of the Issuer	The legal and commercial name of the issuer is Timberland Securities Investment plc (the **Issuer**).
B.2	Domicile/ legal form/ legislation/ country of incorporation	The Issuer is a public limited liability company incorporated and registered under the laws of Malta and domiciled in Malta. The head office of the Issuer is at the Aragon House, St. George's Park, St. Julian's STJ 3140, Malta. The registered address is 171, Old Bakery Street, Valletta VLT 1455, Malta.
B.4b	Known trends affecting the issuer and the industries in which it operates	Not applicable. There are no known trends affecting the Issuer and the industries in which it operates.
B.5	Description of the group and the Issuer's position within the group	The Issuer is a subsidiary of Timberland Holding II Ltd, Malta, incorporated under the laws of Malta. The Issuer does not have any subsidiaries.
B.9	Profit forecast or estimate	Not applicable. The Issuer does not generate any profit forecast or estimate.
B.10	Nature of any qualifications in the audit report on historical financial information	The Issuer's annual accounts for the financial period till 31 December 2015 as incorporated by reference have been audited by Ernst & Young Malta Limited, Regional Business Centre, Achille Ferris Street, Msida MSD 1751, Malta. The audit reports dated 11 April 2016 on the said historical financial information do not contain any qualifications.
B.12	Selected historical key financial information	The annual accounts for the financial period from 30 January 2015 to 31 December 2015: 2015 (€) Non-Current assets 756 Current assets 71,457 Total Assets 72,213 Shareholder's Equity 12,689 Total Liabilities 59,524 Total Equity and Liabilities 72,213
B.13	Events impacting the Issuer's solvency	Not applicable. There are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.
B.14	Statement of dependency upon other entities within the group	Please see Element B.5 above.
B.15	Principal activities	The principal activity of the Issuer comprises acting as arranger in respect of the issuance of limited recourse notes by Timberland Securities SPC (24 series of notes in the total nominal amount of each up to EUR 500,000,000 and in total up to EUR 12,000,000,000), Timberland Securities II SPC, Timberland Securities plc (20 series of notes in the total nominal amount of each EUR 5,000,000 and in total EUR 100,000,000), Timberland Securities S.A. and Timberland Investment S.A.

Element	Title	
B.16	Controlling shareholders	The controlling shareholder of the Issuer is Timberland Holding II Limited (C 68800), having its registered address at 171, Old Bakery street, Valletta, VLT 1455, Malta, which holds 99.9 percent of the issued share capital of the Issuer.
B.17	Ratings	Neither the Issuer nor the Notes have been rated.

SECTION C – SECURITIES

Element	Title	
C.1	Description of Notes/ISIN	The [series 5][series 6][series 7][series 8] [contingent capital] fixed rate [bearer][registered] notes are unsecured and [un]subordinated obligations of the Issuer. The Notes are initially represented by a temporary global note without coupons which will be exchangeable for a permanent global note without coupons. [No ISIN will be allocated to the Notes.] [ISIN: [•]]
C.2	Currency	The Notes are issued in [Euro (**EUR**)] [,and] [British Pound (**GBP**)] [,and] [Swiss Franc (**CHF**)] [,and] [US Dollar (**USD**)] [,and] [Hungarian Forint (**HUF**)] [,and] [Polish Złoty (**PLN**)] [,and] [Czech Koruna (**CZK**)] [,and] [Croatian Kuna (**HRK**)] [•] (the **Specified Currency**).
C.5	Restrictions on transferability	[*In the case of bearer notes, insert:* There are no restrictions on the free transferability of the Notes.] [*In the case of registered notes, insert:* [In the case of contingent capital notes, insert: No transfer of a Note may be registered during the period of [15][•] days ending on the due date for any payment in respect of that Note.] [*In the case of non-contingent capital notes, insert:* No Noteholder may require the transfer of a Note to be registered (i) after an event of default notice has been issued under the terms and conditions of this Prospectus, (ii) during the period of [15][•] days ending on the due date for any payment in respect of that Note, or (iii) in the event of an early redemption of the Notes at the option of a Noteholder during the period beginning on the [twenty-fifth (25th)][•] day before the Put Redemption Date (as defined in Element C.8 below) and ending on the Put Redemption Date (both inclusive).]]

Element	Title	
C.8	Rights attached to the Notes, including ranking and limitations on those rights	**Rights** Unless previously redeemed, or cancelled, the Notes will be redeemed at their [Current] Principal Amount (as defined in Element C.9 below) together with distributions, if any, accrued to, but excluding, the date of redemption[, on [•] (the **Maturity Date**)]. [*In the case of non-contingent capital notes, insert:* [*In the case of Early Redemption at the Option of a Noteholder, insert*: The Issuer shall, at the option of a Noteholder of any Note, redeem such Note on the Put Redemption Date(s) at the Put Redemption Amount(s) together with accrued distributions, if any, to (but excluding) the Put Redemption Date. **Put Redemption Amount(s) means [•].** **Put Redemption Date(s) means [•].**] The Notes are providing for events of default entitling the Honteholders to demand immediate redemption of the Notes at the Early Redemption Amount. **Early Redemption Amount means [•].**] **Ranking** [*In the case of contingent capital notes, insert:* In the insolvency or liquidation of the Issuer, the obligations of the Issuer under the Notes will rank: **(a)** junior to all present or future unsubordinated instruments or obligations of the Issuer; **(b)** *pari passu* (a) among themselves, and (b) with all present or future obligations under any other Tier 2 Instruments; and **(c)** senior to all present or future (a) obligations under any AT 1 Instruments; and (b) all other subordinated instruments or obligations of the Issuer ranking or expressed to rank (x) subordinated to the obligations of the Issuer under the Notes or (y) pari passu with obligations under any AT 1 Instruments. Claims of the Issuer are not permitted to be set-off against repayment obligations of the Issuer under the Notes, and no contractual collateral, or guarantee may be provided by the Issuer or any third person for the liabilities constituted by the Notes. **AT 1 Instruments** means any (directly or indirectly issued) capital instruments of the Issuer that qualify (or would qualify if the Issuer was subject to the CRR) as Additional Tier 1 instruments pursuant to Article 52 of the CRR, including any capital instruments that qualify as Additional Tier 1 instruments pursuant to transitional provisions under the CRR.

Element	Title	
		CRR means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (*Capital Requirements Regulation*), as amended from time to time. **Tier 2 Instruments** means any (directly or indirectly issued) capital instruments of the Issuer that qualify (or would qualify if the Issuer was subject to the CRR) as Tier 2 Instruments pursuant to Article 63 of the CRR, including any capital instruments that qualify as Tier 2 Instruments pursuant to transitional provisions under the CRR.] [*In the case of non-contingent capital notes, insert:* Notes constitute obligations of the Issuer ranking *pari passu* without any preference among themselves and *pari passu* with all other, present and future, unsecured and unsubordinated obligations of the Issuer, unless such obligations are given priority under mandatory provisions of statutory law.] **Limitations** [*In the case of non-contingent capital notes, insert:* [*In the case of Early Redemption at the Option of a Noteholder, insert:* The Noteholder may not exercise his early redemption option in respect of any Note which is the subject of the prior exercise by the Issuer of any of its options to redeem such Note.] [*In the case of contingent capital notes, insert:* – **No Redemption at the Option of a Noteholder** The Noteholders do not have a right to demand the redemption of the Notes. – **Write-down** If the Issuer incurs an Annual Balance Sheet Loss in any fiscal year (*Geschäftsjahr*), the Noteholder shares in such loss (excluding any loss carry forwards from previous fiscal years of the Issuer) in the proportion which the Current Principal Amount bears in relation to the aggregate book value of all going concern loss sharing components of the Issuer's regulatory liable capital, and the Current Principle Amount shall be written down accordingly. Following an Annual Balance Sheet Loss, there will be a corresponding reduction in the nominal amount of the Current Principal Amount equivalent to the amount of the Noteholder's share in such Annual Balance Sheet Loss. The Noteholder's aggregate share in Annual Balance Sheet Losses cannot exceed the Current Principal Amount. **Annual Balance Sheet Loss** means the net loss for the fiscal year of the Issuer on an individual basis recorded in the Relevant Financial Statements.

Element	Title	
		CET 1 Instruments means any (directly or indirectly issued) capital instruments of the Issuer that qualify (or would qualify if the Issuer was subject to the CRR (as defined in Element C.1 above)) as Common Equity Tier 1 instruments pursuant to Article 28 of the CRR, including any capital instruments that qualify as Common Equity Tier 1 instruments pursuant to transitional provisions under the CRR. **Relevant Financial Statements** means annual accounts for the relevant end of each business year audited by an audit firm and approved by the board of directors. **Similar Instruments** means any (directly or indirectly issued) debt instrument pursuant (other than the Notes) of the Issuer that provides for a write-down mechanism (permanent or temporary). **– Write-up** Following a reduction, the Current Principal Amount will be written up in subsequent fiscal years of the Issuer in which Annual Balance Sheet Profit is recorded. The Current Principal Amount will be written-up prior to the writing-up of AT 1 Instruments (as defined in Element C.1 above). A writing-up of shareholders' equity and allocation to reserves may only occur after the Current Principal Amount has been fully written-up again to its initial Principal Amount. No such increase of the Current Principal Amount may result in the Current Principal Amount being more than the Specified Denomination (as defined in Element C.9 below). **Annual Balance Sheet Profits** means net profits for the fiscal year of the Issuer on an individual basis recorded in the Relevant Financial Statements.]
C.9	Interest / Redemption / Yield / Holders' Representative	Please read the following information together with Element C.8. **Interest** The Notes bear distributions on the [Current] Principal Amount at a fixed rate of [•] percent per annum. [**Principal Amount** means the Specified Denomination. **Specified Denomination** means [•].] [**Current Principal Amount** means initially the Specified Denomination, which from time to time - on one or more occasions - may be reduced by a Write-down (as defined in Element C.8 above) and, subsequent to any such reduction, may be increased by a Write-up (as defined in Element C.8 above), if any (up to the Specified Denomination).] **Maturity and Redemption** [The Notes are perpetual and have no scheduled maturity date.] [The Notes will be redeemed at their Current Principal Amount

Element	Title	
		together with distributions, if any, accrued to, but excluding, the date of redemption, on the Maturity Date (as defined in Element C.8 above) [*in the case of Early Redemption at the Option of the Issuer, insert*:, unless the Notes are early redeemed at the option of the Issuer on a Call Redemption Date at the relevant Call Redemption Amount] [, and] [*in the case of Early Redemption at the Option of a Noteholder, insert*:[,] unless the Notes are early redeemed at the option of a Noteholder on the relevant Put Redemption Date (as defined in Element C.8 above) at the relevant Put Redemption Amount (as defined in Element C.8 above). **Call Redemption Amount means [•].** **Call Redemption Date means [•].** [**Current Principal Amount** means initially the Specified Denomination, which from time to time - on one or more occasions - may be reduced by a Write-down (as defined in Element C.8 above) and, subsequent to any such reduction, may be increased by a Write-up (as defined in Element C.8 above), if any (up to the Specified Denomination).] **Specified Denomination** means [•]. [**Indication of Yield** [•]] **Noteholders' Representative** [•] [Not applicable.]
C.10	Derivative component in the interest payment	Please read the following information together with Element C.9. Not applicable. The interest payments on the Notes do not have a derivative component.
C.11	An indication as to whether the securities offered are or will be the object of an application for admission to trading, with a view to their distribution in a regulated market or other equivalent markets with indication of the markets in question	[Not applicable. It is not intended to apply for admission of the Notes to trading on a regulated market.] [Application [may be][has been] made for admission to trading of the bearer Notes on the regulated market of [the Luxembourg Stock Exchange (the **LuxSE**)] [,][and][or] [the Frankfurt Stock Exchange] [,][and][or] [the Malta Stock Exchange (the **MSE**)] [,] [and][or] [the European Wholesale Securities Market (the **EWSM**)]. [Application may also be made for the inclusion to trading on the LuxSE's Euro MTF market and/or the Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange (the **Open Market**). The Euro MTF market of the LuxSE and the Open Market are not regulated markets within the meaning of Directive 2004/39/EC on markets in financial instruments.]]

SECTION D – RISKS

Element	Title	
D.2	Key risks regarding the Issuer	The Issuer has a limited operating history that can be evaluated as a basis for the Issuer's potential performance. The operations of the Issuer are dependent on the abilities of the members of its Board of Directors. Business activities of the Issuer as arranger in respect of the issuance of notes by Timberland Securities SPC, Timberland Securities II SPC, Timberland Securities plc, Timberland Securities S.A., Timberland Investment S.A. and/or any other securitisation vehicle in respect of which the Issuer may act as arranger in the future may impact the ability of the Issuer to service interest on the Notes and to repay principal on the maturity or any other payment date. The Issuer may apply part of the proceeds received from the sale of the Notes to invest in financial instruments, which will be subject to normal market fluctuations and the risks inherent in all investments, including the risk that the Issuer may not realise all or part of the capital invested. This may impact the ability of the Issuer to service interest on the Notes and to repay principal on the maturity or any other payment date. In the event that the Issuer were determined to be subject to CRD IV and CRR, and would hence be subject to the regulatory requirements under CRD IV and CRR, this could have a negative impact on the Issuer's business, operational results, financial condition or prospects. In the event that the Issuer were deemed to fall within the remit of the BRRD, regulatory action in the case of the Issuer's failure could adversely affect the value of the Notes. The principal amount of the contingent capital Notes, including accrued but unpaid interest, may be written off, converted into common equity Tier 1 capital or otherwise applied to absorb losses. Furthermore, there is a risk that the Issuer may not be able to meet minimum requirements for own funds and eligible liabilities which could materially adversely affect the Issuer's ability to service interest on the Notes and to repay principal on the maturity or any other payment date. In the event that the Commission Securitisation initiative adopted on 30 September 2015 were to enter into force, this may impact the marketability of the securitized debt instruments in respect of which the Issuer acts as arranger. This could negatively impact the revenue streams of the Issuer and its business and financial prospects. The Noteholders assume the credit risk of the Issuer. In the case of insolvency of the Issuer, the Noteholders may lose part or all of their claims to repayment of their invested capital. The Issuer's overall performance and results may also be adversely affected by external factors beyond the Issuer's control, which include, amongst others, changes in economic and market conditions.

Element	Title	
		In the event that investors' demand for the Notes does not reach the levels anticipated by the Issuer, the Issuer may be adversely affected. If one or more compan(y)(ies) which may form part of the same group of the Issuer have difficulty in securing adequate sources of liquidity this may have a material adverse effect on the business, financial condition and results of operations of the Issuer. Any downgrade of the credit rating which may, in the future, be assigned to: (a) the Issuer and/or any company which may form part of its group, and/or (b) Malta or any other country in which Issuer has or may in the future have significant operations, could have a material adverse effect on the liquidity and competitive position of the Issuer, undermine confidence therein, increase its borrowing costs, limit its access to funding and capital markets and/or limit the range of counterparties willing to enter into transactions with the Issuer and may, as a consequence, have a material adverse effect on the Issuer's business, financial condition and results of operations. New governmental or regulatory requirements and changes in perceived levels of adequate capitalisation and leverage could potentially subject the Issuer to increased capital requirements or standards and require it to obtain additional capital or liquidity in the future. In the event that any one or more of the foregoing matters were to apply to the Issuer and/or to any member which may form part of its group, this could have a negative impact on the business of the Issuer, the products and services it offers as well as the value of its assets, and may require the Issuer to change the manner in which its conducts its business. The future development of the Issuer's assets, financial and profit position, inter alia, depends on the tax framework applicable to it. Every future change in legislation, relevant decision of the Courts and/or the tax authorities' administrative practice may have a negative impact on the Issuer's business. In the event that the Issuer's risk management systems fail to identify, anticipate or correctly evaluate risks to which the Issuer may be exposed, the Issuer may experience material unanticipated losses, which could have an adverse effect on its business, financial condition and operational results. The Issuer is exposed to operational risk, which is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including in particular legal, regulatory and compliance risk. The Issuer is also susceptible to, among other things, operational errors, clerical or record-keeping errors and errors resulting from faulty computer or telecommunications systems. Any inadequacy of the Issuer's internal processes or systems in detecting or containing such risks as aforesaid could have a material adverse effect on Issuer's business, financial condition, operation results and prospects.

Element	Title	
		If the Issuer is unable to attract and retain new talent in key strategic markets or if competition for qualified employees increases its labour costs, this could have a negative impact on the Issuer. The Issuer's results may, in the future, depend (in part) on the profitability of one or more of its future subsidiaries. In the event that such subsidiaries (if any) do not generate profits, this could have a material adverse effect on the Issuer's results of operations in that period, and on the Issuer's ability to make payments on the Notes. The Issuer faces competition in all aspects of its business and competes with a number of large international financial institutions and other local competitors in the markets in which it operates including Malta, the Cayman Islands and Luxembourg. If the Issuer is unable to respond to the competitive pressures in these markets, it may suffer a reduction in its market share in important sectors of its business or incur losses, and its financial condition and operational results may be adversely affected. Monitoring compliance with the rules and regulations regarding money laundering, sanctions, corruption and the financing of terrorism (hereinafter the **AML Rules**) can pose technical problems and can also impose a significant financial burden on the Issuer. Any violation of AML Rules, or even alleged violations, may have severe legal, monetary and reputational consequences and could have a material adverse effect on the Issuer's business, financial condition and results of operations. Changes in consumer protection laws or the interpretation of consumer protection laws by courts or governmental authorities could limit the fees that the Issuer may charge for certain of its services and thereby result in lower commission income being received by the Issuer. Moreover, any changes in consumer protection laws or the interpretation of such laws by courts or governmental authorities could impair the Issuer's ability to offer certain products and services or to enforce certain clauses in contracts with client. This may reduce the Issuer's net income and have an adverse effect on its results of operations. The Issuer may in the future seek to make acquisitions to support its business objectives and complement the development of its business in existing and new geographic markets. Such strategic transactions would, if pursued, demand significant management attention and will require the Issuer to divert financial and other resources that would otherwise be available for its existing business, which could lead to unexpected losses for the Issuer which may have a material adverse effect on the Issuer's business, financial condition and results of operations. The UK's potential exit from the EU as a result of this or any future referendum in the UK which has been held in June 2016 could limit market access for the Issuer for the sale of financial products therein.

Element	Title	
D.3	Key risks regarding the Notes	The Notes are [not] complex financial instruments [and may not be a suitable investment for certain investors]. The Notes have features which may contain particular risks for potential investors, in particular they (i) may, under certain circumstances, be redeemed early by the Issuer, and (ii) provide for payments of certain fees and expenses before any payments to the Noteholders. There can be no guarantee that the Noteholders may be able to re-invest the proceeds of such redemption at equivalent or higher rates of return. Furthermore, in the event that the Issuer were to be deemed to fall within the remit of the CRR, any redemption before the maturity date would be subject to the prior permission of the competent authority pursuant to Article 78(1) of the CRR. It is uncertain how the competent authority will apply these criteria in practice and such rules and standards may change during the maturity of the Notes. There can be no assurance that an active secondary market for the Notes will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that Noteholders will be able to sell the Notes at or above the subscription price or at all. No prediction can be made about the effect which future public offers of the Issuer's securities or any takeover or merger activity involving the Issuer, if any, would have on the market price of the Notes prevailing from time to time. The contingent capital Notes constitute direct, unsecured and subordinated obligations of the Issuer. Subordination means that the rights and claims of the Noteholders in respect of the payment of capital and interest on the Notes will, in the event of dissolution and winding-up of the Issuer, rank after the claims of all senior indebtedness and will not be repaid until all other senior indebtedness outstanding at the time has been settled. Accordingly, there is a substantial risk that investors who/which invest in the Notes will lose all or some of their investment should the Issuer become insolvent, or, if following a write-down, the Issuer has insufficient profit to write up the Notes. Under the terms and conditions of the contingent capital Notes, if the Issuer incurs an annual balance sheet loss this would trigger a write-down of the nominal amount of the Notes. Noteholders may lose all or some of their investment as a result of a write-down, unless, following such write-down, the Notes are subsequently written up. The value of investments can rise or fall, and past performance is not necessarily indicative of future performance.

Element	Title	
		Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes. A Noteholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Notes and the Noteholder's currency of reference, if different. In the event that the Issuer wishes to amend any of the provisions of and/or conditions contained in this Base Prospectus, including the Terms and Conditions of the Notes, it shall call a meeting of Noteholders for approval. Defined majorities of Noteholders may bind all Noteholders including those that did not attend and vote at the relevant meeting and Noteholders who attended and voted in a manner contrary to the majority. Noteholders should be aware that they may not be able to sell their Notes if trading in the Notes is suspended, interrupted or terminated and should also note that during periods of suspension or interruption of trading, stock exchange quotations may not adequately reflect the price of the Notes. Any rating which may, in the future, be assigned to the Notes, may not adequately reflect all risks of the investment in such Notes. Equally, ratings may be suspended, downgraded or withdrawn. Such suspension, downgrading or withdrawal may have an adverse effect on the market value and trading price of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

SECTION E – OFFER

Element	Title	
E.2b	Reasons for the offer and use of proceeds	The net proceeds from each Tranche of the Notes will be used for general corporate purposes of the Issuer
E.3	Terms and conditions of the offer	**(a) Offer Period:** The offer period started on [•] and will finish on [•] (the **Offer Period**). The Issuer reserves the right for any reason to close the Offer Period early. The Issuer will also regularly inform the Noteholders during the Offer Period by publishing the relevant information on the website of the Issuer on [www.timberlandmalta. com] [•]. **(b) Price during the Offer Period:** During the Offer Period, the Issuer will offer and sell the Notes at the subscription price (the **Subscription Price**). The Subscription Price in respect of the Notes will be published on each Business Day on the Issuer's website [(www.timberlandmalta. com)] [•].

Element	Title	
		(c) Conditions of the offer: The Issuer reserves the right to withdraw the offer of the Notes for any reason at any time prior to the end of the Offer Period. **(d) The time period during which the offer of the Notes will be open and description of the application process:** The offer of the Notes will be open during the Offer Period. Applications for the purchase of Notes can be made to the Issuer with a copy to the [Distribution Agent[s] at [its][their] address at [•]] [•]. **(e) Details of the minimum and/or maximum amount of application:** There is no minimum allocation of Notes per investor. The maximum allocation of Notes will be subject only to availability at the time of the application. **(f) Details of the method for paying up and delivering the Notes:** The Notes will be sold against payment of the Subscription Price to the Issuer or to any agent designated by the Issuer for the purpose of receiving payments in any other currencies than Euro. Each investor will be notified of the settlement arrangements in respect of the Notes at the time of such investor's application. **(g) Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:** Not applicable. **(h) Manner and date in which results of the offer are to be made public:** The offer volume is up to [•] [•] Notes with an initial nominal value of [*Insert Specified Currency*][•] each in respect of the Notes issued on [•]. **(i) Description of the offer of the Notes:** Public offer may be made in [the Republic of Austria][,][and] [the Republic of Croatia][,][and] [the Republic of Cyprus][,][and] [the Czech Republic][,][and] [the Federal Republic of Germany][,][and] [the French Republic][,][and] [Hungary][,][and] [the Republic of Ireland][,][and] [the Italian Republic][,][and] [the Principality of Liechtenstein][,][and] [the Grand Duchy of Luxembourg][,][and] [the Republic of Malta][,][and] [the Republic of Poland][,][and] [Romania][,][and] [the Slovak Republic][,][and] [the Republic of Slovenia][,][and] [the Kingdom of Spain][,][and] [the United Kingdom of Great Britain and Northern Ireland] ([collectively,] the **Public Offer Jurisdiction**[s]) to any person during the Offer Period. In other EEA countries offers during the Offer Period may only be made pursuant to an exemption from the obligation under the Directive 2003/71/EC, as implemented in such countries, to publish a prospectus.

Element	Title	
		The offers to be made in [each][the] Public Offer Jurisdiction will be made exclusively by the Distribution Agent[s] and the agents appointed by the Distribution Agent[s] for this purpose. Such offers will be made through different communication channels including public announcements, advertisements, mailing of quarterly reports or newsletters to existing or future investors, marketing activities in connection with coordinated advertising brochures and other printed matter.
E.4	Interest of natural and legal persons involved in the issue/offer	Other than as mentioned in the relevant Elements above and so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer, including conflicting interests.
E.7	Expenses charged to the investor by the Issuer or an offeror	No expenses will be charged to investors by the Issuer or an offeror on top of the Subscription Price

RISK FACTORS

Prospective investors in the Notes should ensure that they fully understand the nature of the Notes, as well as the extent of their exposure to risks associated with an investment in the Notes. They should consider the suitability of an investment in the Notes in light of their own particular financial, fiscal and other circumstances. In particular, prospective investors should be aware that the Notes may decline in value and should be prepared to sustain a substantial or total loss of their investment in the Notes and ensure that their acquisition is fully consistent with their financial needs and investment policies, is lawful under the laws of the jurisdiction of their location or incorporation and/or in which they operate, and is a suitable investment for them to make.

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. All of these factors are 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 contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are described below. The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay principal or other amounts under or in connection with the Notes may occur for other reasons, which may not be or may not have been considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

1. RISK FACTORS RELATING TO THE ISSUER

1.1 Limited Operating History

The Issuer was incorporated on 30 January 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 Notes.

1.2 Dependence on Key Personnel

The operations of the Issuer are dependent on the abilities of the members of its Board of Directors. If one or more of such persons are unable or unwilling to continue in their present position, the Issuer might not be able to replace them within the short term and this could affect the profitability of the Issuer's operations.

1.3 Risks Relating to the Issuer's Business

As at the date of this Base Prospectus, the business of the Issuer consists of acting as arranger in respect of the issuance of notes by: (i) Timberland Securities SPC acting for the account of the following separate segregated portfolios: "Optimix A SP", "Optimix B SP", "Optimix C SP", "Precious Metals SP", "Currency Funds SP" and "Top-10 SP", (ii) Timberland Securities PLC acting for the account of the following seperate compartments: "Compartment Optimix A", "Compartment Optimix B", "Compartment Optimix C", "Compartment Precious Metals" and "Compartment Currency Funds", and (iii) Timberland Investment S.A. The Issuer is therefore largely dependent, for the purpose of servicing interest payments on the Notes and the repayment of the principal on the maturity or any other payment date, on the arranger fees it earns in respect of its role as arranger in the issuance of the said notes (which fee is, depending on the particular series of notes issued, calculated either as a percentage and/or as a fixed amount of the subscription amount of each note and/or as a percentage of the nominal value of the notes of a relevant series of notes and/or as a fixed amount per series of notes).

Prospective investors should note that the Issuer may, with a view to increasing the marketability of the notes issued by Timberland Securities SPC, Timberland Securities II SPC, Timberland Securities plc, Timberland Securities S.A., Timberland Investment S.A. and/or any other securitisation vehicle in respect of which the Issuer may act as arranger in the future (a Future Securitisation Vehicle): (a) guarantee the repayment obligations of Timberland Securities SPC, Timberland Securities plc and Timberland Investment S.A. in respect of one or more of the aforementioned portfolios and/or compartments and/or grant security interests over its assets in order to secure such repayment obligations; (b) guarantee the repayment obligations of a Future Securitization Vehicle and/or grant security interests over its assets in order to secure such repayment obligations; and/or (c) grant security interests over its assets to one or more banks in order to procure that such banks guarantee the repayment obligations of Timberland Securities SPC, Timberland Securities II SPC, Timberland Securities plc, Timberland Securities S.A., Timberland Investment S.A. and/or a Future Securitization Vehicle. The Issuer may not necessarily receive remuneration in respect of the foregoing activities.

In the event: (i) of a decline in investors' demand for notes issued by Timberland Securities SPC, Timberland Securities II SPC, Timberland Securities plc, Timberland Securities S.A., Timberland Investment S.A., and/or (ii) that investor demand for such notes does not reach the levels anticipated by the Issuer, and/or (iii) that the Issuer is unable to collect arranger fees due to it for any reason whatsoever, and/or (iv) in the event that Timberland Securities SPC, Timberland Securities II SPC, Timberland Securities plc, Timberland Securities S.A., Timberland Investment S.A., and/or any Future Securitization Vehicle default on their payment obligations under the notes which have been guaranteed and/or secured in the instances prescribed in (a) to (c) above, this may impact the ability of the Issuer to service interest on the Notes and to repay principal on the maturity or any other payment date.

1.4 Investments in Financial Instruments

The Issuer may apply part of the proceeds received from the sale of the Notes to invest in financial instruments, including, without limitation, shares, bonds, securitised debt, money market instruments and units in collective investment schemes. Such investments (if any are made) will be subject to normal market fluctuations and the risks inherent in all investments, including the risk that the Issuer may not realise all or part of the capital invested. In the event that the financial instruments selected for investment by the Issuer lose part or all of their value, this may affect the Issuer's ability to service interest on the Notes and to repay principal on the maturity date or any other payment date.

1.5 Laws and Regulations

In response to the global financial crisis, a number of regulatory initiatives have been (and are currently being) implemented, adopted, or developed, which could, if deemed applicable to the Issuer, have a negative impact on the Issuer and its operations. As the date of this Base Prospectus the Board considers that these regulatory initiatives may include the following:

(a) The Capital Requirements Directive and Capital Requirements Regulation

On 27 June 2013, Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (**CRD IV**) and Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (**CRR**) were published. CRD IV and CRR introduced, amongst others, stringent capital and liquidity requirements.

Under the new rules, the only capital instruments eligible as own funds are: (i) Common Equity Tier 1 instruments (**CET 1**), (ii) Additional Tier 1 instruments (**AT 1**) (CET 1 and AT 1 together constituting **Tier 1**), and Tier 2 Instruments (**Tier 2**).

Institutions are required at all times to satisfy the following capital ratios for own funds: (i) a CET 1 ratio of 4.5%, (ii) a Tier 1 ratio of 6%, and (iii) a total capital ratio of 8%, all of which are expressed as a percentage of the institution's total risk exposure amount, which total risk exposure amount is, broadly, the sum of risk-weighted exposure amounts for credit risk and the own funds requirements for market risk and operational risk.

The CRR also imposes liquidity requirements, namely the liquidity coverage ratio, whereby institutions are required to hold liquid assets, the total value of which would cover the net liquidity outflows that might be experienced under severe stressed conditions over a period of 30 days.

In the event that the Issuer were determined to be subject to CRD IV and CRR, and would hence be subject, amongst others, to the above requirements, this could have a negative impact on the Issuer's business, operational results, financial condition or prospects.

(b) BRRD

(i) Resolution Tools

Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No. 1093/2010 and (EU) No. 648/2012, of the European Parliament and of the Council (known as the Bank Recovery and Resolution Directive and hereinafter referred to as the **BRRD**) entered into force on 2 July 2014. Member States had until 31 December 2014 to adopt and publish laws, regulations and administrative provisions necessary to comply with the BRRD, prior to adopting such measures from 1 January 2015.

The BRRD is designed to provide authorities with a set of tools to intervene early and quickly in the affairs of an unsound or failing institutions falling within its remit (the **BRRD Institution**) so as to ensure the continuity of the critical financial and economic functions of the BRRD Institution, whilst minimising the impact of its failure on the economy and financial system.

The BRRD achieves this end by requiring the appointment of a resolution authority (the **Resolution Authority**) that is empowered to intervene using a number of resolution tools in the event that the following requirements are satisfied cumulatively (an **Intervention Event**): (a) a BRRD Institution is failing or likely to fail, (b) there is no reasonable prospect that alternative private sector measures would prevent the failure of a BRRD Institution, and (c) a resolution action is in the public interest.

One of the resolution tools is the bail-in tool whereby Resolution Authorities are, amongst others, empowered to write down or convert into common equity certain liabilities of a failing BRRD Institution. The bail-in tool ensures that not only shareholders but also creditors of the failing institution suffer appropriate losses and bear an appropriate part of the costs arising from the failure of the institution.

Resolution Authorities will have to exercise their bail-in powers in a way that results in: (i) common equity tier 1 capital instruments (such as ordinary shares) being written down first in proportion to the relevant losses, (ii) thereafter, the principal amount of other capital instruments (additional tier 1 capital instruments and Tier 2 capital instruments) being written down on a permanent basis or converted into common equity tier 1 capital instruments in accordance with their order of priority, and (iii) thereafter, other eligible liabilities being written down on a permanent basis or converted into common equity tier 1 capital instruments in accordance with a set order of priority.

In the event that the Issuer were deemed to fall within the remit of the BRRD and an Intervention Event were deemed to occur, the Resolution Authority may determine that the principal amount of the contingent capital Notes, including accrued but unpaid interest, may be written off, converted into common equity Tier 1 capital or otherwise applied to absorb losses. This would not constitute an event of default and Noteholders will have no further claims in respect of any amount so written off, converted to equity or otherwise applied to absorb losses as aforesaid.

(ii) The Issuer may not be able to meet the Minimum Requirement for Own Funds and Eligible Liabilities
Each institution falling with the remit of the BRRD has to ensure that it meets, at all times (on an individual basis and, in the case of EU parent undertakings, also on a consolidated basis), a minimum requirement for own funds and eligible liabilities. Such minimum requirement shall be determined by the Resolution Authority and shall be calculated as the amount of own funds and eligible liabilities expressed as a percentage of the total liabilities and own funds of the institution. If the Issuer were to be deemed to fall within the remit of the BRRD, there is a risk that the Issuer may not be able to meet these minimum requirements for own funds and eligible liabilities which could materially adversely affect the Issuer's ability to service interest on the Notes and to repay principal on the maturity or any other payment date.

(c) The Commission Securitisation Initiative

The Commission Securitisation initiative (the Securitisation Initiative) adopted on 30 September 2015 (and which was agreed to by the Council of the European Union on 2 December 2015) is a package of two legislative proposals comprising:

(i) a Securitisation Regulation that will apply to all securitisations and include due diligence, risk retention and transparency rules together with the criteria for simple, transparent and standardised securitisations (STS Securitisations);

(ii) a proposal to amend the capital requirements regulation to make the capital treatment of securitisations for banks and investment firms more risk-sensitive and able to reflect the specific features of STS Securitizations.

The objective of the Securitisation Initiative is to revive the European securitisation market, (primarily) by differentiating STS Securitisation products that can provide a sustainable funding channel for the EU economy, from more opaque and complex ones. The Securitisation Initiative is also intended to standardize processes and practices in the securitisation markets and to tackle sectoral regulatory inconsistencies inherent in the rules applicable inter alia to: (a) credit institutions and investment firms, (b) insurance and reinsurance undertakings, and (c) alternative investment fund managers, when investing in securitisation products.

Although, as at the date of the publication of this Base Prospectus, the full impact of the Securitisation Initiative is uncertain, the Securitisation Initiative may make securitized debt instruments falling within the remit of the STS Securitisation criteria more attractive to invest in than non-STS Securitisations, as investors in STS Securitisations will be afforded more favourable regulatory capital treatment than investors in non-STS securitisation.

Prospective investors should note that the Issuer does not currently act (nor does it intend to act) as arranger in respect of securitisation transactions that would be classified as STS Securitisations and accordingly, in the event that the Securitization Initiative were to enter into force, this may impact the marketability of the securitized debt instruments in respect of which the Issuer acts as arranger. This could negatively impact the revenue streams of the Issuer and its business and financial prospects.

1.6 1.6 Issuer's Solvency

The Noteholders assume the credit risk of the Issuer. In the case of insolvency of the Issuer, the Noteholders may lose part or all of their claims to repayment of their invested capital.

1.7 External Factors

The Issuer's overall performance and results may also be adversely affected by external factors beyond the Issuer's control, which include, amongst others, changes in economic and market conditions.

1.8 Liquidity Risk

(a) Liquidity Risk of Issuer

A material portion of the Issuer's financing is derived from its Noteholder's base and in the event that investor demand for the Notes does not reach the levels anticipated by the Issuer, the Issuer may be adversely affected.

(b) Liquidity Risk of Future Group Companies

Financial service providers which may, in the future, form part of the same group as the Issuer, may be exposed to market liquidity risk, which arises from an inability to easily sell an asset because there is inadequate market liquidity or market disruption. Such companies may also be exposed to funding liquidity risk, which is an exposure to losses arising out of a change in the cost of refinancing, or from a spread over a certain horizon and confidence level, or from insolvency of counterparties, which may result in difficulties in meeting future payment obligations, either in full, on time or on economically beneficial terms.

If one or more compan(y)(ies) which may form part of the same group of the Issuer have difficulty in securing adequate sources of liquidity this may have a material adverse effect on the business, financial condition and results of operations of the Issuer.

1.9 Impact of Downgrading of Credit Rating

The value of the Notes may be affected by investors' general appraisal of the Issuer's creditworthiness. Such perceptions may be influenced by any credit ratings which may, in the future, be assigned to the Issuer or any company which may form part of its group.

A rating is, broadly, the opinion of a rating agency on the credit standing of an issuer, i.e., a forecast or an indicator of a possible credit loss due to insolvency, delay in payment or incomplete payment to the investors. It is not a recommendation to buy, sell or hold securities.

A rating agency may, in particular, suspend, downgrade or withdraw a rating. A rating may also be suspended or withdrawn if an issuer of notes were to terminate the agreement with the relevant rating agency or to determine that it would not be in its interest to continue to supply financial data to a rating agency. A downgrading of the rating may lead to a restriction of access to funds and, consequently, to higher refinancing costs. A rating could also be negatively affected by the soundness or perceived soundness of other institutions operating within the same sector as the Issuer or any company which may form part of its group.

A rating agency may also suspend, downgrade or withdraw a rating concerning one or more countries where the Issuer operates or may publish unfavourable reports or outlooks for a region or country where the Issuer operates. Rating actions of rating agencies may also be triggered by changes in their respective rating methodology, their assessment of government support, as well as by regulatory activities (e.g. introduction of bail-in regimes).

Any downgrade of the credit rating which may, in the future, be assigned to: (a) the Issuer and/or any company which may form part of its group, and/or (b) Malta or any other country in which Issuer has or may in the future have significant operations, could have a material adverse effect on the liquidity and competitive position of the Issuer, undermine confidence therein, increase its borrowing costs, limit its access to funding and capital markets and/or limit the range of counterparties willing to enter into transactions with the Issuer and may, as a consequence, have a material adverse effect on the Issuer's business, financial condition and results of operations.

1.10 Impact of New Governmental or Regulatory Requirements and Changes in Perceived Levels of Adequate Capitalisation and Leverage

New governmental or regulatory requirements and changes in perceived levels of adequate capitalisation and leverage could potentially subject the Issuer to increased capital requirements or standards and require it to obtain additional capital or liquidity in the future.

(a) Changes in Recognition of Own Funds

Due to regulatory changes, certain existing capital instruments which may be issued by the Issuer in the future may be subject to (gradual) exclusion from own funds or reclassification as a lower category form of own funds.

(b) Changes in CET 1 Criteria

In the course of the global financial crisis, the rules on own funds have come under scrutiny by legislators, regulators and advisory bodies (e.g. the BCBS). In the event that the Issuer were deemed to fall within the remit of the CRDIV/CRR regime, legislative or regulatory changes in the current definitions of what is deemed to qualify as CET 1 capital could reduce the Issuer's CET 1-ratio or otherwise reduce the (eligible) own funds on an individual or a consolidated basis. There can be no assurance that any further changes of the applicable rules as aforesaid, adequate grandfathering or transition periods will be implemented to allow the Issuer, if it were deemed to fall within the remit of the CRDIV/CRR regime, to repay or replace such derecognised CET 1 or other own funds instruments in a timely fashion or on favourable terms. In such case, the Issuer may need to obtain additional own funds or other eligible capital in the future, and such funds, whether in the form of ordinary shares or other capital, may not be available on attractive terms, or at all.

(c) Consolidation

If the Issuer were deemed to fall within the remit of the CRDIV/CRR regime, then, in addition to potentially complying with capital requirements on an unconsolidated basis, the Issuer itself or group related entities may also be subject to capital requirements on a consolidated basis. Furthermore, any future shareholders of the Issuer which are subject to local supervision in their country of incorporation may, on an individual and on a consolidated basis, be required to comply with applicable local regulatory capital requirements. It is therefore possible that individual entities which may form part of the group of the Issuer may require more own funds, even though the own funds of the Issuer on a consolidated basis are sufficient.

(d) Stricter and Changing Accounting Standards

Prospective changes in accounting standards as well as those imposing stricter or more extensive requirements for assets to be carried at fair value, could also impact Issuer's capital needs.

(e) Structural Reform of the European Banking Sector

On 29 January 2014, the EU Commission proposed new rules on structural measures to improve the resilience of EU-credit institutions. The proposal aims at further strengthening the stability and resilience of the EU-banking system and, to a certain extent, completes the financial regulatory reforms undertaken over the last few years by setting out rules on structural changes for "too-big-to-fail" banks. The proposal focuses mainly on credit institutions with significant trading activities, whose failure could have a detrimental impact on the rest of the financial system and the whole economy. For the time being, it remains unclear whether the Issuer would be subject to the proposal once implemented.

If the proposed regulation were to enter into force, it would, with respect to entities falling within its remit:

(i) ban proprietary trading in financial instruments and commodities (i.e. trading on own account for the sole purpose of making profit for the credit institution);

(ii) grant supervisors the power and, in certain instances, the obligation to require the transfer of other high-risk trading activities (such as market-making, complex derivatives and securitisation operations) to separate legal trading entities within the group;

(iii) provide rules on the economic, legal, governance, and operational links between the separated trading entity and the rest of the banking group.

In terms of the proposed regulation, credit institutions shall have the possibility of not separating activities if they can show to the satisfaction of their supervisor that the risks generated are mitigated by other means.

These proposed structural separation measures shall be accompanied by provisions improving the transparency of shadow banking and foresee respective transition periods: the proprietary trading ban would apply as of 1 January 2017 and the effective separation of other trading activities as of 1 July 2018.

(f) Other Initiatives

Additionaly, stricter and/or new regulatory requirements may be adopted in the future, and the existing regulatory environment in many markets in which the Issuer operates (or may operate in future) continues to develop, implement and change, including, for example, the Banking Union within the EU. The substance and scope of any such (new or amended) laws and regulations as well as the manner in which they are (or will be) adopted, enforced or interpreted may increase the Issuer's financing costs and could have an adverse effect on the Issuer's business, financial condition, results of operations and prospects.

(g) Impact

In the event that any one or more of the foregoing matters mentioned in this risk factor 1.10 were to apply to the Issuer and/or to any member which may form part of its group, this could have a negative impact on the business of the Issuer, the products and services it offers as well as the value of its assets, and may require the Issuer to change the manner in which its conducts its business.

1.11 Risk of Changes in the Tax Framework

The future development of the Issuer's assets, financial and profit position, inter alia, depends on the tax framework applicable to it. Every future change in legislation, relevant decision of the Courts and/or the tax authorities' administrative practice may have a negative impact on the Issuer's business.

1.12 Unidentified or Unanticipated Risks due to Issuers's Risk Management Strategies, Techniques and Internal Control Procedures

The Issuer's risk management techniques and strategies may in the future not be fully effective in mitigating the Issuer's risk exposure in all economic market environments or against all types of risks, including risks that the Issuer may fail to identify or anticipate. Furthermore, audits or other regular reviews of the risk management procedures and methods may, in the future, detect weaknesses or deficiencies in the Issuer's risk management systems. In the event that the Issuer's risk management systems fail to identify, anticipate or correctly evaluate risks to which the Issuer may be exposed, the Issuer may experience material unanticipated losses, which could have an adverse effect on its business, financial condition and operational results.

1.13 Operational Risks

The Issuer is exposed to operational risk, which is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including in particular legal, regulatory and compliance risk. The Issuer is also susceptible to, among other things, operational errors, clerical or record-keeping errors and errors resulting from faulty computer or telecommunications systems.

Any inadequacy of the Issuer's internal processes or systems in detecting or containing such risks as aforesaid could have a material adverse effect on Issuer's business, financial condition, operation results and prospects.

1.14 Difficulty Recruiting New Talent

The Issuer's ability to enter new markets (and, to some extent, the Issuer's existing operations), depend on its ability to recruit additional talented individuals with the necessary qualifications and level of experience in financial services. Increasing competition for labour in the Issuer's core markets from other international financial institutions may make it more difficult for the Issuer to attract and retain qualified employees and may lead to rising labour costs in the future. Moreover, in the event that the Issuer were deemed to fall within the remit of CRD IV and caps or other restrictions were, in terms of CRD IV, to be imposed on salaries or bonuses paid to executives of the Issuer or any future subsidiar(y)(ies), the Issuer's ability to attract and retain high-quality personnel could be limited, and this could result in losses of qualified personnel. If the Issuer is unable to attract and retain new talent in key strategic markets or if competition for qualified employees increases its labour costs, this could have a negative impact on the Issuer.

1.15 Profitability of Future Subsidiaries

The Issuer's results may, in the future, depend (in part) on the profitability of one or more of its future subsidiaries. In the event that such subsidiaries (if any) do not generate profits, this could have a material adverse effect on the Issuer's results of operations in that period, and on the Issuer's ability to make payments on the Notes.

1.16 Competitive Business

The Issuer faces competition in all aspects of its business and competes with a number of large international financial institutions and other local competitors in the markets in which it operates including Malta, the Cayman Islands and Luxembourg. In particular, the trend towards consolidation in the global financial services industry (which has increased due to the last financial and economic crisis), is creating competitors with extensive ranges of product and service offerings, increased access to capital and greater efficiency and pricing power. These global financial institutions may be more appealing to customers because of their larger international presence or financial resources. In addition, in all markets, the Issuer also faces competition from established local financial service providers which operate a larger number of branches, offer customers a broad range of banking and financial products and services, and benefit from relationships with a large number of existing customers.

If the Issuer is unable to respond to the competitive pressures in these markets, it may suffer a reduction in its market share in important sectors of its business or incur losses, and its financial condition and operational results may be adversely affected.

1.17 Compliance with Anti-Money Laundering, Anti-Corruption and Anti-Terrorism Financing Rules

The Issuer and its business are subject to rules and regulations regarding money laundering, sanctions, corruption and the financing of terrorism (which rules and regulations are particularly relevant with respect to the Issuer's role in distributing securitised debt instruments of Timberland Securities plc, Timberland Securities SPC, Timberland Securities II SPC, Timberland Securities S.A. and Timberland Investment S.A.). These rules and regulations have been tightened in recent years and will be further tightened and are expected to be more strictly enforced in the future, in particular following the implementation of the Directive (EU) 2015/849 of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC4. Monitoring compliance with the foregoing rules (hereinafter the **AML Rules**) can pose technical problems and can also impose a significant financial burden on the Issuer.

Furthermore, due to the complexity and opaqueness of the AML Rules, notwithstanding its endeavours to do so, the Issuer cannot guarantee that it will always be compliant with all applicable AML Rules or that standards concerning anti-money laundering, sanctions, anti-corruption and anti-terrorism financing are (or will be) consistently applied by its employees (or any employees of companies which may form part of its group) in all circumstances. Any violation of AML Rules, or even alleged violations, may have severe legal, monetary and reputational consequences and could have a material adverse effect on the Issuer's business, financial condition and results of operations.

1.18 Changes in Consumer Protection Laws

Changes in consumer protection laws or the interpretation of consumer protection laws by courts or governmental authorities could limit the fees that the Issuer may charge for certain of its services and thereby result in lower commission income being received by the Issuer. Moreover, any changes in consumer protection laws or the interpretation of such laws by courts or governmental authorities could impair the Issuer's ability to offer certain products and services or to enforce certain clauses in contracts with client. This may reduce the Issuer's net income and have an adverse effect on its results of operations.

1.19 Additional Challenges due to Integration of Potential Future Acquisitions

The Issuer may in the future seek to make acquisitions to support its business objectives and complement the development of its business in existing and new geographic markets. Such strategic transactions would, if pursued, demand significant management attention and will require the Issuer to divert financial and other resources that would otherwise be available for its existing business. Furthermore, prospective investors should note that: (a) the benefits of potential future acquisitions may take longer to realise than expected and may not be realised fully, or at all, (b) there can be no assurance that the Issuer will be able to successfully pursue and complete the acquisition of any future targets, and (c) there can be no assurance that the Issuer will be able to identify all actual and potential liabilities to which any target company is exposed prior to the acquisition thereof. Any of these factors could, in the event that an acquisition is pursued, lead to unexpected losses for the Issuer which may have a material adverse effect on the Issuer's business, financial condition and results of operations.

1.20 Elections in the UK in regard to the Termination of EU-Membership

The referendum in the UK which has been held in June 2016 and which concerns the UK's potential exit from the European Union could, independently of the result of this or any future referendum, have a negative impact on the potential business of the Issuer in the UK and in other countries. In particular, a vote in favour of the UK exiting the European Union could result in financial shock throughout the EU and could have a negative impact on the economies of the countries in which the Issuer currently operates or may operate in future. Furthermore, prospective investors should note that the UK's exit from the EU could limit market access for the Issuer for the sale of financial products therein.

2. RISK FACTORS RELATING TO THE NOTES

2.1 General Risks

(a) Orderly and Liquid Market

The existence of an orderly and liquid market for the Notes depends on a number of factors, including the presence of willing buyers and sellers of the Issuer's Notes at any given time. Such presence is dependent upon the individual decisions of investors over which the Issuer has no control. Accordingly, there can be no assurance that an active secondary market for the Notes will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that Noteholders will be able to sell the Notes at or above the subscription price or at all.

(b) The Notes may be Complex Financial Instruments and may not be Suitable for Certain Investors

The Notes may be complex financial instruments and may not be a suitable investment for certain investors. Each potential investor in the Notes should determine the suitability of such investment in light of its own circumstances and have sufficient financial resources and liquidity to bear the risks of an investment in the Notes, including the possibility that the entire principal amount of the Notes could be lost. A potential investor should not invest in the Notes unless such investor has the knowledge and expertise to evaluate: (a) how the Notes will perform under changing market conditions, (b) the likelihood of inability of the Issuer to pay interest and/or principal under the Notes, and/or (c) the effects which a write down of the principal amount of the Notes may have on an investor's financial circumstances.

All recipients of this Base Prospectus and prospective investors are urged to consult an investment advisor as to the suitability or otherwise of an investment in any of the Notes before making an investment decision. An informed investment decision can only be made by investors after they have read and fully understood this Base Prospectus, and, in particular, the Terms and Conditions, the risk factors associated with an investment in the Notes, the risk factors associated with the markets generally, and the inherent risks associated with the Issuer's business. In the event that an investor in the Notes does not seek professional advice and/or does not read and fully understand the provisions of this Base Prospectus, there is a risk that such investor may acquire an investment which is not suitable for his or her risk profile.

(c) Future Public Offers

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

(d) Early Redemption

The Notes are redeemable in whole at the option of the Issuer prior to the maturity date (in cases there is a maturity date) in the instances prescribed in the Terms and Conditions. Any decision by the Issuer as to whether it will redeem the Notes will be made at the absolute discretion of the Issuer. The feature allowing for optional redemption may condition the market value of the Notes and there can be no guarantee that the Noteholders may be able to re-invest the proceeds of such redemption at equivalent or higher rates of return.

Further, prospective investors should note that, in the event that the Issuer were to be deemed to fall within the remit of the CRR, any redemption before the maturity date would be subject to the prior permission of the competent authority pursuant to Article 78(1) of the CRR. Under the CRR, the competent authority may only permit institutions to redeem Tier 2 Instruments such as the Notes if certain conditions prescribed by the CRR are complied with. These conditions, as well as a number of other technical rules and standards relating to regulatory capital requirements applicable to the Issuer, should be taken into account by the competent authority in its assessment of whether or not to permit any redemption or repurchase. It is uncertain how the competent authority will apply these criteria in practice and such rules and standards may change during the maturity of the Notes. It is therefore difficult to predict whether, and if so, on what terms, the competent authority will grant its prior permission for any redemption or repurchase of the Notes.

(e) No Prior Market for the Notes

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

(f) Value of the Notes

The value of investments can rise or fall, and past performance is not necessarily indicative of future performance.

(g) Risks Relating to Changes in Interest Rates

Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

(h) Noteholder's Currency of Reference

A Noteholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Notes and the Noteholder's currency of reference, if different.

(i) Meetings of Noteholders

In the event that the Issuer wishes to amend Terms and Conditions of the Notes, unless it is only an editorial change, it shall call a meeting of Noteholders for approval. Defined majorities of Noteholders may bind all Noteholders including those that did not attend and vote at the relevant meeting and Noteholders who attended and voted in a manner contrary to the majority.

(j) Credit Ratings

Any rating which may, in the future, be assigned to the Notes, may not adequately reflect all risks of the investment in such Notes. Equally, ratings may be suspended, downgraded or withdrawn. Such suspension, downgrading or withdrawal may have an adverse effect on the market value and trading price of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

(k) Risk of Trading Suspension, Interruption or Termination

Application will be made for the bearer Notes to be listed on the Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange (the **Open Market**). Application may also (in the future) be made for the Notes to be listed on one or more markets, which may be regulated or unregulated.

Trading in the Notes on the Open Market and any other market on which the Notes may (in the future) be listed (the Relevant Markets), may, depending on the rules applicable to such Relevant Markets, be suspended or interrupted by the Relevant Markets or by a competent regulatory authority upon the occurrence of a number of factors, including: (i) violation of price limits; (ii) breach of statutory provisions; (iii) occurrence of operational problems with respect to the Relevant Markets; and/or (iv) if required in order to secure a functioning market or to safeguard the interests of Noteholders. Furthermore, trading in the Notes may be terminated, either upon decision of the Relevant Markets, upon the decision of a regulatory authority, or upon application by the Issuer.

Noteholders should be aware that the Issuer has no influence on the suspension, interruption, or termination of trading in the Notes (other than where trading in the Notes is terminated upon the Issuer's decision), and Noteholders bear the risks connected with any trading suspension, interruption or termination. Noteholders should be aware that they may not be able to sell their Notes in such instances and should also note that during periods of suspension or interruption of trading, stock exchange quotations may not adequately reflect the price of the Notes.

All these risks could, if they were to materialise, have a material adverse effect on the Noteholders.

(l) Terms and Conditions

The "Terms and Conditions" of the Notes are based on Luxembourg law in effect as at the date of the Base Prospectus. A change in Luxembourg law or administrative practice or a judicial decision may have an effect on the "Terms and Conditions" of the Notes. No assurance can be given as to the impact thereof after the date of this Base Prospectus.

2.2 Additional Risks related to contingent capital Notes

(a) Subordinated Notes

The contingent capital Notes constitute direct, unsecured and subordinated obligations of the Issuer, and would, if the Issuer was subject to CRR, constitute Tier 2 Instruments.

In the event of insolvency or liquidation of the Issuer, if the Issuer was subject to CRR, the obligations of the Issuer under the Notes would rank:

a) junior to all present or future unsubordinated instruments or obligations of the Issuer;

b) pari passu (a) among themselves, and (b) with all present or future obligations under any other Tier 2 Instruments; and

c) senior to all present or future (a) obligations under any AT 1 Instruments; and (b) all other subordinated instruments or obligations of the Issuer ranking or expressed to rank (x) subordinated to the obligations of the Issuer under the Notes or (y) pari passu with obligations under any AT 1 Instruments.

Subordination means that the rights and claims of the Noteholders in respect of the payment of capital and interest on the Notes will, in the event of dissolution and winding-up of the Issuer, rank after the claims of all senior indebtedness and will not be repaid until all other senior indebtedness outstanding at the time has been settled. Accordingly, there is a substantial risk that investors who/which invest in subordinated notes (such as these Notes) will lose all or some of their investment should the Issuer become insolvent, or should the Issuer have insufficient profit to write up the Notes following their write-down.

(b) Write-Down

Under the Terms and Conditions of the contingent capital Notes, if the Issuer incurs an annual balance sheet loss this would trigger a write-down under the Notes.

Noteholders may lose all or some of their investment as a result of a write-down, unless, following such write-down, the Notes are subsequently written up. Prospective investors should note that, due to the uncertainty regarding a potential write-down event under the Notes, the trading behaviour of the Notes may not necessarily follow the trading behaviour of other types of subordinated instruments. Any indication that the Issuer may incur an annual balance sheet loss may have an adverse effect on the market price and liquidity of the Notes. Under such circumstances, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to more conventional investments.

3. RISK FACTORS RELATING TO THE MARKETS

Set out below is a brief description of the principal market risks, including liquidity risk, interest rate risk and credit risk.

3.1 Credit Risk

Noteholders are subject to the risk of partial or total inability of the Issuer to make distribution and/or redemption payments that the Issuer may, subject to the limitations described in the terms and conditions of this Base Prospectus, be obliged to make under the Notes. The worse the creditworthiness of the Issuer, the higher the risk of loss. Prospective investors should note that a materialisation of credit risk with respect to the Issuer may result in the inability of the Issuer to pay interest and/or principal under the Notes.

3.2 Risk of Widening of the Credit Spread of the Issuer

A credit spread is the margin payable by the Issuer to the holder of an instrument as a premium for the assumed credit risk. Factors influencing the credit spread include, among other things, the creditworthiness and rating, if any, of the Issuer, probability of default, recovery rate, remaining term to maturity of the Notes and obligations under any collateralisation or guarantee and declarations as to any preferred payment or subordination. The liquidity situation of the market, the general level of interest rates, overall economic developments, and the currency, in which the relevant obligation is denominated may also have a negative effect. Noteholders are exposed to the risk that, as the credit spread of the Issuer widens, this may result in a decrease in the price of the Notes.

3.3 Inflation Risk

Inflation causes the rate of return on assets (such as the Notes and income deriving therefrom) to decrease in value. Inflation risk thus relates to the possibility that the value of assets (such as the Notes and income therefrom) will decrease as inflation reduces the purchasing power of a currency. If the inflation rate exceeds the distribution paid on the Notes (if any), the yield on such Notes will become negative.

3.4 Risk of an Unfavourable Development of Market Prices

The market price of the Notes depends on various factors, such as changes in interest rate levels, the policies of central banks, overall economic developments, inflation rates, or the lack of (or excess demand for) the Notes.

Noteholders are therefore exposed to the risk that the market price of the Notes will drop as a result of unfavourable market developments, which risk would materialise in the event that Noteholders were to sell the Notes before the maturity date, if applicable. Noteholders should be aware that if they acquire Notes at a price which is higher than the market price at issue and/or the redemption amount, the impact which unfavourable market developments may have on the Notes would be heightened.

3.5 Risk of Financing or Acquisition of the Notes by means of a Loan or Credit

If Noteholders use a loan to finance the acquisition of the Notes and the Issuer is subsequently unable to repay any (or all) of the principal and/or interest under the Notes, or if the trading price of the Notes diminishes significantly, the Noteholder may not only have to face a potential loss on its investment, but it would also have to repay the loan and interest thereon. Noteholders should therefore be aware that, if a loan is taken to finance the acquisition of the Notes, this could significantly increase the potential losses to which Noteholders may be exposed.

3.6 Incidental Costs related to the Purchase and Sale of the Notes

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) may be incurred in addition to the purchase or sale price of the Notes.

To the extent that credit institutions are involved in the process for the purchase or sale of Notes, prospective investors should note that such credit institutions may charge commissions which are either fixed minimum commissions or pro-rata commissions, depending on the order value. In the event that additional parties are involved in the process for the purchase or sale of Notes (including, for instance, domestic dealers or brokers in foreign markets), Noteholders may also be charged brokerage fees, commissions and other fees and expenses. In addition to costs directly related to the purchase of Notes, investors may also be charged other costs, such as custody fees.

Investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes. Prospective investors should note that these costs may significantly reduce or eliminate any profits which may be derived from investing in the Notes.

3.7 Reliance on the Functionality of the Relevant Clearing System

The Notes are purchased and sold through different clearing systems, such as Clearstream Banking S.A. or Euroclear Bank SA/NV and/or in the case of registered Notes through distribution agents and further distributors. The Issuer does not assume any responsibility as to whether the Notes are actually transferred to the securities portfolio of the relevant investor. Noteholders have to rely on the functionality of the relevant clearing system and, in the case of registered Notes, on the systems of the relevant distribution agents and further distributors.

3.8 Change in Applicable Tax Regime

Distribution payments on Notes, or profits realized by a Noteholder upon the sale or repayment of Notes, may be subject to taxation in the Noteholder's home jurisdiction or in other jurisdictions in which the Noteholder is required to pay taxes. The amount of taxation so payable is therefore subject to changes in tax law and to potential changes in their practical application (both of which may change to the disadvantage of investors).

3.9 Legal Investment Considerations

The terms and conditions of this Base Prospectus may contain certain exclusions or restrictions of the Issuer's or other parties' (e.g. the Distribution Agent(s), the Paying Agent(s) etc.) liability for negligent acts or omissions in connection with the Notes, which could result in Noteholders not being able to claim (or only to claim partial) indemnification for damage that has been caused to them. This could adversely affect the rights of Noteholders.

3.10 Conflicts of Interest

The Issuer may, from time to time, act in other capacities with regard to the Notes, such as calculation agent, which allows the Issuer to make calculations in respect of the Notes (e.g. the amount of distributions to be paid) which are binding for the Noteholders. This could generate conflicts of interest, which may, if not properly managed, affect the value of the Notes.

4. RISKS RELATED TO FATCA

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (the **Code**), an agreement entered into with the U.S. Internal Revenue Service pursuant to such sections of the Code, or an intergovernmental agreement between the United States and another jurisdiction in furtherance of such sections of the Code (including any non-US laws implementing such an intergovernmental agreement) (collectively referred to as **FATCA**) impose a new reporting regime and, potentially, a thirty per cent (30%) withholding tax with respect to: (i) certain payments from sources within the US, (ii) so-called 'foreign pass-thru payments' made to certain non-US financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-US financial institution.

The Issuer may be classified as a non-US financial institution for these purposes.

If the Issuer becomes subject to withholding tax as a result, the return of Noteholders may be affected. To the extent the Issuer suffers US withholding tax as a result of FATCA, the Issuer may take any action in relation to a Noteholder's investment to ensure that such withholding is economically borne by the relevant Noteholder whose failure to provide the necessary information or to become a participating FFI (i.e., foreign financial institution) gave rise to the withholding.

RESPONSIBILITY STATEMENT

Timberland Securities Investment plc having its registered office at Aragon House, St. George`s Park, St. Julian`s STJ 3140, Malta, accepts responsibility for the information contained in this Base Prospectus. The Issuer, having taken all reasonable care to ensure that such is the case, declares that the information contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and no omission is likely to affect its import.

CONSENT TO THE USE OF THE BASE PROSPECTUS

The Issuer hereby consents to the use of the Base Prospectus to the extent and the conditions as set out in the Base Prospectus and the Final Terms during the term of its validity in accordance with Article 9 of the Prospectus Directive.

The Issuer accepts responsibility for the information given in the Base Prospectus, in any supplement thereto as well as in the Final Terms also with respect to the subsequent resale or final placement of the Notes by financial intermediaries, who obtained the consent to use the Base Prospectus, any supplement thereto as well as the Final Terms.

Such consent can be given to all (so-called general consent) or only one or several specified financial intermediaries (so-called individual consent) and will be determined in the Final Terms.

Such consent can be given in relation to the following member states, in which the Base Prospectus is valid or into which it has been notified as specified in the Final Terms: the Republic of Austria, the Republic of Croatia, the Republic of Cyprus, the Czech Republic, the French Republic, the Federal Republic of Germany, Hungary, the Republic of Ireland, the Italian Republic, the Principality of Liechtenstein, the Grand Duchy of Luxembourg, the Republic of Malta, the Republic of Poland, Romania, the Slovak Republic, the Republic of Slovenia, the Kingdom of Spain, the United Kingdom of Great Britain and Northern Ireland.

The Issuer's consent to the use of the Base Prospectus is given under the condition that each financial intermediary complies with the applicable selling restrictions and the terms and conditions of the offer. Furthermore, in connection with the consent to the use of the Base Prospectus the Issuer may impose the condition that the financial intermediary using the Base Prospectus commits itself towards its customers to a responsible distribution of the Notes. This commitment is made by the publication of the financial intermediary on its website stating that the Base Prospectus is used with the consent of the Issuer and subject to the conditions set forth with the consent. The consent to the use of the Base Prospectus will be given for the period as set out in the Final Terms.

The distribution of this Base Prospectus, any supplement thereto and the Final Terms as well as the offer, sale and the delivery of the Notes may be restricted by law in some jurisdictions. Each financial intermediary and/or each person, who is in the possession of this Base Prospectus, a supplement thereto and the Final Terms, must be informed of and comply with such restrictions. The Issuer reserves the right to withdraw its consent to the use of this Base Prospectus in relation to certain financial intermediaries.

Information on the terms and conditions of the offer by any financial intermediary is to be provided at the time of the offer by the financial intermediary.

Any further financial intermediary using the Base Prospectus shall state on its website that it uses the Base Prospectus in accordance with this consent and the conditions attached to this consent.

New information with respect to financial intermediaries unknown at the time of the approval of the Base Prospectus or the filing of the Final Terms, as the case may, will be published and will be found on the website of the Issuer (www.timberland-malta.com) (or any successor website).

SUBSCRIPTION FOR NOTES

Any terms and expressions not expressly defined in this section shall have the meaning given to such terms and expressions in the Terms and Conditions.

1. REGISTERED NOTES

Any registered Note issued but not subscribed for by investors on the Issue Date (as defined in the Final Terms) will be subscribed for by the Issuer for no consideration and held by it for sale on the secondary market during the Offer Period (as defined in the Final Terms). So long as any registered Notes are held by the Issuer, any rights attached to such registered Notes (such as financial rights and voting rights) will be suspended. All outstanding registered Notes still held by the Issuer after the expiry of the Offer Period will be cancelled forthwith.

Each investor in the registered Notes which pays the subscription price in Euro will, when subscribing for the registered Notes offered by the Issuer, pay the amount to be invested in the registered Notes to an account held with the Collecting Bank (as defined in section "Description of the Parties" of this Base Prospectus) in the name and on behalf of the Issuer. Upon instruction of the Issuer, the Collecting Bank will transfer the subscription monies to the account of the Issuer (the **Issuer's Account**) held with the Account Bank (as defined in section "Description of the Parties" of this Base Prospectus) (any amount credited to an Issuer's Account being referred to hereafter as the **Issuer's Account Credit Amount**). The amount of registered Notes to be allocated to each investor will be determined on the subscription date by dividing the Issuer's Account Credit Amount by the subscription price. Such amount will be rounded down to the nearest integral multiple of 1 (one) (this amount being referred to hereafter as the **Total Amount of Notes**). The Total Amount of Notes multiplied by the subscription price will equal the aggregate Euro amount of registered Notes subscribed by the relevant investor (this amount being referred to hereafter as the Total Subscription Amount). The remainder between the Issuer's Account Credit Amount and the **Total Subscription Amount** (if any) will be reimbursed to the relevant investor.

Each investor in the registered Notes which pays the subscription price in a currency other than Euro (a **Foreign Currency**) will, when subscribing for the registered Notes offered by the Issuer, pay the amount to be invested in the registered Notes in such Foreign Currency to an account held with a local branch of the Collecting Bank or an affiliated subsidiary or correspondent bank of the Collecting Bank in the relevant jurisdiction (each being referred to hereafter as a **Branch**) in the name and on behalf of the Issuer. The relevant Branch will transfer the subscription monies to an account of the Issuer held with the Collecting Bank. Upon instruction of the Issuer, the Collecting Bank will immediately convert the subscription monies into a Euro amount (the **Euro Amount**) taking into consideration the then applicable spot rate. Upon instruction of the Issuer, the Collecting Bank will transfer the Euro Amount to the Issuer's Account held with the Issuer's Account Bank. The amount of registered Notes to be allocated to each investor will be determined on the subscription date by dividing the Issuer's Account Credit Amount by the subscription price. Such amount will be rounded down to the nearest integral multiple of 1 (one). The Total Amount of Notes multiplied by the subscription price will equal the aggregate Euro amount of registered Notes subscribed by the relevant investor. The remainder between the Issuer's Account Credit Amount and the Total Subscription Amount (if any) will be reimbursed to the relevant investor.

The Issuer will regularly inform Noteholders about the number of registered Notes issued for no consideration or subscribed for by investors during the Offer Period by publishing the relevant information on its website (www.timberland-malta.com). Such information is available free of charge, subject to prior registration on the website. The Issuer will notify the FMA of the result of the offering of registered Notes at the end of the Offer Period.

2. BEARER NOTES

Any bearer Note issued but not subscribed for by investors on its Issue Date will be subscribed for by the Issuer for no consideration and held by it for sale on the secondary market during the Offer Period. So long as any bearer Notes are held by the Issuer, any rights attached to such bearer Notes (such as financial rights and voting rights) will be suspended. All outstanding bearer Notes still held by the Issuer after the expiry of the Offer Period will be cancelled forthwith.

Each investor in the bearer Notes which pays the subscription price in Euro will, when subscribing for the bearer Notes offered by the Issuer, arrange for the payment of the amount to be invested in the bearer Notes to the Issuer's Account held with the Issuer's Account Bank. The amount of bearer Notes to be allocated to each investor will be determined on the subscription date by dividing the Issuer's Account Credit Amount by the subscription price. Such amount will be rounded down to the nearest integral multiple of 1 (one). The Total Amount of Notes multiplied by the subscription price will equal the aggregate Euro amount of bearer Notes subscribed by the relevant investor. The remainder between the Issuer's Account Credit Amount and the Total Subscription Amount (if any) will be reimbursed to the relevant investor.

Each investor in the bearer Notes which pays the subscription price in a Foreign Currency will, when subscribing for the bearer Notes offered by the Issuer, arrange for the payment of the amount to be invested in the bearer Notes in such Foreign Currency to an account held with a Branch in the name and on behalf of the Issuer. The relevant Branch will arrange for the transfer of the subscription monies to an account of the Issuer held with the Collecting Bank. Upon instruction of the Issuer, the Collecting Bank will immediately convert the subscription monies into a Euro Amount taking into consideration the then applicable spot rate. Upon instruction of the Issuer, the Collecting Bank will transfer the Euro Amount to the Issuer's Account held with the Issuer's Account Bank. The amount of bearer Notes to be allocated to each investor will be determined on the subscription date by dividing the Issuer's Account Credit Amount by the subscription price. Such amount will be rounded down to the nearest integral multiple of 1 (one). The Total Amount of Notes multiplied by the subscription price will equal the aggregate Euro amount of bearer Notes subscribed by the relevant investor. The remainder between the Issuer's Account Credit Amount and the Total Subscription Amount (if any) will be reimbursed to the relevant investor.

The Issuer will regularly inform the Noteholders about the number of bearer Notes issued for no consideration or subscribed for by investors during the Offer Period by publishing the relevant information on its website (www.timberland-malta.com). Such information is available free of charge, subject to prior registration on the website. The Issuer will notify the FMA of the result of the offering of bearer Notes at the end of the Offer Period.

TERMS AND CONDITIONS OF THE NOTES

OPTION V – TERMS AND CONDITIONS OF THE SERIES 5 CONTINGENT CAPITAL FIXED RATE BEARER NOTES

1. CURRENCY, DENOMINATION, FORM, CLEARING SYSTEM

1.1 Currency, Denomination

This tranche (the **Tranche**) of subordinated series 5 contingent capital fixed rate notes (the **Notes**) is being issued by Timberland Securities Investment plc (the **Issuer**) in [Euro (**EUR**)] [British Pound (**GBP**)] [Swiss Franc (**CHF**)] [US Dollar (**USD**)] [Hungarian Forint (**HUF**)] [Polish Złoty (**PLN**)] [Czech Koruna (**CZK**)] [Croatian Kuna (**HRK**)] [•] (the **Specified Currency**) in the aggregate principal amount of [•] (in words: [•]) in the denomination of EUR 1,000 (or the equivalent in other currencies) (the **Specified Denomination**).

1.2 Form

The Notes are being issued in bearer form.

1.3 Global Notes

(a) The Notes are initially represented by a temporary global note (the **Temporary Global Note**) without coupons. The Temporary Global Note will be exchangeable for a permanent global note (the **Permanent Global Note** and together with the Temporary Global Note, the **Global Notes**) without coupons. The Temporary Global Note and the Permanent Global Note shall bear the signatures of two authorised signatories of the Issuer and shall each be authenticated with a control signature of the Fiscal Agent. Definitive Notes and coupons will not be issued.

(b) The Temporary Global Note shall be exchanged for the Permanent Global Note on a date (the **Exchange Date**) not later than 180 days after the date of issue of the Temporary Global Note. The Exchange Date for such exchange will not be earlier than 40 days after the date of issue of the Temporary Global Note. Such exchange shall only be made to the extent that certifications have been delivered to the effect that the beneficial owner or owners of the Notes represented by the Temporary Global Note is not a U.S. person or are not U.S. persons (other than certain financial institutions or certain persons holding Notes through such financial institutions). Payment of interest on Notes represented by a Temporary Global Note will be made only after delivery of such certifications. Any such certification received on or after the 40th day after the date of issue of the Temporary Global Note will be treated as a request to exchange such Temporary Global Note pursuant to this sub-paragraph (b) of Clause 1.3. Any Notes delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States.

For purposes of these Terms and Conditions, **United States** or **U.S.** means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

1.4 Clearing system

The Global Notes will be kept in custody by or on behalf of a Clearing System until, in case of the Permanent Global Note, all obligations of the Issuer under the Notes have been satisfied. **Clearing System** means Clearstream Banking, société anonyme, Luxembourg, 42 Avenue J.F. Kennedy, LUX-1855 Luxembourg, Grand Duchy of Luxembourg (**Clearstream**) and Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B- 1210 Brussels, Belgium (**Euroclear** and, together with Clearstream, the **ICSDs**). [The Notes shall be kept in custody by a common depositary on behalf of both ICSDs.]

2. STATUS

2.1 Ranking

The Notes constitute direct, unsecured and subordinated obligations of the Issuer, and Tier 2 Instruments. In the insolvency or liquidation of the Issuer, the obligations of the Issuer under the Notes will rank:

(a) junior to all present or future unsubordinated instruments or obligations of the Issuer;

(b) *pari passu* (a) among themselves, and (b) with all present or future obligations under any other Tier 2 Instruments; and

(c) senior to all present or future (a) obligations under any AT 1 Instruments; and (b) all other subordinated instruments or obligations of the Issuer ranking or expressed to rank (x) subordinated to the obligations of the Issuer under the Notes or (y) *pari passu* with obligations under any AT 1 Instruments.

2.2 No Set-off or Security

Claims of the Issuer are not permitted to be set-off against repayment obligations of the Issuer under these Notes, and no contractual collateral may be provided by the Issuer or any third person for the liabilities constituted by the Notes. The Notes are neither secured nor subject to a guarantee that enhances the seniority of the claims under the Notes. The Notes are not subject to any arrangement, contractual or otherwise, that enhances the seniority of the claims under the Notes. No subsequent agreement may limit the subordination pursuant to this Clause 2.2.

2.3 Tier 2 Instruments and AT 1 Instruments

Tier 2 Instruments means any (directly or indirectly issued) capital instruments of the Issuer that qualify (or would qualify if the Issuer was subject to the CRR) as Tier 2 Instruments pursuant to Article 63 of the CRR, including any capital instruments that qualify as Tier 2 Instruments pursuant to transitional provisions under the CRR.

AT 1 Instruments means any (directly or indirectly issued) capital instruments of the Issuer that qualify (or would qualify if the Issuer was subject to the CRR) as Additional Tier 1 instruments pursuant to Article 52 of the CRR, including any capital instruments that qualify as Additional Tier 1 instruments pursuant to transitional provisions under the CRR.

CRR means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (*Capital Requirements Regulation*), as amended from time to time.

3. DISTRIBUTIONS

3.1 Distribution Rate and Distribution Payment Dates

The Notes shall bear distributions on their [Current] Principal Amount at the rate of [•] percent per annum (the **Rate of Distributions**) from and including [•] (the **Distribution Commencement Date**) [to and excluding the **Maturity Date**]. Distributions shall be scheduled to be paid [•, i.e. annually or semi-annually] in arrear on [•] in each year (each such date, a **Distribution Payment Date**), commencing on [•]. Distributions will fall due in accordance with the provisions set out in Clause 4.5.

3.2 Calculation of Amount of Distributions

The amount of distributions shall be calculated by applying the Rate of Distributions to the [Current] Principal Amount multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the Specified Currency, half of such sub-unit being rounded upwards or otherwise in accordance with the applicable market convention.

[**Current Principal Amount** means initially the Specified Denomination, which from time to time - on one or more occasions - may be reduced by a Write-down and, subsequent to any such reduction, may be increased by a Write-up, if any (up to the Specified Denomination).]

Day Count Fraction means, in respect of the calculation of an amount of distributions on any Note for any period of time (the **Calculation Period**) [the actual number of days in the Calculation Period divided by the actual number of days in the respective interest year] [•].

[**Principal Amount** means the Specified Denomination.]

3.3 Default Distributions

The Notes shall cease to bear distributions from the expiry of the calendar day preceding the due date for redemption (if the Notes are redeemed). If the Issuer fails to redeem the Notes when due, distributions shall continue to accrue on the [Current] Principal Amount of the Notes from and including the due date for redemption to but excluding the date of actual redemption of the Notes at the default rate of distributions established by law. This does not affect any additional rights that might be available to the Noteholders.

4. PAYMENTS

4.1 Payment of Principal

Payment of principal on the Notes shall be made, subject to Clause 4.3 below, to the Clearing System or to its order for credit to the accounts of the relevant accountholders of the Clearing System.

4.2 Payment of Distributions

Payment of distributions on the Notes shall be made, subject to Clause 4.3 below, to the Clearing System or to its order for credit to the accounts of the relevant accountholders of the Clearing System, and in case of payment of distributions on Notes represented by a Temporary Global Note, upon due certification as provided for in Clause 1.3(b).

4.3 Manner of Payment

Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Notes shall be made in the Specified Currency.

If the Issuer determines that it is impossible to make payments of amounts due on the Notes in freely negotiable and convertible funds on the relevant due date for reasons beyond its control or that the Specified Currency or any successor currency provided for by law (the **Successor Currency**) is no longer used for the settlement of international financial transactions, the Issuer may fulfil its payment obligations by making such payments in Euro on the relevant due date on the basis of the Applicable Exchange Rate. Noteholders shall not be entitled to further interest or any additional amounts as a result of such payment. The **Applicable Exchange Rate** shall be (i) (if such exchange rate is available) the exchange rate of Euro against the Specified Currency or the Successor Currency (if applicable) determined and published by the European Central Bank for the most recent calendar day falling within a reasonable period of time prior to the relevant due date, or (ii) (if such exchange rate is not available) the exchange rate of Euro against the Specified Currency or the Successor Currency (if applicable) which the Fiscal Agent has calculated as the arithmetic mean of offered rates concerning the Specified Currency or the Successor Currency (if applicable) quoted to the Fiscal Agent by four leading banks operating in the international foreign exchange market for the most recent calendar day falling within a reasonable (as determined by the Fiscal Agent in its reasonable discretion) period of time prior to the relevant due date, or (iii) (if such exchange rate is not available) the exchange rate of Euro against the Specified Currency or the Successor Currency (if applicable) as determined by the Fiscal Agent in its reasonable discretion.

4.4 Discharge

The Issuer shall be discharged by payment to, or to the order of, the Clearing System.

4.5 Payment Business Day

If the due date for any payment in respect of the Notes would otherwise fall on a calendar day which is not a Payment Business Day, Noteholder shall not be entitled to payment until the next following Payment Business Day in the relevant place and shall not be entitled to further distributions or other payment in respect of such delay.

Payment Business Day means a calendar day (other than a Saturday or a Sunday) (i) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the Business Day Financial Centre, and (ii) on which the Trans-European Automated Real-time Gross Settlement Express Transfer System 2 or its successor (**TARGET**) is open for business.

Business Day Financial Centre means [•].

4.6 References to Principal and Distributions

References in these Terms and Conditions to "principal" in respect of the Notes shall be deemed to include, as applicable: the Specified Denomination[, the Principal Amount], the Current Principal Amount[, the Call Redemption Amount], and any premium and any other amounts (other than distributions) which may be payable under or in respect of the Notes. References in these Terms and Conditions to "distributions" in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts which may be payable under Clause [•].

5. REDEMPTION

5.1 Maturity Date

[The Notes are perpetual and have no scheduled maturity date.] [Unless previously redeemed, or cancelled, the Notes will be redeemed at their Current Principal Amount together with distributions, if any, accrued to, but excluding, the date of redemption, on [•[1]] (the **Maturity Date**).]

5.2 No Redemption at the Option of a Noteholder

The Noteholders do not have a right to demand the redemption of the Notes.

5.3 [No] Redemption at the Option of the Issuer

[The Issuer does not have a right to demand the redemption of the Notes.]

[

(a) The Issuer may, upon notice given in accordance with subparagraph (b), redeem the Notes in whole, but not in part, on the Call Redemption Date(s) at the applicable Call Redemption Amount together with accrued distributions, if any, to, but excluding, the (relevant) Call Redemption Date. Any such redemption pursuant to this subsection Clause 5.3 shall not be possible before [five][•[2]] years after the date of issuance and shall only be possible provided that the redemption conditions laid down in Clause 5.6 are met.

Call Redemption Date means the Distribution Commencement Date and each [anniversary date thereof] [Distribution Payment Date thereafter].

(b) Notice of redemption shall be given by the Issuer to the Noteholders in accordance with Clause 10. Such notice shall be irrevocable and shall specify:

(i) the series number of the Notes;

(ii) the Call Redemption Date which shall be not less than [*insert minimum notice period, which shall not be less than 5 Payment Business Days*] [calendar days] [Payment Business Days] [*in the case of a maximum notice period insert:* nor more than [*insert maximum notice period*] [calendar days] [Payment Business Days]] after the calendar day on which notice is given by the Issuer to the Noteholders; and

(iii) the Call Redemption Amount at which the Notes are to be redeemed.

Call Redemption Amount equals the Current Principal Amount.

[**(c)** Redemption under this Clause 5.3 shall be excluded if the Call Redemption Amount would be less than the Specified Denomination.]]

[

5.4 Redemption for Reasons of Taxation

The Notes may be redeemed at the option of the Issuer in whole, but not in part, [at any time] [on the next Distribution Payment Date] by giving not less than [*insert minimum notice period*] nor more than [*insert maximum notice period*] [calendar days] [Payment Business Days] prior notice of redemption to the Fiscal Agent and, in

[1] Insert maturity in line with Art. 63 lit. g CRR.

[2] Insert redemption date in line with Art. 63 lit. j CRR.

accordance with Clause 10, to the Noteholders (which notice shall be irrevocable), if there is a change in the applicable tax treatment of the Notes, including without limitation, a Tax Deductibility Event, or a Gross-up Event, which is material and was not reasonably foreseeable at the time of the issuance of the Notes, and which the Issuer, in accordance with and subject to Article 78(4) of the CRR, if so required, demonstrates to the satisfaction of the Competent Authority, provided that the redemption conditions laid down in Clause 5.6 are met.

Competent Authority means the Malta Financial Services Authority and any authority that succeeds into its relevant function, if Issuer will be subject to its supervision and CRR.

Distributable Items means reserves and carried forward profits.

Gross-up Event occurs if there is a change in the applicable tax treatment of the Notes based on a decision of the local tax authority having competence over the Issuer as a result of which the Issuer has paid, or will or would on the next Distribution Payment Date be required to pay, any Additional Amounts, provided however that any such Additional Amounts are only payable if and to the extent they: (i) would not exceed the Distributable Items; and (ii) only relate to withholding tax applicable to distributions by or on behalf of the Issuer.

Tax Deductibility Event occurs if there is a change in the applicable tax treatment of the Notes as a result of which the Issuer would not be entitled to claim a deduction in respect of distributions paid on the Notes in computing its taxation liabilities, or such deductibility is materially reduced.]

5.5 Redemption for Regulatory Reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, [at any time] [on the next Distribution Payment Date] by giving not less than [*insert minimum notice period*] nor more than [*insert maximum notice period*] [calendar days] [Payment Business Days] prior notice of redemption to the Fiscal Agent and, in accordance with Clause 10, to the Noteholders (which notice shall be irrevocable), if there is a change in the regulatory classification of the Notes that would be likely to result in their full or partial exclusion from own funds or reclassification as a lower quality form of own funds, if applicable, and provided that the following conditions are met: (i) the Competent Authority considers such a change to be sufficiently certain; (ii) the Issuer demonstrates to the satisfaction of the Competent Authority that the regulatory reclassification of the Notes was not reasonably foreseeable at the time of their issuance; and (iii) the redemption conditions laid down in Clause 5.6 are met.

5.6 Redemption Conditions

Any redemption pursuant to this Clause 5 requires that the Competent Authority has granted the Issuer the prior permission in accordance with Article 78 para 1 of the CRR for the redemption, if applicable, whereas such permission may, inter alia, require that:

(a) earlier than or at the same time as the redemption, the Issuer replaces the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or

(b) the Issuer has demonstrated to the satisfaction of the Competent Authority that the own funds of the Issuer would, following the redemption, exceed the requirements laid down in Article 92(1) of the CRR and the combined buffer requirement as defined in point (6) of Article 128 of the CRD IV by a margin that the Competent Authority may consider necessary on the basis of Article 104(3) of the CRD IV.

For the avoidance of doubt, any refusal of the Competent Authority to grant permission in accordance with Article 78 para 1 of the CRR shall not constitute a default for any purpose.

CRD IV means the Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (*Capital Requirements Directive IV*), as amended from time to time.

5.7 Redemption Amount

In case of a redemption pursuant to [Clause 5.4 or] Clause 5.5, the Notes will be redeemed at their Current Principal Amount together with distributions, if any, accrued to, but excluding, the date of redemption.

[**Current Principal Amount** means initially the Specified Denomination, which from time to time - on one or more occasions - may be reduced by a Write-down and, subsequent to any such reduction, may be increased by a Write-up, if any (up to the Specified Denomination).]

6. LOSS SHARING

6.1 Write-down

If the Issuer incurs an Annual Balance Sheet Loss as calculated in accordance with Maltese GAAP or IFRS, as applicable, in any fiscal year (*Geschäftsjahr*), the Noteholder shares in such loss (excluding any loss carry forwards from previous fiscal years of the Issuer) in the proportion which their Current Principal Amount (as reduced and/or written up in previous fiscal years of the Issuer) bears in relation to the aggregate book value of all going concern loss sharing components of the Issuer's regulatory liable capital (each of them as reduced and/or written up in previous fiscal years of the Issuer), and the Current Principle Amount shall be written down accordingly. For the purpose of such calculation, the Issuer's loss sharing liable capital shall include any and all outstanding CET 1 and AT 1 Instruments and Similar Instruments. Following an Annual Balance Sheet Loss, there will be a corresponding reduction in the nominal amount of the Current Principal Amount equivalent to the amount of the Noteholder's share in such Annual Balance Sheet Loss. The Noteholder's aggregate share in an Annual Balance Sheet Loss cannot exceed the Current Principal Amount (as reduced and/or written up in previous fiscal years).

Annual Balance Sheet Loss means the net loss for the fiscal year of the Issuer on an individual basis recorded in the Relevant Financial Statements.

CET 1 Instruments means any (directly or indirectly issued) capital instruments of the Issuer that qualify (or would qualify if the Issuer was subject to the CRR) as Common Equity Tier 1 instruments pursuant to Article 28 of the CRR, including any capital instruments that qualify as Common Equity Tier 1 instruments pursuant to transitional provisions under the CRR.

Relevant Financial Statements means annual accounts for the relevant end of each business year audited by an audit firm and approved by the board of directors.

Similar Instruments means any (directly or indirectly issued) debt instrument of the Issuer (other than the Notes) that provides for a write-down mechanism (permanent or temporary).

6.2 Write-up

Following a reduction, the Current Principal Amount will be written up in subsequent fiscal years of the Issuer in which Annual Balance Sheet Profit is recorded in accordance with Maltese GAAP or IFRS, as applicable. The Current Principal Amount will be written-up prior to the writing-up of AT 1 Instruments. A writing-up of shareholders' equity and allocation to reserves may only occur after the Current Principal Amount has been fully written-up again to its initial Principal Amount. No such increase of the Current Principal Amount may result in the Current Principal Amount being more than the Specified Denomination.

Annual Balance Sheet Profits means net profits for the fiscal year of the Issuer on an individual basis recorded in the Relevant Financial Statements.

7. FISCAL AGENT AND PRINCIPAL PAYING AGENT

7.1 Appointment; Specified Offices

The initial Fiscal Agent, and the initial Principal Paying Agent and their respective initial specified offices are:

Initial Fiscal Agent:
Timberland Invest Ltd.
171, Old Bakery Street
Valletta VLT 1455
Malta

Initial Principal Paying Agent:
Citibank, N.A., London Branch
Citigroup Centre, Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Where these Terms and Conditions refer to the term **Paying Agent(s)**, such term shall include the Principal Paying Agent.

The Fiscal Agent, and the Paying Agent(s) reserve the right at any time to change their respective specified office to some other specified office in the same city.

7.2 Variation or Termination of Appointment

The Issuer reserves the right at any time to vary or terminate the appointment of any Fiscal Agent, or any Paying Agent and to appoint another Fiscal Agent, additional or other Paying Agents. The Issuer shall at all times maintain (i) a Fiscal Agent [,] [and] (ii) so long as the Notes are listed on a stock exchange, a Paying Agent (which may be the Fiscal Agent) with a specified office in such place as may be required by the rules of such stock exchange or its supervisory [authority] [authorities] [in case of payments in U.S. Dollars insert: [,] [and] (iii) if payments at or through the offices of all Paying Agents outside the United States become illegal or are effectively precluded because of the imposition of exchange controls or similar restrictions on the full payment or receipt of such amounts in U.S. Dollars, a Paying Agent with a specified office in New York]. The Issuer will give notice to the Noteholders of any variation, termination, appointment or any other change as soon as possible upon the effectiveness of such change.

The Issuer undertakes, to the extent this is possible, to maintain a Paying Agent in a member state of the European Union in which it shall not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26–27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

7.3 Agents of the Issuer

The Fiscal Agent, and the Paying Agent[s] act solely as agents of the Issuer and do not have any obligations towards or relationship of agency or trust to any Noteholder.

7.4 Determinations Binding

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of these Terms and Conditions by the Fiscal Agent shall (in the absence of wilful default, bad faith, inequitableness or manifest error) be binding on the Issuer, the Paying Agents, and the Noteholders and, in the absence of the aforesaid, no liability to the Issuer, the Paying Agents, or the Noteholders shall attach to the Fiscal Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

8. TAXATION

8.1 Withholding Taxes and Additional Amounts

All amounts payable in respect of the Notes shall be made without deduction or withholding for or on account of any present or future taxes, duties or governmental charges of any nature whatsoever imposed or levied by way of deduction or withholding by or on behalf of Malta or any political subdivision or any authority thereof or therein having power to tax (**Withholding Taxes**) unless such deduction or withholding is required by law. In such event, the Issuer shall, to the fullest extent permitted by law, pay such additional amounts of principal and interest (the **Additional Amounts**) as shall be necessary in order that the net amounts received by the Noteholders, after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable in the absence of such withholding or deduction; except that no such Additional Amounts shall be payable on account of any taxes, duties or governmental charges which:

(a) are payable by any person acting as custodian bank or collecting agent on behalf of a Noteholder, or otherwise in any manner which does not constitute a deduction or withholding by the Issuer from payments of principal or interest made by it; or

(b) are payable by reason of the Noteholder having, or having had, some personal or business connection with Malta and not merely by reason of the fact that payments in respect of the Notes are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in, Malta; or

(c) are deducted or withheld pursuant to (i) any European Union Directive or Regulation concerning the taxation of interest income, or (ii) any international treaty or understanding relating to such taxation and to which Malta or the European Union is a party, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such Directive, Regulation, treaty or understanding; or

(d) are presented for payment more than 30 days after the Relevant Date except to the extent that a Noteholder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming that day to have been a Payment Business Day; or

(e) are withheld or deducted in relation to a Note presented for payment by or on behalf of a Noteholder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a Member State of the European Union; or

(f) are deducted or withheld by a Paying Agent from a payment if the payment could have been made by another Paying Agent without such deduction or withholding; or

(g) would not be payable if the Notes had been kept in safe custody with, and the payments had been collected by, a banking institution; or

(h) are payable by reason of a change in law or practice that becomes effective more than 30 days after the relevant payment of principal or interest becomes due, or is duly provided for and notice thereof is published in accordance with Clause 10, whichever occurs later.

Relevant Date means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Fiscal Agent on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect shall have been duly given to the Noteholders by the Issuer in accordance with Clause 10.

8.2 U.S. Foreign Account Tax Compliance Act (FATCA)

Moreover, all amounts payable in respect of the Notes shall be made subject to compliance with Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (the **Code**), any regulations or agreements thereunder, including any agreement pursuant to Section 1471(b) of the Code, and official interpretations thereof (**FATCA**) and any law implementing an intergovernmental approach to FATCA. The Issuer will have no obligation to pay additional amounts or otherwise indemnify a Noteholder in connection with any such compliance.

8.3 Transfer of Issuer's domicile

In case of a transfer of the Issuer's domicile to another country, territory or jurisdiction, the preceding provisions shall apply with the understanding that any reference to the Issuer's domicile shall from then on be deemed to refer to such other country, territory or jurisdiction.

9. FURTHER ISSUES OF NOTES, PURCHASES AND CANCELLATION

9.1 Further Issues of Notes

The Issuer may from time to time, without the consent of the Noteholders, issue further Notes having the same terms as the Notes in all respects (or in all respects except for the issue date, issue price, Distribution Commencement Date and/or first Distribution Payment Date) so as to form a single series with the Notes.

9.2 Purchases

The Issuer may at any time purchase Notes in the open market or otherwise at any price. Notes purchased by the Issuer may, at the option of the Issuer, be held, resold or surrendered to the Fiscal Agent for cancellation. No purchase shall be possible unless all applicable regulatory and other statutory restrictions are observed and provided that the redemption conditions laid down in Clause 5.6 are met.

9.3 Cancellation

All Notes redeemed in full shall be cancelled forthwith and may not be reissued or resold.

10. NOTICES

10.1 Notices of the Issuer

All notices of the Issuer concerning the Notes shall be published in [•] and in electronic form on the website of the Issuer (www.timberland-malta.com). Any notice so given will be deemed to have been validly given on the fifth calendar day following the date of such publication (or, if published more than once, on the fifth calendar day following the date of the first such publication) unless the notice provides for a later effective date.

10.2 Publication of Notices of the Issuer via the Clearing System

If the publication of notices pursuant to Clause 10.1 is no longer required by law, the Issuer may, in lieu of publication in the media set forth in Clause 10.1, deliver the relevant notices to the Clearing System, for communication by the

Clearing System to the Noteholders. Any such notice shall be deemed to have been given to the Noteholders on the [•] calendar day after the calendar day on which said notice was given to the Clearing System.

10.3 Form of Notice to be given by any Noteholder

Notices regarding the Notes which are to be given by any Noteholder to the Issuer shall be validly given if delivered in writing in English language to the Issuer or the Fiscal Agent (for onward delivery to the Issuer) and by hand or mail. The Noteholder shall provide evidence satisfactory to the Issuer of its holding of the Notes. Such evidence may be (i) in the form of a certification from the Clearing System or the Custodian with which the Noteholder maintains a securities account in respect of the Notes that such Noteholder is, at the time such notice is given, the Noteholder of the relevant Notes, or (ii) in any other appropriate manner.

Custodian means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which the Noteholder maintains a securities account in respect of the Notes and includes the Clearing System.

11. MEETINGS OF NOTEHOLDERS

Articles 86 - 94-8 of the Companies Act 1915 are not applicable to the Notes.

The base prospectus in respect of the Notes contains detailed provisions for convening (i) meetings of the Noteholders and (ii) joint meetings of holders of more than one series of notes issued by the Issuer (including, where applicable, the Notes).

12. APPLICABLE LAW, PLACE OF JURISDICTION AND ENFORCEMENT

12.1 Governing Law

The Notes, as to form and content, and all rights and obligations of the Noteholders and the Issuer, shall be governed by, and shall be construed exclusively in accordance with, Luxembourg law except for the provisions of paragraph 2.1 (*Ranking*) and paragraph 11 (*Meetings of Noteholders*) which shall be subject to the laws of Malta.

12.2 Place of Jurisdiction

The courts of Luxembourg shall have non-exclusive jurisdiction for any action or other legal proceedings (the **Proceedings**) arising out of or in connection with the Notes. The courts of Malta shall have non-exclusive jurisdiction for any action or other legal proceedings arising out of or in connection with paragraph 2.1 (*Ranking*) and paragraph 11 (*Meetings of Noteholders*).

12.3 Enforcement

Any Noteholder of Notes may in any Proceedings against the Issuer, or to which such Noteholder and the Issuer are parties, protect and enforce in its own name its rights arising under such Notes on the basis of (i) a statement issued by the Custodian with whom such Noteholder maintains a securities account in respect of the Notes (a) stating the full name and address of the Noteholder, (b) specifying the aggregate principal amount of the Notes credited to such securities account on the date of such statement and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b), and (ii) a copy of the Global Note certified as being a true copy by a duly authorised officer of the Clearing System or a depositary of the Clearing System, without the need for production in such Proceedings of the actual records or the Global Note representing the Notes. Each Noteholder may, without prejudice to the foregoing, protect and enforce its rights under the Notes also in any other way which is admitted in the country of the Proceedings.

13. DEFINITIONS

For the purposes of the Notes, the following expressions shall have the following meanings:

Additional Amounts has the meaning assigned to it in Clause 8.1.

Annual Balance Sheet Loss has the meaning assigned to it in Clause 6.1.

Annual Balance Sheet Profit has the meaning assigned to it in Clause 6.2.

Applicable Exchange Rate has the meaning assigned to it in Clause 4.3.

AT 1 Instruments has the meaning assigned to it in Clause 2.3.

Business Day Financial Centre has the meaning assigned to it in Clause 4.5.

Calculation Period has the meaning assigned to it in Clause 3.2.

[**Call Redemption Amount** has the meaning assigned to it in Clause 5.3(b).]

[**Call Redemption Date** has the meaning assigned to it in Clause 5.3(a).]

CET 1 Instruments has the meaning assigned to it in Clause 6.1.

Clearing System has the meaning assigned to it in Clause 1.4.

Clearstream has the meaning assigned to it in Clause 1.4.

Code has the meaning assigned to it in Clause 8.2.

[**Competent Authority** has the meaning assigned to it in Clause 5.4.]

CRD IV has the meaning assigned to it in Clause 5.6.

CRR has the meaning assigned to it in Clause 2.3.

Current Principal Amount has the meaning assigned to it in Clause [3.2][5.7].

Custodian has the meaning assigned to in in Clause 10.3.

Day Count Fraction has the meaning assigned to it in Clause 3.2.

[**Distributable Items** has the meaning assigned to it in Clause 5.4.]

Distribution Commencement Date has the meaning assigned to it in Clause 3.1.

Distribution Payment Date has the meaning assigned to it in Clause 3.1.

Euroclear has the meaning assigned to it in Clause 1.4.

Exchange Date has the meaning assigned to it in Clause 1.3.

FATCA has the meaning assigned to it in Clause 8.2.

Global Notes has the meaning assigned to it in Clause 1.3.

[**Gross-up Event** has the meaning assigned to it in Clause 5.4.]

ICSDs has the meaning assigned to it in Clause 1.4.

Issuer has the meaning assigned to it in Clause 1.1.

Maturity Date has the meaning assigned to it in Clause 5.1.

Notes has the meaning assigned to it in Clause 1.1.

Paying Agent(s) has the meaning assigned to it in Clause 7.1.

Payment Business Day has the meaning assigned to it in Clause 4.5.

Permanent Global Note has the meaning assigned to it in Clause 1.3.

[**Principal Amount** has the meaning assigned to it in Clause 3.2.]

Proceedings has the meaning assigned to it in Clause 12.2.

Rate of Distributions has the meaning assigned to it in Clause 3.1.

Relevant Date has the meaning assigned to it in Clause 8.1.

Relevant Financial Statements has the meaning assigned to it in Clause 6.1.

Similar Instruments has the meaning assigned to it in Clause 6.1.

Specified Currency has the meaning assigned to it in Clause 1.1.

Specified Denomination has the meaning assigned to it in Clause 1.1.

Successor Currency has the meaning assigned to it in Clause 4.3.

[**Tax Deductibility Event** has the meaning assigned to it in Clause 5.4.]

Temporary Global Note has the meaning assigned to it in Clause 1.3.

Tier 2 Instruments has the meaning assigned to it in Clause 2.3.

Tranche has the meaning assigned to it in Clause 1.1.

United States or U.S. has the meaning assigned to it in Clause 1.3.

Withholding Taxes has the meaning assigned to it in Clause 8.1.

Write-down has the meaning assigned to it in Clause 6.1.

Write-up has the meaning assigned to it in Clause 6.2.

]

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OPTION VI –
TERMS AND CONDITIONS OF THE SERIES 6 CONTINGENT CAPITAL FIXED RATE REGISTERED NOTES

1. CURRENCY, DENOMINATION, FORM, TITLE

1.1 Currency, Denomination

This tranche (the **Tranche**) of subordinated series 6 contingent capital fixed rate notes (the **Notes**) is being issued by Timberland Securities Investment plc (the **Issuer**) in [Euro (**EUR**)] [British Pound (**GBP**)] [Swiss Franc (**CHF**)] [US Dollar (**USD**)] [Hungarian Forint (**HUF**)] [Polish Złoty (**PLN**)] [Czech Koruna (**CZK**)] [Croatian Kuna (**HRK**)] [•] (the **Specified Currency**) in the aggregate principal amount of [•] (in words: [•]) in the denomination of EUR 1,000 (or the equivalent in other currencies) (the **Specified Denomination**).

1.2 Form

(a) The Notes are being issued in registered form and may under no circumstances be converted into a note in bearer form.

(b) The Issuer may issue Notes for no consideration to be held by the Issuer with a view to selling those Notes on the secondary market. All determinations made under these Terms and Conditions will reflect the fact that such Notes issued and directly held by the Issuer have been issued for no consideration (the subscription price for those Notes will be deemed to be 0). So long as any Notes are held by the Issuer, any rights attached to such Notes (such as financial rights and voting rights) will be suspended.

(c) The Notes are not clearable through any clearing system and cannot (and will not) be admitted to trading and/or listed on any stock exchange, regulated or unregulated market.

(d) The Issuer will cause to be kept at the specified office of the Registrar and Transfer Agent a register of Noteholders of Notes (the **Register**). The Registrar and Transfer Agent will immediately inform the Issuer of any changes made to the Register.

(e) The Issuer undertakes to keep an up-to-date copy of the Register at its registered office at all times (the **Issuer Register**).

(f) A Noteholder may request from the Registrar and Transfer Agent an extract of the Register showing the entry relevant to its holding of the Registered Notes.

1.3 Title

(a) Title to the Notes passes only by registration (*inscription*) in the Issuer Register.

(b) Ownership in respect of the Notes is established by the registration in the Issuer Register.

(c) Except as ordered by a court of competent jurisdiction or a public authority or as required by law, the Issuer may deem and treat the person registered in the Issuer Register as absolute owner of the Notes for all purposes (whether or not the Note is overdue) and no person will be liable for so treating the Noteholder.

(d) No transfer of a Note shall be recognised by the Issuer unless entered in the Register and the Issuer Register. In the case of discrepancies between the records of the Register and the Issuer Register, the latter shall prevail.

2. TRANSFERS

(a) A Note may be transferred by depositing at the specified office of the Registrar and Transfer Agent a document evidencing the transfer of the Registered Note in the form satisfactory to the Registrar and Transfer Agent and the Issuer, together with a copy of the passport or ID card of each of the transferor and the transferee and/or such other documents as the Registrar and Transfer Agent and the Issuer may reasonable require.

(b) Registration of transfer of the Notes will be effected without charge by or on behalf of the Issuer but upon payment (or the giving of such indemnity as the Issuer may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer.

3. CLOSED PERIODS

No Noteholder may require the transfer of a Note to be registered during the period of [15][•] days ending on the due date for any payment in respect of that Note.

4. STATUS

4.1 Ranking

The Notes constitute direct, unsecured and subordinated obligations of the Issuer, and Tier 2 Instruments.

In the insolvency or liquidation of the Issuer, the obligations of the Issuer under the Notes will rank:

(a) junior to all present or future unsubordinated instruments or obligations of the Issuer;

(b) *pari passu* (a) among themselves, and (b) with all present or future obligations under any other Tier 2 Instruments; and

(c) senior to all present or future (a) obligations under any AT 1 Instruments; and (b) all other subordinated instruments or obligations of the Issuer ranking or expressed to rank (x) subordinated to the obligations of the Issuer under the Notes or (y) *pari passu* with obligations under any AT 1 Instruments.

4.2 No Set-off or Security

Claims of the Issuer are not permitted to be set-off against repayment obligations of the Issuer under these Notes, and no contractual collateral may be provided by the Issuer or any third person for the liabilities constituted by the Notes. The Notes are neither secured nor subject to a guarantee that enhances the seniority of the claims under the Notes. The Notes are not subject to any arrangement, contractual or otherwise, that enhances the seniority of the claims under the Notes. No subsequent agreement may limit the subordination pursuant to this Clause 4.2.

4.3 Tier 2 Instruments and AT 1 Instruments

Tier 2 Instruments means any (directly or indirectly issued) capital instruments of the Issuer that qualify (or would qualify if the Issuer was subject to the CRR) as Tier 2 Instruments pursuant to Article 63 of the CRR, including any capital instruments that qualify as Tier 2 Instruments pursuant to transitional provisions under the CRR.

AT 1 Instruments means any (directly or indirectly issued) capital instruments of the Issuer that qualify (or would qualify if the Issuer was subject to the CRR) as Additional Tier 1 instruments pursuant to Article 52 of the CRR, including any capital instruments that qualify as Additional Tier 1 instruments pursuant to transitional provisions under the CRR.

CRR means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation), as amended from time to time.

5. DISTRIBUTIONS

5.1 Distribution Rate and Distribution Payment Dates

The Notes shall bear distributions on their [Current] Principal Amount at the rate of [•] percent per annum (the **Rate of Distributions**) from and including [•] (the **Distribution Commencement Date**) [to and excluding the Maturity Date]. Distributions shall be scheduled to be paid [•, i.e. annually or semi-annually] in arrear on [•] in each year (each such date, a **Distribution Payment Date**), commencing on [•]. Distributions will fall due in accordance with the provisions set out in Clause 6.4.

5.2 Calculation of Amount of Distributions

The amount of distributions shall be calculated by applying the Rate of Distributions to the [Current] Principal Amount multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the Specified Currency, half of such sub-unit being rounded upwards or otherwise in accordance with the applicable market convention.

[**Current Principal Amount** means initially the Specified Denomination, which from time to time - on one or more occasions - may be reduced by a Write-down and, subsequent to any such reduction, may be increased by a Write-up, if any (up to the Specified Denomination).]

Day Count Fraction means, in respect of the calculation of an amount of distributions on any Note for any period of time (the **Calculation Period**) [the actual number of days in the Calculation Period divided by the actual number of days in the respective interest year] [•].

[**Principal Amount** means the Specified Denomination.]

5.3 Default Distributions

The Notes shall cease to bear distributions from the expiry of the calendar day preceding the due date for redemption (if the Notes are redeemed). If the Issuer fails to redeem the Notes when due, distributions shall continue to accrue on the [Current] Principal Amount of the Notes from and including the due date for redemption to but excluding the date of actual redemption of the Notes at the default rate of distributions established by law. This does not affect any additional rights that might be available to the Noteholders.

6. PAYMENTS

6.1 Payment of Principal and Distributions

Payment of principal and distributions on the Notes shall be made, subject to Clause 6.2 below, by credit or transfer to a in the Specified Currency denominated account of the relevant Noteholder the details of which are recorded in the Register at a given time.

6.2 Manner of Payment

Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Notes shall be made in the Specified Currency.

If the Issuer determines that it is impossible to make payments of amounts due on the Notes in freely negotiable and convertible funds on the relevant due date for reasons beyond its control or that the Specified Currency or any successor currency provided for by law (the **Successor Currency**) is no longer used for the settlement of international financial transactions, the Issuer may fulfil its payment obligations by making such payments in Euro on the relevant due date on the basis of the Applicable Exchange Rate. Noteholders shall not be entitled to further interest or any additional amounts as a result of such payment. The **Applicable Exchange Rate** shall be (i) (if such exchange rate is available) the exchange rate of Euro against the Specified Currency or the Successor Currency (if applicable) determined and published by the European Central Bank for the most recent calendar day falling within a reasonable period of time prior to the relevant due date, or (ii) (if such exchange rate is not available) the exchange rate of Euro against the Specified Currency or the Successor Currency (if applicable) which the Fiscal Agent has calculated as the arithmetic mean of offered rates concerning the Specified Currency or the Successor Currency (if applicable) quoted to the Fiscal Agent by four leading banks operating in the international foreign exchange market for the most recent calendar day falling within a reasonable (as determined by the Fiscal Agent in its reasonable discretion) period of time prior to the relevant due date, or (iii) (if such exchange rate is not available) the exchange rate of Euro against the Specified Currency or the Successor Currency (if applicable) as determined by the Fiscal Agent in its reasonable discretion.

6.3 Discharge

The Issuer shall be discharged by payment to the account of the relevant Noteholder which is recorded in the Register.

6.4 Payment Business Day

If the due date for any payment in respect of the Notes would otherwise fall on a calendar day which is not a Payment Business Day, Noteholder shall not be entitled to payment until the next following Payment Business Day in the relevant place and shall not be entitled to further distributions or other payment in respect of such delay.

Payment Business Day means a calendar day (other than a Saturday or a Sunday) (i) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the Business Day Financial Centre, and (ii) on which the Trans-European Automated Real-time Gross Settlement Express Transfer System 2 or its successor (**TARGET**) is open for business.

Business Day Financial Centre means [•].

6.5 References to Principal and Distributions

References in these Terms and Conditions to "principal" in respect of the Notes shall be deemed to include, as applicable: the Specified Denomination, the Current Principal Amount[, the Principal Amount], [the Call Redemption Amount,] and any premium and any other amounts (other than distributions) which may be payable under or in respect of the Notes. References in these Terms and Conditions to "distributions" in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts which may be payable under Clause 10.1.

7. REDEMPTION

7.1 Maturity Date

[The Notes are perpetual and have no scheduled maturity date.] [Unless previously redeemed, or cancelled, the Notes will be redeemed at their Current Principal Amount together with distributions, if any, accrued to, but excluding, the date of redemption, on [•[3]](the **Maturity Date**).]

7.2 No Redemption at the Option of a Noteholder

The Noteholders do not have a right to demand the redemption of the Notes.

7.3 [No] Redemption at the Option of the Issuer

[The Issuer does not have a right to demand the redemption of the Notes.]

[

(a) The Issuer may, upon notice given in accordance with subparagraph (b), redeem the Notes in whole, but not in part, on the Call Redemption Date(s) at the applicable Call Redemption Amount together with accrued distributions, if any, to, but excluding, the (relevant) Call Redemption Date. Any such redemption pursuant to this subsection Clause 7.3 shall not be possible before [five][•[4]] years after the date of issuance and shall only be possible provided that the redemption conditions laid down in Clause 7.6 are met.

Call Redemption Date means the Distribution Commencement Date and each [anniversary date thereof] [Distribution Payment Date thereafter].

(b) Notice of redemption shall be given by the Issuer to the Noteholders in accordance with Clause 12. Such notice shall be irrevocable and shall specify:

(i) the series number of the Notes;

(ii) the Call Redemption Date which shall be not less than [*insert minimum notice period, which shall not be less than 5 Payment Business Days*] [calendar days] [Payment Business Days] [*in the case of a maximum notice period insert*: nor more than [insert maximum notice period] [calendar days] [Payment Business Days]] after the calendar day on which notice is given by the Issuer to the Noteholders; and

(iii) the Call Redemption Amount at which the Notes are to be redeemed.

Call Redemption Amount equals the [Current] Principal Amount.

[**(c)** Redemption under this Clause 7.3 shall be excluded if the Call Redemption Amount would be less than the Specified Denomination.]]

[

7.4 Redemption for Reasons of Taxation

The Notes may be redeemed at the option of the Issuer in whole, but not in part, [at any time] [on the next Distribution Payment Date] by giving not less than [insert minimum notice period] and nor more than [insert maximum notice period] [calendar days] [Payment Business Days] prior notice of redemption to the Fiscal Agent

[3] Insert maturity in line with Art. 63 lit. g CRR.

[4] Insert redemption date in line with Art. 63 lit. j CRR.

and, in accordance with Clause 12, to the Noteholders (which notice shall be irrevocable), if there is a change in the applicable tax treatment of the Notes, including without limitation, a Tax Deductibility Event, or a Gross-up Event, which is material and was not reasonably foreseeable at the time of the issuance of the Notes, and which the Issuer, in accordance with and subject to Article 78(4) of the CRR, if so required, demonstrates to the satisfaction of the Competent Authority, provided that the redemption conditions laid down in Clause 7.6 are met.

Competent Authority means the Malta Financial Services Authority and any authority that succeeds into its relevant function.

Distributable Items means reserves and carried forward profits.

Gross-up Event occurs if there is a change in the applicable tax treatment of the Notes based on a decision of the local tax authority having competence over the Issuer as a result of which the Issuer has paid, or will or would on the next Distribution Payment Date be required to pay, any Additional Amounts, provided however that any such Additional Amounts are only payable if and to the extent they: (i) would not exceed the Distributable Items; and (ii) only relate to withholding tax applicable to distributions by or on behalf of the Issuer.

Tax Deductibility Event occurs if there is a change in the applicable tax treatment of the Notes as a result of which the Issuer would not be entitled to claim a deduction in respect of distributions paid on the Notes in computing its taxation liabilities, or such deductibility is materially reduced.]

7.5 Redemption for Regulatory Reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, [at any time] [on the next Distribution Payment Date] by giving not less than [*insert minimum notice period*] and nor more than [*insert maximum notice period*] [calendar days] [Payment Business Days] prior notice of redemption to the Fiscal Agent and, in accordance with Clause 12, to the Noteholders (which notice shall be irrevocable), if there is a change in the regulatory classification of the Notes that would be likely to result in their full or partial exclusion from own funds or reclassification as a lower quality form of own funds, if applicable, and provided that the following conditions are met: (i) the Competent Authority considers such a change to be sufficiently certain; (ii) the Issuer demonstrates to the satisfaction of the Competent Authority that the regulatory reclassification of the Notes was not reasonably foreseeable at the time of their issuance; and (iii) the redemption conditions laid down in Clause 7.6 are met.

7.6 Redemption Conditions

Any redemption pursuant to this Clause 7 requires that the Competent Authority has granted the Issuer the prior permission in accordance with Article 78 para 1 of the CRR for the redemption, if applicable, whereas such permission may, inter alia, require that:

(a) earlier than or at the same time as the redemption, the Issuer replaces the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or

(b) the Issuer has demonstrated to the satisfaction of the Competent Authority that the own funds of the Issuer would, following the redemption, exceed the requirements laid down in Article 92(1) of the CRR and the combined buffer requirement as defined in point (6) of Article 128 of the CRD IV by a margin that the Competent Authority may consider necessary on the basis of Article 104(3) of the CRD IV.

For the avoidance of doubt, any refusal of the Competent Authority to grant permission in accordance with Article 78 para 1 of the CRR shall not constitute a default for any purpose.

CRD IV means the Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (*Capital Requirements Directive IV*), as amended from time to time.

7.7 Redemption Amount

In case of a redemption pursuant to [Clause 7.4 or] Clause 7.5, the Notes will be redeemed at their Current Principal Amount together with distributions, if any, accrued to, but excluding, the date of redemption.

[**Current Principal Amount** means initially the Specified Denomination, which from time to time - on one or more occasions - may be reduced by a Write-down and, subsequent to any such reduction, may be increased by a Write-up, if any (up to the Specified Denomination).]

8. LOSS SHARING

8.1 Write-down

If the Issuer incurs an Annual Balance Sheet Loss as calculated in accordance with Maltese GAAP or IFRS, as applicable, in any fiscal year (*Geschäftsjahr*), the Noteholder shares in such loss (excluding any loss carry forwards from previous fiscal years of the Issuer) in the proportion which the Current Principal Amount (as reduced and/or written up in previous fiscal years of the Issuer) bears in relation to the aggregate book value of all going concern loss sharing components of the Issuer's regulatory liable capital (each of them as reduced and/or written up in previous fiscal years of the Issuer), and the Current Principle Amount shall be written down accordingly. For the purpose of such calculation, the Issuer's loss sharing liable capital shall include any and all outstanding CET 1 and AT 1 Instruments and Similar Instruments. Following an Annual Balance Sheet Loss, there will be a corresponding reduction in the nominal amount of the Current Principal Amount equivalent to the amount of the Noteholder's share in such Annual Balance Sheet Loss. The Noteholder's aggregate share in an Annual Balance Sheet Loss cannot exceed the Current Principal Amount (as reduced and/or written up in previous fiscal years).

Annual Balance Sheet Loss means the net loss for the fiscal year of the Issuer on an individual basis recorded in the Relevant Financial Statements.

CET 1 Instruments means any (directly or indirectly issued) capital instruments of the Issuer that qualify (or would qualify if the Issuer was subject to the CRR) as Common Equity Tier 1 instruments pursuant to Article 28 of the CRR, including any capital instruments that qualify as Common Equity Tier 1 instruments pursuant to transitional provisions under the CRR.

Relevant Financial Statements means annual accounts for the relevant end of each business year audited by an audit firm and approved by the board of directors.

Similar Instruments means any (directly or indirectly issued) debt instrument of the Issuer pursuant (other than the Notes) of the Issuer that provides for a write-down mechanism (permanent or temporary).

8.2 Write-up

Following a reduction, the Current Principal Amount will be written up in subsequent fiscal years of the Issuer in which Annual Balance Sheet Profit is recorded in accordance with Maltese GAAP or IFRS, as applicable. The Current Principal Amount will be written-up prior to the writing-up of AT 1 Instruments. A writing-up of shareholders' equity and allocation to reserves may only occur after the Current Principal Amount has been fully written-up again to its initial Principal Amount. No such increase of the Current Principal Amount may result in the Current Principal Amount being more than the Specified Denomination.

Annual Balance Sheet Profits means net profits for the fiscal year of the Issuer on an individual basis recorded in the Relevant Financial Statements.

9. REGISTRAR AND TRANSFER AGENT, DISTRIBUTION AGENT

9.1 Appointment; Specified Offices

The initial Registrar and Transfer Agent, and the Distribution Agent[s] and their respective initial specified offices are:

Registrar and Transfer Agent:
Alter Domus (Services) Malta Limited
Vision Exchange Building Territorials Street
Mriehel BKR 3000
Malta

Distribution Agent[s]:
[Timberland Invest Ltd.
171, Old Bakery Street
Valletta VLT 1455
Malta]

[Timberland Capital Management GmbH
Hüttenallee 137
47800 Krefeld
Germany]

The Registrar and Transfer Agent, and the Distribution Agent[s] reserve the right at any time to change their respective specified office to some other specified office in the same city. Each of the Registrar and Transfer Agent, and the Distribution Agent[s] may, with the consent of the Issuer, delegate any of its obligations and functions to a third party as it deems appropriate.

9.2 Variation or Termination of Appointment

The Issuer reserves the right at any time, without the prior approval of the Noteholders, to vary or terminate the appointment of each of the Registrar and Transfer Agent, and the Distribution Agent[s], provided that the Issuer will at all times maintain a Registrar and Transfer Agent, and [a] Distribution Agent[s] having a specified office in the European Union. Notice of any such change will promptly be given to the Noteholders in accordance with Clause 12.

9.3 Agents of the Issuer

Each of the Registrar and Transfer Agent, and the Distribution Agent[s] acts solely as agents of the Issuer and does not have any obligations towards or relationship of agency or trust to any Noteholder.

10. TAXATION

10.1 Withholding Taxes and Additional Amounts

All amounts payable in respect of the Notes shall be made without deduction or withholding for or on account of any present or future taxes, duties or governmental charges of any nature whatsoever imposed or levied by way of deduction or withholding by or on behalf of Malta or any political subdivision or any authority thereof or therein having power to tax (**Withholding Taxes**) unless such deduction or withholding is required by law. In such event, the Issuer shall, to the fullest extent permitted by law, pay such additional amounts of principal and interest (the Additional Amounts) as shall be necessary in order that the net amounts received by the Noteholders, after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable in the absence of such withholding or deduction; except that no such Additional Amounts shall be payable on account of any taxes, duties or governmental charges which:

(a) are payable by any person acting as custodian bank or collecting agent on behalf of a Noteholder, or otherwise in any manner which does not constitute a deduction or withholding by the Issuer from payments of principal or interest made by it; or

(b) are payable by reason of the Noteholder having, or having had, some personal or business connection with Malta and not merely by reason of the fact that payments in respect of the Notes are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in, Malta; or

(c) are deducted or withheld pursuant to (i) any European Union Directive or Regulation concerning the taxation of interest income, or (ii) any international treaty or understanding relating to such taxation and to which Malta, or the European Union is a party, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such Directive, Regulation, treaty or understanding; or

(d) are payable by reason of a change in law or practice that becomes effective more than 30 days after the relevant payment of principal or interest becomes due, or is duly provided for and notice thereof is published in accordance with Clause 12, whichever occurs later.

Relevant Date means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Noteholder in accordance with Clause 6.1 on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect shall have been duly given to the Noteholders by the Issuer in accordance with Clause 12.

10.2 U.S. Foreign Account Tax Compliance Act (FATCA)

Moreover, all amounts payable in respect of the Notes shall be made subject to compliance with Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (the **Code**), any regulations or agreements thereunder, including any agreement pursuant to Section 1471(b) of the Code, and official interpretations thereof (**FATCA**) and any law implementing an intergovernmental approach to FATCA. The Issuer will have no obligation to pay additional amounts or otherwise indemnify a Noteholder in connection with any such compliance.

10.3 Transfer of Issuer's domicile

In case of a transfer of the Issuer's domicile to another country, territory or jurisdiction, the preceding provisions shall apply with the understanding that any reference to the Issuer's domicile shall from then on be deemed to refer to such other country, territory or jurisdiction.

11. FURTHER ISSUES OF NOTES, PURCHASES AND CANCELLATION

11.1 Further Issues of Notes

The Issuer may from time to time, without the consent of the Noteholders, issue further Notes having the same terms as the Notes in all respects (or in all respects except for the issue date, issue price, Distribution Commencement Date and/or first Distribution Payment Date) so as to form a single series with the Notes.

11.2 Purchases

The Issuer may at any time purchase Notes in the open market or otherwise at any price. Notes purchased by the Issuer may, at the option of the Issuer, be held, resold or surrendered to the Fiscal Agent for cancellation. No purchase shall be possible unless all applicable regulatory and other statutory restrictions are observed and provided that the redemption conditions laid down in Clause 5.6 are met.

11.3 Cancellation

All Notes redeemed in full shall be cancelled forthwith and may not be reissued or resold.

12. NOTICES

12.1 Notices of the Issuer

All notices of the Issuer concerning the Notes shall be published in [•] and in electronic form on the website of the Issuer (www.timberland-malta.com). Any notice so given will be deemed to have been validly given on the fifth calendar day following the date of such publication (or, if published more than once, on the fifth calendar day following the date of the first such publication) unless the notice provides for a later effective date.

12.2 Form of Notice to be given by any Noteholder

Notices regarding the Notes which are to be given by any Noteholder to the Issuer shall be validly given if delivered in writing in English language to the Issuer or the Fiscal Agent (for onward delivery to the Issuer) by hand or mail.

13. MEETINGS OF NOTEHOLDERS

Articles 86 - 94-8 of the Companies Act 1915 are not applicable to the Notes.
The base prospectus in respect of the Notes contains detailed provisions for convening (i) meetings of the Noteholders and (ii) joint meetings of holders of more than one series of notes issued by the Issuer (including, where applicable, the Notes).

14. APPLICABLE LAW, PLACE OF JURISDICTION AND ENFORCEMENT

14.1 Governing Law

The Notes, as to form and content, and all rights and obligations of the Noteholders and the Issuer, shall be governed by, and shall be construed exclusively in accordance with, Luxembourg law, except for the provisions of paragraph 4.1 (*Ranking*) and paragraph 13 (*Meetings of Noteholders*) which shall be subject to the laws of Malta.

14.2 Place of Jurisdiction

The courts of Luxembourg shall have non-exclusive jurisdiction for any action or other legal proceedings (the **Proceedings**) arising out of or in connection with the Notes. The courts of Malta shall have non-exclusive jurisdiction for any action or other legal proceedings arising out of or in connection with paragraph paragraph 4.1 (*Ranking*) and paragraph 13 (*Meetings of Noteholders*).

14.3 Enforcement

Any Noteholder may in any Proceedings against the Issuer, or to which such Noteholder and the Issuer are parties, protect and enforce in its own name its rights arising under such Notes (a) stating the full name and address of the Noteholder, [and] (b) specifying the aggregate principal amount of the Notes[, and [•]]. Each Noteholder may, without prejudice to the foregoing, protect and enforce its rights under the Notes also in any other way which is admitted in the country of the Proceedings.

15. DEFINITIONS

For the purposes of the Notes, the following expressions shall have the following meanings:

Additional Amounts has the meaning assigned to it in Clause 10.1.

Annual Balance Sheet Loss has the meaning assigned to it in Clause 8.1.

Annual Balance Sheet Profit has the meaning assigned to it in Clause 8.2.

Applicable Exchange Rate has the meaning assigned to it in Clause 6.2.

AT 1 Instruments has the meaning assigned to it in Clause 4.3 .

Calculation Period has the meaning assigned to it in Clause 5.2.

[**Call Redemption Amount** has the meaning assigned to it in Clause 7.3(b).]

[**Call Redemption Date** has the meaning assigned to it in Clause 7.3(a).]

CET 1 Instruments has the meaning assigned to it in Clause 8.1.

Code has the meaning assigned to it in Clause 10.2.

[**Competent Authority** has the meaning assigned to it in Clause 7.4.]

CRD IV has the meaning assigned to it in Clause 7.6.

CRR has the meaning assigned to it in Clause 4.3.

Current Principal Amount has the meaning assigned to it in Clause [5.2][7.7].]

Day Count Fraction has the meaning assigned to it in Clause 5.2.

[**Distributable Items** has the meaning assigned to it in Clause 7.4.]

Distribution Commencement Date has the meaning assigned to it in Clause 5.1.

Distribution Payment Date has the meaning assigned to it in Clause 5.1.

FATCA has the meaning assigned to it in Clause 10.2.

[**Gross-up Event** has the meaning assigned to it in Clause 7.4.]

Issuer has the meaning assigned to it in Clause 1.1.

Issuer Register has the meaning assigned to it in Clause 1.2(e).

Maturity Date has the meaning assigned to it in Clause 7.1.

Notes has the meaning assigned to it in Clause 1.1.

Payment Business Day has the meaning assigned to it in Clause 6.4.

[**Principal Amount** has the meaning assigned to it in Clause 5.2.]

Proceedings has the meaning assigned to it in Clause 14.2.

Rate of Distributions has the meaning assigned to it in Clause 5.1.

Register has the meaning assigned to it in Clause 1.2(d).

Relevant Date has the meaning assigned to it in Clause 10.1.

Relevant Financial Statements has the meaning assigned to it in Clause 8.1.

Similar Instruments has the meaning assigned to it in Clause 8.1.

Specified Currency has the meaning assigned to it in Clause 1.1.

Specified Denomination has the meaning assigned to it in Clause 1.1.

Successor Currency has the meaning assigned to it in Clause 6.2.

[**Tax Deductibility Event** has the meaning assigned to it in Clause 7.4.]

Tier 2 Instruments has the meaning assigned to it in Clause 4.3.

Tranche has the meaning assigned to it in Clause 1.1.

Withholding Taxes has the meaning assigned to it in Clause 10.1.

Write-down has the meaning assigned to it in Clause 8.1.

Write-up has the meaning assigned to it in Clause 8.2.

]

OPTION VII –
TERMS AND CONDITIONS OF THE SERIES 7
FIXED RATE BEARER NOTES

1. CURRENCY, DENOMINATION, FORM, CLEARING SYSTEM

1.1 Currency, Denomination

This tranche (the Tranche) of series 7 fixed rate notes (the **Notes**) is being issued by Timberland Securities Investment plc (the **Issuer**) in [Euro (**EUR**)] [British Pound (**GBP**)] [Swiss Franc (**CHF**)] [US Dollar (**USD**)] [Hungarian Forint (**HUF**)] [Polish Złoty (**PLN**)] [Czech Koruna (**CZK**)] [Croatian Kuna (**HRK**)] [•] (the **Specified Currency**) in the aggregate principal amount of [•] (in words: [•]) in the denomination of EUR 1,000 (or the equivalent in other currencies) (the **Specified Denomination**).

1.2 Form

The Notes are being issued in bearer form.

1.3 Global Notes

(a) The Notes are initially represented by a temporary global note (the **Temporary Global Note**) without coupons. The Temporary Global Note will be exchangeable for a permanent global note (the **Permanent Global Note** and together with the Temporary Global Note, the **Global Notes**) without coupons. The Temporary Global Note and the Permanent Global Note shall bear the signatures of two authorised signatories of the Issuer and shall each be authenticated with a control signature of the Fiscal Agent. Definitive Notes and coupons will not be issued.

(b) The Temporary Global Note shall be exchanged for the Permanent Global Note on a date (the **Exchange Date**) not later than 180 days after the date of issue of the Temporary Global Note. The Exchange Date for such exchange will not be earlier than 40 days after the date of issue of the Temporary Global Note. Such exchange shall only be made to the extent that certifications have been delivered to the effect that the beneficial owner or owners of the Notes represented by the Temporary Global Note is not a U.S. person or are not U.S. persons (other than certain financial institutions or certain persons holding Notes through such financial institutions). Payment of interest on Notes represented by a Temporary Global Note will be made only after delivery of such certifications. Any such certification received on or after the 40th day after the date of issue of the Temporary Global Note will be treated as a request to exchange such Temporary Global Note pursuant to this sub-paragraph (b) of Clause 1.3. Any Notes delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States.

For purposes of these Terms and Conditions, **United States** or **U.S.** means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

1.4 Clearing system

The Global Notes will be kept in custody by or on behalf of a Clearing System until, in case of the Permanent Global Note, all obligations of the Issuer under the Notes have been satisfied. **Clearing System** means Clearstream Banking S.A., Luxembourg, 42 avenue J.F. Kennedy, LUX-1855 Luxembourg, Grand Duchy of Luxembourg (**Clearstream**) and Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B- 1210 Brussels, Belgium (**Euroclear** and, together with Clearstream, the **ICSDs**). [The Notes shall be kept in custody by a common depositary on behalf of both ICSDs.]

2. STATUS

The obligations under the Notes constitute unsecured and [un]subordinated obligations of the Issuer ranking *pari passu* without any preference among themselves and *pari passu* with all other, present and future, unsecured and [un]subordinated obligations of the Issuer, unless such obligations are given priority under mandatory provisions of statutory law. .

3. DISTRIBUTIONS

3.1 Distribution Rate and Distribution Payment Dates

The Notes shall bear distributions on the Principal Amount at the rate of [•] percent per annum (the **Rate of Distributions**) from and including [•] (the **Distribution Commencement Date**) to and excluding the Maturity Date. Distributions shall be scheduled to be paid [•, i.e. annually or semi-annually] in arrear on [•] in each year (each such date, a **Distribution Payment Date**), commencing on [•]. Distributions will fall due in accordance with the provisions set out in Clause 4.5.

3.2 Calculation of Amount of Distributions

The amount of distributions shall be calculated by applying the Rate of Distributions to the Principal Amount multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the Specified Currency, half of such sub-unit being rounded upwards or otherwise in accordance with the applicable market convention.

Principal Amount means the Specified Denomination.

Day Count Fraction means, in respect of the calculation of an amount of distributions on any Note for any period of time (the **Calculation Period**) [the actual number of days in the Calculation Period divided by the actual number of days in the respective interest year] [the actual number of days in the Calculation Period divided by 360][•].

3.3 Default Distributions

The Notes shall cease to bear distributions from the expiry of the calendar day preceding the due date for redemption (if the Notes are redeemed). If the Issuer fails to redeem the Notes when due, distributions shall continue to accrue on the Principal Amount of the Notes from and including the due date for redemption to but excluding the date of actual redemption of the Notes at the default rate of distributions established by law. This does not affect any additional rights that might be available to the Noteholders.

4. PAYMENTS

4.1 Payment of Principal

Payment of principal on the Notes shall be made, subject to Clause 4.3 below, to the Clearing System or to its order for credit to the accounts of the relevant accountholders of the Clearing System.

4.2 Payment of Distributions

Payment of distributions on the Notes shall be made, subject to Clause 4.3 below, to the Clearing System or to its order for credit to the accounts of the relevant accountholders of the Clearing System, and in case of payment of distributions on Notes represented by a Temporary Global Note, upon due certification as provided for in Clause 1.3(b).

4.3 Manner of Payment

Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Notes shall be made in the Specified Currency.

If the Issuer determines that it is impossible to make payments of amounts due on the Notes in freely negotiable and convertible funds on the relevant due date for reasons beyond its control or that the Specified Currency or any successor currency provided for by law (the **Successor Currency**) is no longer used for the settlement of international financial transactions, the Issuer may fulfil its payment obligations by making such payments in Euro on the relevant due date on the basis of the Applicable Exchange Rate. Noteholders shall not be entitled to further interest or any additional amounts as a result of such payment. The **Applicable Exchange Rate** shall be (i) (if such exchange rate is available) the exchange rate of Euro against the Specified Currency or the Successor Currency (if applicable) determined and published by the European Central Bank for the most recent calendar day falling within a reasonable period of time prior to the relevant due date, or (ii) (if such exchange rate is not available) the exchange rate of Euro against the Specified Currency or the Successor Currency (if applicable) which the Fiscal Agent has calculated as the arithmetic mean of offered rates concerning the Specified Currency or the Successor Currency (if applicable) quoted to the Fiscal Agent by four leading banks operating in the international foreign exchange market for the most recent calendar day falling within a reasonable (as determined by the Fiscal Agent in its reasonable discretion) period of time prior to the relevant due date, or (iii) (if such exchange rate is not available) the exchange rate of Euro against the Specified Currency or the Successor Currency (if applicable) as determined by the Fiscal Agent in its reasonable discretion.

4.4 Discharge

The Issuer shall be discharged by payment to, or to the order of, the Clearing System.

4.5 Payment Business Day

If the due date for any payment in respect of the Notes would otherwise fall on a calendar day which is not a Payment Business Day, Noteholder shall not be entitled to payment until the next following Payment Business Day in the relevant place and shall not be entitled to further distributions or other payment in respect of such delay.

Payment Business Day means a calendar day (other than a Saturday or a Sunday) (i) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the Business Day Financial Centre, and (ii) on which the Trans-European Automated Real-time Gross Settlement Express Transfer System 2 or its successor (**TARGET**) is open for business.

Business Day Financial Centre means [•].

4.6 References to Principal and Distributions

References in these Terms and Conditions to "principal" in respect of the Notes shall be deemed to include, as applicable: the Principal Amount[, the Call Redemption Amount][, the Put Redemption Amount], the Early Redemption Amount, and any premium and any other amounts (other than distributions) which may be payable under or in respect of the Notes. References in these Terms and Conditions to "distributions" in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts which may be payable under Clause 8.1.

5. REDEMPTION

5.1 Final Redemption, Maturity Date

Unless previously redeemed, or cancelled, the Notes will be redeemed at their Principal Amount together with distributions, if any, accrued to, but excluding, the date of redemption, on [•] (the **Maturity Date**).

5.2 Early Redemption at the Option of a Noteholder

[The Noteholders do not have a right to demand the redemption of the Notes.]
[

(a) The Issuer shall, at the option of a Noteholder of any Note, redeem such Note on the Put Redemption Date(s) at the Put Redemption Amount(s) together with accrued distributions, if any, to (but excluding) the Put Redemption Date. [*In case of the Early Redemption for Reasons of Taxation, or if the Notes are subject to the Early Redemption at the Option of the Issuer for other than tax reasons, please insert:* The Noteholder may not exercise such option in respect of any Note which is the subject of the prior exercise by the Issuer of any of its options to redeem such Note under Clause 5.]

(b) In order to exercise such option, the Noteholder must, not less than [*please insert minimum period of notice to Issuer*] [*In case of perpetual Notes please insert minimum period of notice to Issuer in years*] nor more than [*please insert maximum period of notice to Issuer*] [days] [*In case of perpetual Notes please insert minimum period of notice to Issuer in years*] before the Put Redemption Date on which such redemption is required to be made as specified in the Put Notice, send to the specified office of the Fiscal Agent an early redemption notice in written form (the Put Notice). In the event that the Put Notice is received after 5:00 p.m. [•] time on the [*please insert minimum period of notice to Issuer*] [day] [*In case of perpetual Notes please insert minimum period of notice to Issuer in years*] before the Put Redemption Date, the option shall not have been validly exercised. The Put Notice must specify (i) the total principal amount of the Notes in respect of which such option is exercised, and (ii) the International Security Code of such Notes, if any. The Put Notice may be in the form available from the specified offices of the Fiscal Agent and the Paying Agent[s] in the English language and includes further information. No option so exercised may be revoked or withdrawn.

Put Redemption Date[s] means [•].

Put Redemption Amount[s] means [•].]

5.3 Early Redemption at the Option of the Issuer

[The Issuer does not have a right to demand the redemption of the Notes.]

[

(a) The Issuer may, upon notice given in accordance with subparagraph (b), redeem the Notes in whole, but not in part, on the Call Redemption Date(s) at the applicable Call Redemption Amount together with accrued distributions, if any, to, but excluding, the (relevant) Call Redemption Date.

Call Redemption Date means the Distribution Commencement Date and each [anniversary date thereof] [Distribution Payment Date thereafter].

(b) Notice of redemption shall be given by the Issuer to the Noteholders in accordance with Clause 10. Such notice shall be irrevocable and shall specify:

(i) the series number of the Notes;

(ii) the Call Redemption Date which shall be not less than [*insert minimum notice period, which shall not be less than 5 Payment Business Days*] [calendar days] [Payment Business Days] [*in the case of a maximum notice period insert:* nor more than [*insert maximum notice period*] [calendar days] [Payment Business Days]] after the calendar day on which notice is given by the Issuer to the Noteholders; and

(iii) the Call Redemption Amount at which the Notes are to be redeemed.

(c) [*In case the Notes are subject to the Early Redemption at the Option of a Noteholder, please insert*: The Issuer may not exercise such option in respect of any Note which is the subject of the prior exercise by the Noteholder thereof of its option to require the redemption of such Note under Clause 5.2.]

Call Redemption Amount equals [the Principal Amount][•].]

[

5.4 Early Redemption for Reasons of Taxation

(a) If as a result of any change in, or amendment to, the laws or regulations of Malta or any political subdivision or taxing authority thereto or therein affecting taxation or the obligation to pay duties of any kind, or any change in, or amendment to, an official interpretation or application of such laws or regulations, which amendment or change is effective on or after the date on which the last tranche of the Notes was issued, the Issuer is required to pay Additional Amounts under Clause 8.1 on the next succeeding Distribution Payment Date, and if this obligation cannot be avoided by the use of reasonable measures available to the Issuer, the Notes may be redeemed, in whole but not in part, at the option of the Issuer, upon not less than 60 days' prior notice of redemption given to the Fiscal Agent and, in accordance with Clause 10 to the Noteholders, at their Principal Amount, together with distributions, if any, accrued to, but excluding, the date of redemption. However, no such notice of redemption may be given (i) earlier than 90 days prior to the earliest date on which the Issuer would be obligated to pay such Additional Amounts were a payment in respect of the Notes then to be due, or (ii) if at the time such notice is given, such obligation to pay such Additional Amounts does not remain in effect.

(b) Any such notice shall be irrevocable, must specify the date fixed for redemption and must set forth a statement in summary form of the facts constituting the basis for the right of the Issuer so to redeem.

6. EVENTS OF DEFAULT

(a) Each Noteholder shall be entitled to declare his Notes due and demand immediate redemption thereof at the Early Redemption Amount, together with distributions, if any, accrued to, but excluding, the date of redemption, in the event that:

(i) the Issuer fails to pay any amount due under the Notes within 30 days from the relevant due date; or

(ii) the Issuer fails duly to perform any other obligation arising from the Notes which failure is not capable of remedy or, if such failure is capable of remedy, such failure continues for more than 30 days after the Fiscal Agent has received notice thereof from a Noteholder; or

(iii) the Issuer suspends payment or announces its inability to pay its debts; or

(iv) a court institutes insolvency proceedings against the Issuer, and such proceedings are not set aside or stayed within 60 days, or the Issuer or the competent supervisory authority, or resolution authority, respectively, applies for or institutes any such proceedings; or

(v) the Issuer goes into liquidation unless this is done in connection with a merger, consolidation or other form of combination with another company or in connection with a conversion and the other or new company assumes all obligations contracted by the Issuer in connection with the Notes. The right to declare Notes due shall terminate if the situation giving rise to it has been cured before the right is exercised.

(b) Any notice, including any notice declaring Notes due, in accordance with subparagraph (a) shall be made by means of a written declaration in the English language and sent to the specified office of the Fiscal Agent together with proof that such Noteholder at the time of such notice is a holder of the relevant Notes by means of a certificate of his Custodian or in other appropriate manner. The Notes shall be redeemed following receipt of the notice declaring Notes due.

Early Redemption Amount means [the Principal Amount][•].

7. FISCAL AGENT, AND PRINCIPAL PAYING AGENT

7.1 Appointment; Specified Offices

The initial Fiscal Agent, and the initial Principal Paying Agent and their respective initial specified offices are:

Initial Fiscal Agent:
Timberland Invest Ltd.
171, Old Bakery Street
Valletta VLT 1455
Malta

Initial Principal Paying Agent:
Citibank, N.A., London Branch
Citigroup Centre, Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Where these Terms and Conditions refer to the term Paying Agent(s), such term shall include the Principal Paying Agent.

The Fiscal Agent, and the Paying Agent[s] reserve the right at any time to change their respective specified office to some other specified office in the same city.

7.2 Variation or Termination of Appointment

The Issuer reserves the right at any time to vary or terminate the appointment of any Fiscal Agent, or any Paying Agent and to appoint another Fiscal Agent, additional or other Paying Agents. The Issuer shall at all times maintain (i) a Fiscal Agent [,] [and] (ii) so long as the Notes are listed on a stock exchange, a Paying Agent (which may be the Fiscal Agent) with a specified office in such place as may be required by the rules of such stock exchange or its supervisory [authority] [authorities] [in case of payments in U.S. Dollars insert: [,] [and] (iii) if

payments at or through the offices of all Paying Agents outside the United States become illegal or are effectively precluded because of the imposition of exchange controls or similar restrictions on the full payment or receipt of such amounts in U.S. Dollars, a Paying Agent with a specified office in New York]. The Issuer will give notice to the Noteholders of any variation, termination, appointment or any other change as soon as possible upon the effectiveness of such change.

The Issuer undertakes, to the extent this is possible, to maintain a Paying Agent in a member state of the European Union in which it shall not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26–27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

7.3 Agents of the Issuer

The Fiscal Agent, and the Paying Agent[s] act solely as agents of the Issuer and do not have any obligations towards or relationship of agency or trust to any Noteholder.

7.4 Determinations Binding

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of these Terms and Conditions by the Fiscal Agent shall (in the absence of wilful default, bad faith, inequitableness or manifest error) be binding on the Issuer, the Paying Agents, and the Noteholders and, in the absence of the aforesaid, no liability to the Issuer, the Paying Agents, or the Noteholders shall attach to the Fiscal Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

8. TAXATION

8.1 Withholding Taxes and Additional Amounts

All amounts payable in respect of the Notes shall be made without deduction or withholding for or on account of any present or future taxes, duties or governmental charges of any nature whatsoever imposed or levied by way of deduction or withholding by or on behalf of Malta or any political subdivision or any authority thereof or therein having power to tax (**Withholding Taxes**) unless such deduction or withholding is required by law. In such event, the Issuer shall, to the fullest extent permitted by law, pay such additional amounts of principal and interest (the **Additional Amounts**) as shall be necessary in order that the net amounts received by the Noteholders, after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable in the absence of such withholding or deduction; except that no such Additional Amounts shall be payable on account of any taxes, duties or governmental charges which:

(a) are payable by any person acting as custodian bank or collecting agent on behalf of a Noteholder, or otherwise in any manner which does not constitute a deduction or withholding by the Issuer from payments of principal or interest made by it; or

(b) are payable by reason of the Noteholder having, or having had, some personal or business connection with Malta and not merely by reason of the fact that payments in respect of the Notes are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in, Malta; or

(c) are deducted or withheld pursuant to (i) any European Union Directive or Regulation concerning the taxation of interest income, or (ii) any international treaty or understanding relating to such taxation and to which Malta or the European Union is a party, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such Directive, Regulation, treaty or understanding; or

(d) are presented for payment more than 30 days after the Relevant Date except to the extent that a Noteholder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming that day to have been a Payment Business Day; or

(e) are withheld or deducted in relation to a Note presented for payment by or on behalf of a Noteholder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a Member State of the European Union; or

(f) are deducted or withheld by a Paying Agent from a payment if the payment could have been made by another Paying Agent without such deduction or withholding; or

(g) would not be payable if the Notes had been kept in safe custody with, and the payments had been collected by, a banking institution; or

(h) are payable by reason of a change in law or practice that becomes effective more than 30 days after the relevant payment of principal or interest becomes due, or is duly provided for and notice thereof is published in accordance with Clause 10, whichever occurs later.

Relevant Date means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Fiscal Agent on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect shall have been duly given to the Noteholders by the Issuer in accordance with Clause 10.

8.2 U.S. Foreign Account Tax Compliance Act (FATCA)

Moreover, all amounts payable in respect of the Notes shall be made subject to compliance with Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (the **Code**), any regulations or agreements thereunder, including any agreement pursuant to Section 1471(b) of the Code, and official interpretations thereof (**FATCA**) and any law implementing an intergovernmental approach to FATCA. The Issuer will have no obligation to pay additional amounts or otherwise indemnify a Noteholder in connection with any such compliance.

8.3 Transfer of Issuer's domicile

In case of a transfer of the Issuer's domicile to another country, territory or jurisdiction, the preceding provisions shall apply with the understanding that any reference to the Issuer's domicile shall from then on be deemed to refer to such other country, territory or jurisdiction.

9. FURTHER ISSUES OF NOTES, PURCHASES AND CANCELLATION

9.1 Further Issues of Notes

The Issuer may from time to time, without the consent of the Noteholders, issue further Notes having the same terms as the Notes in all respects (or in all respects except for the issue date, issue price, Distribution Commencement Date and/or first Distribution Payment Date) so as to form a single series with the Notes.

9.2 Purchases

The Issuer may at any time purchase Notes in the open market or otherwise at any price. Notes purchased by the Issuer may, at the option of the Issuer, be held, resold or surrendered to the Fiscal Agent for cancellation. No purchase shall be possible unless all applicable regulatory and other statutory restrictions are observed.

9.3 Cancellation

All Notes redeemed in full shall be cancelled forthwith and may not be reissued or resold.

10. NOTICES

10.1 Notices of the Issuer

All notices of the Issuer concerning the Notes shall be published in [•] and in electronic form on the website of the Issuer (www.timberland-malta.com). Any notice so given will be deemed to have been validly given on the fifth calendar day following the date of such publication (or, if published more than once, on the fifth calendar day following the date of the first such publication) unless the notice provides for a later effective date.

10.2 Publication of Notices of the Issuer via the Clearing System

If the publication of notices pursuant to Clause 10.1 is no longer required by law, the Issuer may, in lieu of publication in the media set forth in Clause 10.1, deliver the relevant notices to the Clearing System, for communication by the Clearing System to the Noteholders. Any such notice shall be deemed to have been given to the Noteholders on the [•] calendar day after the calendar day on which said notice was given to the Clearing System.

10.3 Form of Notice to be given by any Noteholder

Notices regarding the Notes which are to be given by any Noteholder to the Issuer shall be validly given if delivered in writing in English language to the Issuer or the Fiscal Agent (for onward delivery to the Issuer) and by hand or mail. The Noteholder shall provide evidence satisfactory to the Issuer of its holding of the Notes. Such evidence may be (i) in the form of a certification from the Clearing System or the Custodian with which the Noteholder maintains a securities account in respect of the Notes that such Noteholder is, at the time such notice is given, the Noteholder of the relevant Notes, or (ii) in any other appropriate manner.

Custodian means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which the Noteholder maintains a securities account in respect of the Notes and includes the Clearing System.

11. MEETINGS OF NOTEHOLDERS

Articles 86 - 94-8 of the Companies Act 1915 are not applicable to the Notes.

The base prospectus in respect of the Notes contains detailed provisions for convening (i) meetings of the Noteholders and (ii) joint meetings of holders of more than one series of notes issued by the Issuer (including, where applicable, the Notes).

12. APPLICABLE LAW, PLACE OF JURISDICTION AND ENFORCEMENT

12.1 Governing Law

The Notes, as to form and content, and all rights and obligations of the Noteholders and the Issuer, shall be governed by, and shall be construed exclusively in accordance with, Luxembourg law except for the provisions of paragraph 2 (*Ranking*) and paragraph 11 (*Meetings of Noteholders*) which shall be subject to the laws of Malta.

12.2 Place of Jurisdiction

The courts of Luxembourg shall have non-exclusive jurisdiction for any action or other legal proceedings (the **Proceedings**) arising out of or in connection with the Notes. The courts of Malta shall have non-exclusive jurisdiction for any action or other legal proceedings arising out of or in connection with paragraph 2 (*Ranking*) and paragraph 11 (*Meetings of Noteholders*).

12.3 Enforcement

Any Noteholder of Notes may in any Proceedings against the Issuer, or to which such Noteholder and the Issuer are parties, protect and enforce in its own name its rights arising under such Notes on the basis of (i) a statement issued by the Custodian with whom such Noteholder maintains a securities account in respect of the Notes (a) stating the full name and address of the Noteholder, (b) specifying the aggregate principal amount of the Notes credited to such securities account on the date of such statement and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b), and (ii) a copy of the Global Note certified as being a true copy by a duly authorised officer of the Clearing System or a depositary of the Clearing System, without the need for production in such Proceedings of the actual records or the Global Note representing the Notes. Each Noteholder may, without prejudice to the foregoing, protect and enforce its rights under the Notes also in any other way which is admitted in the country of the Proceedings.

13. DEFINITIONS

For the purposes of the Notes, the following expressions shall have the following meanings:

Additional Amounts has the meaning assigned to it in Clause 8.1.

Applicable Exchange Rate has the meaning assigned to it in Clause 4.3.

Calculation Period has the meaning assigned to it in Clause 3.2.

[**Call Redemption Amount** has the meaning assigned to it in Clause 5.3(c).]

[**Call Redemption Date** has the meaning assigned to it in Clause 5.3(a).]

Clearing System has the meaning assigned to it in Clause 1.4.

Clearstream has the meaning assigned to it in Clause 1.4.

Code has the meaning assigned to it in Clause 8.2.

[**Custodian** has the meaning assigned to in in Clause 10.3.]

Day Count Fraction has the meaning assigned to it in Clause 3.2.

Distribution Commencement Date has the meaning assigned to it in Clause 3.1.

Distribution Payment Date has the meaning assigned to it in Clause 3.1.

Early Redemption Amount has the meaning assigned to it in Clause 6(b).

Euroclear has the meaning assigned to it in Clause 1.4.

Exchange Date has the meaning assigned to it in Clause 1.3.

FATCA has the meaning assigned to it in Clause 8.2.

Global Notes has the meaning assigned to it in Clause 1.3.

ICSDs has the meaning assigned to it in Clause 1.4.

Issuer has the meaning assigned to it in Clause 1.1.

Maturity Date has the meaning assigned to it in Clause 5.1.

Notes has the meaning assigned to it in Clause 1.1.

Paying Agent(s) has the meaning assigned to it in Clause 7.1.

Payment Business Day has the meaning assigned to it in Clause 4.5.

Permanent Global Note has the meaning assigned to it in Clause 1.3.

Principal Amount has the meaning assigned to it in Clause 3.2.

Distribution Commencement Date has the meaning assigned to it in Clause 3.1.

Proceedings has the meaning assigned to it in Clause 12.2.

[**Put Notice** has the meaning assigned to it in Clause 5.2(b).]

[**Put Redemption Amount(s)** has the meaning assigned to it in Clause 5.2(b).]

[**Put Redemption Date(s)** has the meaning assigned to it in Clause 5.2(b).]

Rate of Distributions has the meaning assigned to it in Clause 3.1.

Relevant Date has the meaning assigned to it in Clause 8.1.

Specified Currency has the meaning assigned to it in Clause 1.1.

Specified Denomination has the meaning assigned to it in Clause 1.1.

Successor Currency has the meaning assigned to it in Clause 4.3.

Temporary Global Note has the meaning assigned to it in Clause 1.3.

Tranche has the meaning assigned to it in Clause 1.1.

United States or **U.S.** has the meaning assigned to it in Clause 1.3.

Withholding Taxes has the meaning assigned to it in Clause 8.1.

]

[

OPTION VIII – TERMS AND CONDITIONS OF THE SERIES 8 FIXED RATE REGISTERED NOTES

1. CURRENCY, DENOMINATION, FORM, TITLE

1.1 Currency, Denomination

This tranche (the **Tranche**) of series 8 fixed rate notes (the **Notes**) is being issued by Timberland Securities Investment plc (the **Issuer**) in [Euro (**EUR**)] [British Pound (**GBP**)] [Swiss Franc (**CHF**)] [US Dollar (**USD**)] [Hungarian Forint (**HUF**)] [Polish Złoty (**PLN**)] [Czech Koruna (**CZK**)] [Croatian Kuna (**HRK**)] [•] (the **Specified Currency**) in the aggregate principal amount of [•] (in words: [•]) in the denomination of EUR 1,000 (or the equivalent in other currencies) (the **Specified Denomination**).

1.2 Form

(a) The Notes are being issued in registered form and may under no circumstances be converted into a note in bearer form.

(b) The Issuer may issue Notes for no consideration to be held by the Issuer with a view to selling those Notes on the secondary market. All determinations made under these Terms and Conditions will reflect the fact that such Notes issued and directly held by the Issuer have been issued for no consideration (the subscription price for those Notes will be deemed to be 0). So long as any Notes are held by the Issuer, any rights attached to such Notes (such as financial rights and voting rights) will be suspended.

(c) The Notes are not clearable through any clearing system and cannot (and will not) be admitted to trading and/or listed on any stock exchange, regulated or unregulated market.

(d) The Issuer will cause to be kept at the specified office of the Registrar and Transfer Agent a register of Noteholders of Notes (the **Register**). The Registrar and Transfer Agent will immediately inform the Issuer of any changes made to the Register.

(e) The Issuer undertakes to keep an up-to-date copy of the Register at its registered office at all times (the **Issuer Register**).

(f) A Noteholder may request from the Registrar and Transfer Agent an extract of the Register showing the entry relevant to its holding of the Registered Notes.

1.3 Title

(a) Title to the Notes passes only by registration (*inscription*) in the Issuer Register.

(b) Ownership in respect of the Notes is established by the registration in the Issuer Register.

(c) Except as ordered by a court of competent jurisdiction or a public authority or as required by law, the Issuer may deem and treat the person registered in the Issuer Register as absolute owner of the Notes for all purposes (whether or not the Note is overdue) and no person will be liable for so treating the Noteholder.

(d) No transfer of a Note shall be recognised by the Issuer unless entered in the Register and the Issuer Register. In the case of discrepancies between the records of the Register and the Issuer Register, the latter shall prevail.

2. TRANSFERS

(a) A Note may be transferred by depositing at the specified office of the Registrar and Transfer Agent a document evidencing the transfer of the Registered Note in the form satisfactory to the Registrar and Transfer Agent and the Issuer, together with a copy of the passport or ID card of each of the transferor and the transferee and/or such other documents as the Registrar and Transfer Agent and the Issuer may reasonable require.

(b) Registration of transfer of the Notes will be effected without charge by or on behalf of the Issuer but upon payment (or the giving of such indemnity as the Issuer may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer.

3. CLOSED PERIODS

(a) No Noteholder may require the transfer of a Note to be registered (i) after an event of default notice has been issued pursuant to Clause 8(b) or (ii) during the period of [15][•] days ending on the due date for any payment in respect of that Note.

(b) [Furthermore, the Issuer shall not be required, in the event of an early redemption of the Notes under Clause 7.2, to register the transfer of these Notes (or parts of these Notes) during the period beginning on the [twenty-fifth (25th)][•] day before the Put Redemption Date and ending on the Put Redemption Date (both inclusive).]

4. STATUS

The obligations under the Notes constitute unsecured and [un]subordinated obligations of the Issuer ranking *pari passu* without any preference among themselves and *pari passu* with all other, present and future, unsecured and [un]subordinated obligations of the Issuer, unless such obligations are given priority under mandatory provisions of statutory law.

5. DISTRIBUTIONS

5.1 Distribution Rate and Distribution Payment Dates

The Notes shall bear distributions on the Principal Amount at the rate of [•] percent per annum (the **Rate of Distributions**) from and including [•] (the **Distribution Commencement Date**) to and excluding the Maturity Date. Distributions shall be scheduled to be paid [•, i.e. annually or semi-annually] in arrear on [•] in each year (each such date, a **Distribution Payment Date**), commencing on [•]. Distributions will fall due in accordance with the provisions set out in Clause 6.4.

5.2 Calculation of Amount of Distributions

The amount of distributions shall be calculated by applying the Rate of Distributions to the Principal Amount multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the Specified Currency, half of such sub-unit being rounded upwards or otherwise in accordance with the applicable market convention.

Principal Amount means the Specified Denomination.

Day Count Fraction means, in respect of the calculation of an amount of distributions on any Note for any period of time (the **Calculation Period**) [the actual number of days in the Calculation Period divided by the actual number of days in the respective interest year] [the actual number of days in the Calculation Period divided by 360][•].

5.3 Default Distributions

The Notes shall cease to bear distributions from the expiry of the calendar day preceding the due date for redemption (if the Notes are redeemed). If the Issuer fails to redeem the Notes when due, distributions shall continue to accrue on the Principal Amount of the Notes from and including the due date for redemption to but excluding the date of actual redemption of the Notes at the default rate of distributions established by law. This does not affect any additional rights that might be available to the Noteholders.

6. PAYMENTS

6.1 Payment of Principal and Distributions

Payment of principal and distributions on the Notes shall be made, subject to Clause 6.2 below, by credit or transfer to a in the Specified Currency denominated account of the relevant Noteholder the details of which are recorded in the Register at a given time.

6.2 Manner of Payment

Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Notes shall be made in the Specified Currency.
If the Issuer determines that it is impossible to make payments of amounts due on the Notes in freely negotiable and convertible funds on the relevant due date for reasons beyond its control or that the Specified Currency or any successor currency provided for by law (the **Successor Currency**) is no longer used for the settlement of international financial transactions, the Issuer may fulfil its payment obligations by making such payments in Euro on the relevant due date on the basis of the Applicable Exchange Rate. Noteholders shall not be entitled to further interest or any additional amounts as a result of such payment. The **Applicable Exchange Rate** shall be (i) (if such exchange rate is available) the exchange rate of Euro against the Specified Currency or the Successor Currency (if applicable) determined and published by the European Central Bank for the most recent calendar day falling within a reasonable period of time prior to the relevant due date, or (ii) (if such exchange rate is not available) the exchange rate of Euro against the Specified Currency or the Successor Currency (if applicable) which the Fiscal Agent has calculated as the arithmetic mean of offered rates concerning the Specified Currency or the Successor Currency (if applicable) quoted to the Fiscal Agent by four leading banks operating in the international foreign exchange market for the most recent calendar day falling within a reasonable (as determined by the Fiscal Agent in its reasonable discretion) period of time prior to the relevant due date, or (iii) (if such exchange rate is not available) the exchange rate of Euro against the Specified Currency or the Successor Currency (if applicable) as determined by the Fiscal Agent in its reasonable discretion.

6.3 Discharge

The Issuer shall be discharged by payment to the account of the relevant Noteholder which is recorded in the Register.

6.4 Payment Business Day

If the due date for any payment in respect of the Notes would otherwise fall on a calendar day which is not a Payment Business Day, Noteholder shall not be entitled to payment until the next following Payment Business Day in the relevant place and shall not be entitled to further distributions or other payment in respect of such delay.

Payment Business Day means a calendar day (other than a Saturday or a Sunday) (i) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the Business Day Financial Centre, and (ii) on which the Trans-European Automated Real-time Gross Settlement Express Transfer System 2 or its successor (TARGET) is open for business.

Business Day Financial Centre means [•].

6.5 References to Principal and Distributions

References in these Terms and Conditions to "principal" in respect of the Notes shall be deemed to include, as applicable: the Principal Amount[, the Call Redemption Amount][, the Put Redemption Amount], the Early Redemption Amount, and any premium and any other amounts (other than distributions) which may be payable under or in respect of the Notes. References in these Terms and Conditions to "distributions" in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts which may be payable under Clause 10.1.

7. REDEMPTION

7.1 Maturity Date

Unless previously redeemed, or cancelled, the Notes will be redeemed at their Principal Amount together with distributions, if any, accrued to, but excluding, the date of redemption, on [•] (the **Maturity Date**).

7.2 Early Redemption at the Option of a Noteholder

[The Noteholders do not have a right to demand the redemption of the Notes.]
[

(a) The Issuer shall, at the option of a Noteholder of any Note, redeem such Note on the Put Redemption Date(s) at the Put Redemption Amount(s) together with accrued distributions, if any, to (but excluding) the Put Redemption Date. [*In case of the Early Redemption for Reasons of Taxation, or if the Notes are subject to the Early Redemption at the Option of the Issuer for other than tax reasons, please insert*: The Noteholder may not exercise such option in respect of any Note which is the subject of the prior exercise by the Issuer of any of its options to redeem such Note under Clause 7.]

(b) In order to exercise such option, the Noteholder must, not less than [*please insert minimum period of notice to Issuer*] [*In case of perpetual Notes please insert minimum period of notice to Issuer in years*] nor more than [*please insert maximum period of notice to Issuer*] [days] [*In case of perpetual Notes please insert minimum period of notice to Issuer in years*] before the Put Redemption Date on which such redemption is required to be made as specified in the Put Notice, send to the specified office of the Fiscal Agent an early redemption notice in written form (the **Put Notice**). In the event that the Put Notice is received after 5:00 p.m. [•] time on the [*please insert minimum period of notice to Issuer*] [day] [*In case of perpetual Notes please insert minimum period of notice to Issuer in years*] before the Put Redemption Date, the option shall not have been validly exercised. The Put Notice must specify (i) the total principal amount of the Notes in respect of which such option is exercised, and (ii) the International Security Code of such Notes, if any. The Put Notice may be in the form available from the specified offices of the Fiscal Agent in the English language and includes further information. No option so exercised may be revoked or withdrawn.

Put Redemption Date[**s**] means [•].

Put Redemption Amount[**s**] means [•].]

7.3 Redemption at the Option of the Issuer

[The Issuer does not have a right to demand the redemption of the Notes.]
[

(a) The Issuer may, upon notice given in accordance with subparagraph (b), redeem the Notes in whole, but not in part, on the Call Redemption Date(s) at the applicable Call Redemption Amount together with accrued distributions, if any, to, but excluding, the (relevant) Call Redemption Date.

Call Redemption Date means the Distribution Commencement Date and each [anniversary date thereof] [Distribution Payment Date thereafter].

(b) Notice of redemption shall be given by the Issuer to the Noteholders in accordance with Clause 12. Such notice shall be irrevocable and shall specify:

(i) the series number of the Notes;

(ii) the Call Redemption Date which shall be not less than [*insert minimum notice period, which shall not be less than 5 Payment Business Days*] [calendar days] [Payment Business Days] [*in the case of a maximum notice period insert*: nor more than [insert maximum notice period] [calendar days] [Payment Business Days]] after the calendar day on which notice is given by the Issuer to the Noteholders; and

(iii) the Call Redemption Amount at which the Notes are to be redeemed.

(c) [*In case the Notes are subject to the Early Redemption at the Option of a Noteholder, please insert:* The Issuer may not exercise such option in respect of any Note which is the subject of the prior exercise by the Noteholder thereof of its option to require the redemption of such Note under Clause 7.2.]

Call Redemption Amount quals [the Principal Amount][•].]

[

7.4 Redemption for Reasons of Taxation

(a) If as a result of any change in, or amendment to, the laws or regulations of Malta or any political subdivision or taxing authority thereto or therein affecting taxation or the obligation to pay duties of any kind, or any change in, or amendment to, an official interpretation or application of such laws or regulations, which amendment or change is effective on or after the date on which the last tranche of the Notes was issued, the Issuer is required to pay Additional Amounts under Clause 10.1 on the next succeeding Distribution Payment Date, and if this obligation cannot be avoided by the use of reasonable measures available to the Issuer, the Notes may be redeemed, in whole but not in part, at the option of the Issuer, upon not less than 60 days' prior notice of redemption given to the Fiscal Agent and, in accordance with Clause 10 to the Noteholders, at their Principal Amount, together with distributions, if any, accrued to, but excluding, the date of redemption. However, no such notice of redemption may be given (i) earlier than 90 days prior to the earliest date on which the Issuer would be obligated to pay such Additional Amounts were a payment in respect of the Notes then to be due, or (ii) if at the time such notice is given, such obligation to pay such Additional Amounts does not remain in effect.

(b) Any such notice shall be irrevocable, must specify the date fixed for redemption and must set forth a statement in summary form of the facts constituting the basis for the right of the Issuer so to redeem.]

8. EVENTS OF DEFAULT

(a) Each Noteholder shall be entitled to declare his Notes due and demand immediate redemption thereof at the Early Redemption Amount, together with distributions, if any, accrued to, but excluding, the date of redemption, in the event that:

(i) the Issuer fails to pay any amount due under the Notes within 30 days from the relevant due date; or

(ii) the Issuer fails duly to perform any other obligation arising from the Notes which failure is not capable of remedy or, if such failure is capable of remedy, such failure continues for more than 30 days after the Fiscal Agent has received notice thereof from a Noteholder; or

(iii) the Issuer suspends payment or announces its inability to pay its debts; or

(iv) a court institutes insolvency proceedings against the Issuer, and such proceedings are not set aside or stayed within 60 days, or the Issuer or the competent supervisory authority, or resolution authority, respectively, applies for or institutes any such proceedings; or

(v) the Issuer goes into liquidation unless this is done in connection with a merger, consolidation or other form of combination with another company or in connection with a conversion and the other or new company assumes all obligations contracted by the Issuer in connection with the Notes.

The right to declare Notes due shall terminate if the situation giving rise to it has been cured before the right is exercised.

(b) Any notice, including any notice declaring Notes due, in accordance with subparagraph (a) shall be made by means of a written declaration in the English language and sent to the specified office of the Fiscal Agent together with proof that such Noteholder at the time of such notice is a holder of the relevant Notes by means of a certificate of his Custodian or in other appropriate manner. The Notes shall be redeemed following receipt of the notice declaring Notes due.

Early Redemption Amount means [the Principal Amount][•].

9. REGISTRAR AND TRANSFER AGENT, DISTRIBUTION AGENT

9.1 Appointment; Specified Offices

The initial Registrar and Transfer Agent, and the Distribution Agent[s] and their respective initial specified offices are:

Registrar and Transfer Agent:
Alter Domus (Services) Malta Limited
Vision Exchange Building Territorials Street
Mriehel BKR 3000
Malta

Distribution Agent[s]:
[Timberland Invest Ltd.
171, Old Bakery Street
Valletta VLT 1455
Malta]

[Timberland Capital Management GmbH
Hüttenallee 137
47800 Krefeld
Germany]

The Registrar and Transfer Agent, and the Distribution Agent[s] reserve the right at any time to change their respective specified office to some other specified office in the same city. Each of the Registrar and Transfer Agent, and the Distribution Agent[s] may, with the consent of the Issuer, delegate any of its obligations and functions to a third party as it deems appropriate.

9.2 Variation or Termination of Appointment

The Issuer reserves the right at any time, without the prior approval of the Noteholders, to vary or terminate the appointment of each of the Registrar and Transfer Agent, and the Distribution Agent[s], provided that the Issuer will at all times maintain a Registrar and Transfer Agent, and [a] Distribution Agent[s] having a specified office in the European Union. Notice of any such change will promptly be given to the Noteholders in accordance with Clause 12.

9.3 Agents of the Issuer

Each of the Registrar and Transfer Agent, and the Distribution Agent[s] acts solely as agents of the Issuer and does not have any obligations towards or relationship of agency or trust to any Noteholder.

10. TAXATION

10.1 Withholding Taxes and Additional Amounts

All amounts payable in respect of the Notes shall be made without deduction or withholding for or on account of any present or future taxes, duties or governmental charges of any nature whatsoever imposed or levied by way of deduction or withholding by or on behalf of Malta or any political subdivision or any authority thereof or therein having power to tax (**Withholding Taxes**) unless such deduction or withholding is required by law. In such event, the Issuer shall, to the fullest extent permitted by law, pay such additional amounts of principal and interest (the **Additional Amounts**) as shall be necessary in order that the net amounts received by the Noteholders, after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable in the absence of such withholding or deduction; except that no such Additional Amounts shall be payable on account of any taxes, duties or governmental charges which:

(c) are payable by any person acting as custodian bank or collecting agent on behalf of a Noteholder, or otherwise in any manner which does not constitute a deduction or withholding by the Issuer from payments of principal or interest made by it; or

(d) are payable by reason of the Noteholder having, or having had, some personal or business connection with Malta and not merely by reason of the fact that payments in respect of the Notes are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in, Malta; or

(e) are deducted or withheld pursuant to (i) any European Union Directive or Regulation concerning the taxation of interest income, or (ii) any international treaty or understanding relating to such taxation and to which Malta, or the European Union is a party, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such Directive, Regulation, treaty or understanding; or

(f) are payable by reason of a change in law or practice that becomes effective more than 30 days after the relevant payment of principal or interest becomes due, or is duly provided for and notice thereof is published in accordance with Clause 12, whichever occurs later.

Relevant Date means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Noteholder in accordance with Clause 6.1 on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect shall have been duly given to the Noteholders by the Issuer in accordance with Clause 12.

10.2 U.S. Foreign Account Tax Compliance Act (FATCA)

Moreover, all amounts payable in respect of the Notes shall be made subject to compliance with Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (the **Code**), any regulations or agreements thereunder, including any agreement pursuant to Section 1471(b) of the Code, and official interpretations thereof (**FATCA**) and any law implementing an intergovernmental approach to FATCA. The Issuer will have no obligation to pay additional amounts or otherwise indemnify a Noteholder in connection with any such compliance.

10.3 Transfer of Issuer's domicile

In case of a transfer of the Issuer's domicile to another country, territory or jurisdiction, the preceding provisions shall apply with the understanding that any reference to the Issuer's domicile shall from then on be deemed to refer to such other country, territory or jurisdiction.

11. FURTHER ISSUES OF NOTES, PURCHASES AND CANCELLATION

11.1 Further Issues of Notes

The Issuer may from time to time, without the consent of the Noteholders, issue further Notes having the same terms as the Notes in all respects (or in all respects except for the issue date, issue price, Distribution Commencement Date and/or first Distribution Payment Date) so as to form a single series with the Notes.

11.2 Purchases

The Issuer may at any time purchase Notes in the open market or otherwise at any price. Notes purchased by the Issuer may, at the option of the Issuer, be held, resold or surrendered to the Fiscal Agent for cancellation. No purchase shall be possible unless all applicable regulatory and other statutory restrictions are observed.

11.3 Cancellation

All Notes redeemed in full shall be cancelled forthwith and may not be reissued or resold.

12. NOTICES

12.1 Notices of the Issuer

All notices of the Issuer concerning the Notes shall be published in [•] and in electronic form on the website of the Issuer (www.timberland-malta.com). Any notice so given will be deemed to have been validly given on the fifth calendar day following the date of such publication (or, if published more than once, on the fifth calendar day following the date of the first such publication) unless the notice provides for a later effective date.

12.2 Form of Notice to be given by any Noteholder

Notices regarding the Notes which are to be given by any Noteholder to the Issuer shall be validly given if delivered in writing in English language to the Issuer or the Fiscal Agent (for onward delivery to the Issuer) by hand or mail.

13. MEETINGS OF NOTEHOLDERS

Articles 86 - 94-8 of the Companies Act 1915 are not applicable to the Notes.

The base prospectus in respect of the Notes contains detailed provisions for convening (i) meetings of the Noteholders and (ii) joint meetings of holders of more than one series of notes issued by the Issuer (including, where applicable, the Notes).

14. APPLICABLE LAW, PLACE OF JURISDICTION AND ENFORCEMENT

14.1 Governing Law

The Notes, as to form and content, and all rights and obligations of the Noteholders and the Issuer, shall be governed by, and shall be construed exclusively in accordance with, Luxembourg law except for the provisions of paragraph 4 (*Ranking*) and paragraph 13 (*Meetings of Noteholders*) which shall be subject to the laws of Malta.

14.2 Place of Jurisdiction

The courts of Luxembourg shall have non-exclusive jurisdiction for any action or other legal proceedings (the **Proceedings**) arising out of or in connection with the Notes. The courts of Luxembourg shall have non-exclusive jurisdiction for any action or other legal proceedings arising out of or in connection with paragraph 4 (*Ranking*) and paragraph 13 (*Meetings of Noteholders*).

14.3 Enforcement

Any Noteholder may in any Proceedings against the Issuer, or to which such Noteholder and the Issuer are parties, protect and enforce in its own name its rights arising under such Notes (a) stating the full name and address of the Noteholder, [and] (b) specifying the aggregate principal amount of the Notes[, and [•]]. Each Noteholder may, without prejudice to the foregoing, protect and enforce its rights under the Notes also in any other way which is admitted in the country of the Proceedings.

15. DEFINITIONS

For the purposes of the Notes, the following expressions shall have the following meanings:

Additional Amounts has the meaning assigned to it in Clause 10.1.

Applicable Exchange Rate has the meaning assigned to it in Clause 6.2.

Business Day Financial Centre has the meaning assigned to it in Clause 6.4.

Calculation Period has the meaning assigned to it in Clause 5.2.

[**Call Redemption Amount** has the meaning assigned to it in Clause 7.3(c).]

[**Call Redemption Date** has the meaning assigned to it in Clause 7.3(a).]

Code has the meaning assigned to it in Clause 10.2.

Day Count Fraction has the meaning assigned to it in Clause 5.2.

Distribution Commencement Date has the meaning assigned to it in Clause 5.1.

Distribution Payment Date has the meaning assigned to it in Clause 5.1.

Early Redemption Amount has the meaning assigned to it in Clause 8(b).

FATCA has the meaning assigned to it in Clause 10.2.

Issuer has the meaning assigned to it in Clause 1.1.

Issuer Register has the meaning assigned to it in Clause 1.2(e).

Maturity Date has the meaning assigned to it in Clause 7.1.

Notes has the meaning assigned to it in Clause 1.1.

Payment Business Day has the meaning assigned to it in Clause 6.4.

Principal Amount has the meaning assigned to it in Clause 5.2.

Proceedings has the meaning assigned to it in Clause 14.2

[**Put Notice** has the meaning assigned to it in Clause 7.2(b).]

[**Put Redemption Amount(s)** has the meaning assigned to it in Clause7.2(b).]

[**Put Redemption Date(s)** has the meaning assigned to it in Clause 7.2(b).]

Rate of Distributions has the meaning assigned to it in Clause 5.1.

Register has the meaning assigned to it in Clause 1.2(d).

Relevant Date has the meaning assigned to it in Clause 10.1.

Specified Currency has the meaning assigned to it in Clause 1.1.

Specified Denomination has the meaning assigned to it in Clause 1.1.

Successor Currency has the meaning assigned to it in Clause 6.2.

Tranche has the meaning assigned to it in Clause 1.1.

Withholding Taxes has the meaning assigned to it in Clause 10.1.

NOTEHOLDER MEETING PROVISIONS

1. DEFINITIONS

As used herein, the following expressions have the following meanings unless the context otherwise requires:

[*in the case of bearer Notes, the following applies:*

voting certificate means an English language certificate issued by the Paying Agent and dated in which it is stated that the bearer of the voting certificate is entitled to attend and vote at the meeting and any adjourned meeting in respect of the Notes represented by the certificate;

block voting instruction means an English language document issued by the Paying Agent and dated which:

(a) relates to a specified nominal amount of Notes and a meeting (or adjourned meeting) of the holders of the series of which those Notes form part;

(b) states that the Paying Agent has been instructed (either by the holders of the Notes or by a relevant clearing system) to attend the meeting and procure that the votes attributable to theNotes are cast at the meeting in accordance with the instructions given;

(c) identifies with regard to each resolution to be proposed at the meeting the nominal amount ofNotes in respect of which instructions have been given that the votes attributable to them should be cast in favour of the resolution and the nominal amount of Notes in respect of which instructions have been given that the votes attributable to them should be cast against the resolution; and

(d) states that one or more named persons (each a proxy) is or are authorised and instructed by the Paying Agent to cast the votes attributable to the Notes identified in accordance with the instructions referred to in (c) as set out in the block voting instruction;

a **relevant clearing system** means, in respect of any Notes represented by a Global Note, any clearing system on behalf of which the Global Note is held or which is the bearer of the Global Note, in either case whether alone or jointly with any other clearing system(s);]

24 hours means a period of 24 hours including all or part of a day on which banks are open for business both in the place where the meeting is to be held and in the place where the [*in the case of bearer Notes, the following applies*: Paying Agent] [and][or] [*in the case of registered Notes, the following applies*: Registrar and Transfer Agent] has its specified office (disregarding for this purpose the day on which the meeting is to be held); and

48 hours means a period of 48 hours including all or part of two days on which banks are open for business both in the place where the meeting is to be held and in the place where the [*in the case of bearer Notes, the following applies:* Paying Agent] [and][or] [*in the case of registered Notes, the following applies*: Registrar and Transfer Agent] has its specified office (disregarding for this purpose the day on which the meeting is to be held).

References in this section to the Notes are to the series of [*in the case of bearer Notes, the following applies:* bearer] [and][or] [*in the case of registered Notes, the following applies*: registered] Notes in respect of which the meeting is, or is proposed to be, convened. References in this section to the Notes are to the series of [*in the case of bearer Notes, the following applies*: bearer] [or] [*in the case of registered Notes, the following applies*: registered] Notes [, or to the series of bearer Notes and series the registered Notes collectively] in respect of which the meeting is, or is proposed to be, convened and references to the Noteholders shall be construed accordingly.

For the purposes of calculating a period of clear days, no account shall be taken of the day on which a period commences or the day on which a period ends.

2. EVIDENCE OF ENTITLEMENT TO ATTEND AND VOTE

2.1 The following persons (each an Eligible Person) are entitled to attend and vote at a meeting of the holders of Notes:

[*in the case of bearer Notes, the following applies*:

(a) a holder of any Notes in definitive bearer form;

(b) a bearer of any voting certificate in respect of the Notes;

(c) a proxy specified in any block voting instruction.]

[*in the case of registered Notes, the following applies*:

[(a)][(d)] a holder of a Registered Note; and

[(b)][(e)] a proxy appointed by a holder of a Registered Note.]

[*In the case of bearer Notes, the following applies*: A Noteholder may require the issue by the Paying Agent of voting certificates and block voting instructions in accordance with the terms of subclauses2.2 to 2.5.

For the purposes of subclauses 2.2 and 2.5, the Paying Agent shall be entitled to rely, without furtherenquiry, on any information or instructions received from a relevant clearing system and shall have noliability to any Noteholder or other person for any loss, damage, cost, claim or other liability caused by its reliance on those instructions, nor for any failure by a relevant clearing system to deliver information or instructions to the Paying Agent.

The holder of any voting certificate or the proxies named in any block voting instruction shall for all purposes in connection with the meeting or adjourned meeting be deemed to be the holder of the Notes to which the voting certificate or block voting instruction relates and the Paying Agent with which the Notes have been deposited or the person holding the Notes to the order or under the control of any Paying Agent shall be deemed for those purposes not to be the holder of those Notes.

2.2 Definitive bearer Notes – voting certificate

A holder of a Note in definitive form may obtain a voting certificate in respect of that Note from the Paying Agent (unless the Note is the subject of a block voting instruction which has been issued and is outstanding in respect of the meeting specified in the voting certificate or any adjourned meeting) subject to the holder procuring that the Note is deposited with the Paying Agent or (to the satisfaction of the Paying Agent) is held to its order or under its control or blocked in an account with a relevant clearing system upon terms that the Note will not cease to be deposited or held or blocked until the first to occur of:

(a) the conclusion of the meeting specified in the voting certificate or, if later, of any adjourned meeting; and

(b) the surrender of the voting certificate to the Paying Agent who issued it.

2.3 Global Notes – voting certificate

A holder of a Note (not being a Note in respect of which instructions have been given to the Paying Agent in accordance with subclause 2.5) represented by a Global Note may procure the delivery of a voting certificate in respect of that Note by giving notice to the relevant clearing system specifying by name a person (an **Identified Person**) (which need not be the holder himself) to collect the voting certificate and attend and vote at the meeting. The voting certificate will be made available at or shortly before the start of the meeting by the Paying Agent against presentation by the Identified Person of the form of identification previously notified by the holder to the relevant clearing system. The relevant clearing system may prescribe forms of identification (including, without limitation, passports) which it considers appropriate for these purposes. Subject to receipt by the Paying Agent from the relevant clearing system, no later than 48 hours before the time for which the meeting is convened, of notification of the nominal amount of the Notes to be represented by any voting certificate and the form of identification against presentation of which the voting certificate should be released, the Paying Agent shall, without any obligation to make further enquiry, make available voting certificates against presentation of forms of identification corresponding to those notified.

2.4 Definitive bearer Notes – block voting instruction

A holder of a Note in definitive form may require the Paying Agent to issue a block voting instruction in respect of that Note (unless the Note is the subject of a voting certificate which has been issued and is outstanding in respect of the meeting specified in the block voting instruction or any adjourned meeting) by depositing the Note with the Paying Agent or (to the satisfaction of the Paying Agent) by:

(a) procuring that, not less than 48 hours before the time fixed for the meeting, the Note is held to the Paying Agent's order or under its control or is blocked in an account with a relevant clearing system, in each case on terms that the Note will not cease to be so deposited or held or blocked until the first to occur of:

(i) the conclusion of the meeting specified in the block voting instruction or, if later, of any adjourned meeting; and

(ii) the surrender to the Paying Agent, not less than 48 hours before the time for which the m eeting or any adjourned meeting is convened, of the receipt issued by the Paying Agent in respect of each deposited Note which is to be released or (as the case may require) the Note ceasing with the agreement of the Paying Agent to be held to its order or under its control or to be blocked and the giving of notice by the Paying Agent to the Issuer in accordance with subclause 2.5 of the necessary amendment to the block voting instruction; and

(b) instructing the Paying Agent that the vote(s) attributable to each Note so deposited or held or blocked should be cast in a particular way in relation to the resolution or resolutions to be put to the meeting or any adjourned meeting and that the instruction is, during the period commencing 48 hours before the time for which the meeting or any adjourned meeting is convened and ending at the conclusion or adjournment of the meeting, neither revocable nor capable of amendment.

2.5 Global Notes - block voting instruction

(a) A holder of a Note (not being a Note in respect of which a voting certificate has been issued) represented by a Global Note may require the Paying Agent to issue a block voting instruction in respect of the Note by first instructing the relevant clearing system to procure that the votes attributable to the holder's Note should be cast at the meeting in a particular way in relation to the resolution or resolutions to be put to the meeting. Any such instruction shall be given in accordance with the rules of the relevant clearing system then in effect. Subject to receipt by the Paying Agent, no later than 48 hours before the time for which the meeting is convened, of (i) instructions from the relevant clearing system, (ii) notification of the nominal amount of the Notes in respect of which instructions have been given and (iii) the manner in which the votes attributable to the Notes should be cast, the Paying Agent shall, without any obligation to make further enquiry, attend the meeting and cast votes in accordance with those instructions.

(b) Each block voting instruction shall be deposited by the relevant Paying Agent at the place specified by the Paying Agent for the purpose not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the proxies named in the block voting instruction propose to vote, and in default the block voting instruction shall not be treated as valid unless the chairman of the meeting decides otherwise before the meeting or adjourned meeting proceeds to business. A certified copy of each block voting instruction shall (if so requested by the Issuer) be deposited with the Issuer before the start of the meeting or adjourned meeting but the Issuer shall not as a result be obliged to investigate or be concerned with the validity of or the authority of the proxies named in the block voting instruction.

(c) Any vote given in accordance with the terms of a block voting instruction shall be valid notwithstanding the previous revocation or amendment of the block voting instruction or of any of the instructions of the relevant Noteholder or the relevant clearing system (as the case may be) pursuant to which it was executed provided that no indication in writing of any revocation or amendment has been received from the relevant Paying Agent by the Issuer at its registered office by the time being 24 hours before the time appointed for holding the meeting or adjourned meeting at which the block voting instruction is to be used.]

[*in the case of registered Notes, the following applies:*

[2.2][2.6] Registered Notes - appointment of proxy

(a) A holder of Notes may, by an instrument in writing in the English language (a form of proxy) signed by the holder or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation and delivered to the specified office of the Registrar and Transfer Agent not less than 48 hours before the time fixed for the relevant meeting, appoint any person (a proxy) to act on his or its behalf in connection with any meeting.

(b) Any proxy appointed pursuant to subclause (a) above shall so long as such appointment remains in force be deemed, for all purposes in connection with the relevant meeting, to be the holder of the Notes to which such appointment relates and the holders of the Notes shall be deemed for such purposes not to be the holder.

(c) Each form of proxy shall be deposited by the Registrar and Transfer Agent with the Issuer at its registered office not less than 24 hours before the time appointed for holding the meeting at which the proxy or proxies named in the form of proxy proposes to vote, and in default form of proxy shall not be treated as valid unless the chairman of the meeting decides otherwise before such meeting proceeds to business. A copy of each form of proxy shall be deposited with the Issuer before the commencement of the meeting but the Issuer shall not thereby be obliged to investigate or be concerned with the validity of or the authority of the proxy or proxies named in any such form of proxy.

(d) Any vote given in accordance with the terms of a form of proxy shall be valid notwithstanding the previous revocation or amendment of the form of proxy provided that no indication in writing of such revocation or amendment has been received from the holder thereof by the Issuer at its registered office by the time being 48 hours before the time appointed for holding the meeting at which the form of proxy is to be used.]

3. CONVENING OF MEETINGS, QUORUM, ADJOURNED MEETINGS

3.1

The Issuer may at any time and, if required in writing by Noteholders holding not less than 51.01 percent in nominal amount of the Notes for the time being outstanding, shall convene a meeting of the Noteholders and if the Issuer fails for a period of seven days to convene, the meeting the meeting may be convened by the relevant Noteholders. Whenever the Issuer is about to convene any meeting it shall immediately give notice in writing to the [in the case of bearer Notes, the following applies: Paying Agent] [and][or] [in the case of registered Notes, the following applies: Registrar and Transfer Agent] of the day, time and place of the meeting and of the nature of the business to be transacted at the meeting.

3.2

At least 21 clear days' notice specifying the place, day and hour of the meeting shall be given to the Noteholders in the manner provided in in the relevant terms and conditions of the Notes. The notice, which shall be in the English language, shall state generally the nature of the business to be transacted at the meeting and shall either (i) include statements as to the manner in which holders may, if applicable, appoint proxies or representatives [in the case of bearer Notes, the following applies: and arrange for voting certificates or block voting instructions to be issued], or (ii) inform Noteholders that details of the voting arrangements are available free of charge from the [in the case of bearer Notes, the following applies: Paying Agent] [and][or] [in the case of registered Notes, the following applies: Registrar and Transfer Agent], provided that, in the case of (ii) the final form of such details are so available with effect on and from the date on which the notice convening such meeting is given as aforesaid. A copy of the notice shall be sent by post to the Issuer (unless the meeting is convened by the Issuer).

3.3

The person (who may but need not be a Noteholder) nominated in writing by the Issuer shall be entitled to take the chair at each meeting but if no nomination is made or if at any meeting the person nominated is not present within 15 minutes after the time appointed for holding the meeting the Noteholders present shall choose one of their number to be chairman failing which the Issuer may appoint a chairman. The chairman of an adjourned meeting need not be the same person as was chairman of the meeting from which the adjournment took place.

3.4

At any meeting one or more Eligible Persons present and holding or representing in the aggregate not less than 51 percent in nominal amount of the Notes for the time being outstanding shall form a quorum for the transaction of business and no business (other than the choosing of a chairman) shall be transacted at any meeting unless the required quorum is present at the commencement of business.

3.5

If within 15 minutes (or such longer period not exceeding 30 minutes as the chairman may decide) after the time appointed for any meeting a quorum is not present for the transaction of any particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the meeting shall if convened by Noteholders be dissolved. In any other case it shall be adjourned to the same day in the next week (or if that day is a public holiday the next following business day) at the same time and place.

3.6

At any adjourned meeting one or more Eligible Persons present (whatever the nominal amount of the Notes so held or represented by them) shall form a quorum and shall have power to pass any resolution or any other resolution and to decide upon all matters which could properly have been dealt with at the meeting from which the adjournment took place had the required quorum been present.

4. CONDUCT OF BUSINESS AT MEETINGS

4.1

Every question submitted to a meeting shall be decided by a poll. In the case of an equality of votes for any resolution which does not require any particular quorum, the resolution shall be deemed to be rejected.

4.2

The chairman may, with the consent of any meeting, adjourn the meeting from time to time and from place to place. No business shall be transacted at any adjourned meeting except business which might lawfully (but for lack of required quorum) have been transacted at the meeting from which the adjournment took place.

4.3

Any poll on the election of a chairman or on any question of adjournment shall be taken at the meeting without adjournment.

4.4

Any director or officer of the Issuer and its lawyers and financial advisers may attend and speak at any meeting. Subject to this, no person shall be entitled to attend and speak nor shall any person be entitled to vote at any meeting of the Noteholders or join with others in requiring the convening of a meeting unless he is an Eligible Person. No person shall be entitled to vote at any meeting in respect of Notes held by, for the benefit of, or on behalf of the Issuer. Nothing contained in this subclause shall prevent any of the proxies named in any block voting instruction from being a director, officer or representative of or otherwise connected with the Issuer.

4.5

Subject as provided in subclause 4.4 above, at any meeting, every Eligible Person present shall have one vote in respect of one Note.

[In the case of bearer Notes, the following applies: Without prejudice to the obligations of the proxies named in any block voting instruction,] [A][a]ny person entitled to cast more than one vote need not use all his votes or cast all the votes to which he is entitled in the same way.

[*In the case of bearer Notes, the following applies*:

4.6

The proxies named in any block voting instruction need not be Noteholders.]

[4.6][4.7]

A meeting of the Noteholders shall have powers specified in the terms and conditions of the relevant Notes. All powers shall be exercisable by a meeting of the Noteholders by a resolution adopted by a simple majority of the votes cast (subject to the provisions relating to quorum contained in subclauses 3.4 and 3.6). Notwithstanding any provision to the contrary in this section or the terms and conditions of the Notes, no modification may be made to the terms and conditions of the Notes without the prior written consent of entities acting as account banks in connection with the Notes [in the case of bearer Notes, the following applies: and/or paying agents and securities custodians if such modification would have an effect to lower the rank of such entities in the order of payment of Costs (as defined in the terms and conditions of the Notes) set out in the terms and conditions of the Notes].

[4.7][4.8]

Any resolution passed at a meeting of the Noteholders duly convened and held in accordance with these provisions shall be binding upon all the Noteholders whether present or not present at the meeting and whether or not voting and each of them shall be bound to give effect to the resolution accordingly and the passing of any resolution shall be conclusive evidence that the circumstances justify its passing. Notice of the result of voting on any resolution duly considered by the Noteholders shall be published in accordance with the terms and conditions of the Notes by the Issuer within 14 days of the result being known provided that non-publication shall not invalidate the resolution.

[4.8][4.9]

Minutes of all resolutions and proceedings at every meeting shall be made and duly entered in books to be from time to time provided for that purpose by the Issuer and any minutes signed by the chairman of the meeting at which any resolution was passed or proceedings had shall be conclusive evidence of the matters contained in them and, until the contrary is proved, every meeting in respect of the proceedings of which minutes have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had at the meeting to have been duly passed or had.

If and whenever the Issuer has issued and has outstanding Notes of more than one series the previous provisions of this section shall have effect subject to the following changes:

- a resolution which affects the Notes of only one series shall be deemed to have been duly passed if passed at a separate meeting of the holders of the Notes of that series;

- a resolution which affects the Notes of more than one series but does not give rise to a conflict of interest between the holders of Notes of any of the series so affected shall be deemed to have been duly passed if passed at a single meeting of the holders of the Notes of all the series so affected;

- a resolution which affects the Notes of more than one series and gives or may give rise to a conflict of interest between the holders of the Notes of one series or group of series so affected and the holders of the Notes of another series or group of series so affected shall be deemed to have been duly passed only if it is duly passed at separate meetings of the holders of the Notes of each series or group of series so affected; and

- to all such meetings all the preceding provisions of this section shall mutatis mutandis apply as though references therein to Notes, Noteholders and holders were references to the Notes of the series or group of series in question or to the holders of such Notes, as the case may be.

FORM OF FINAL TERMS

FINAL TERMS

dated [Insert date]

TIMBERLAND SECURITIES INVESTMENT PLC

(incorporated as a public limited liability company under the laws of Malta)
Issue of [insert name of the Securities]
(the **Securities**)
Issue Date: [•]
Series Number: [•]

These final terms (the **Final Terms***) have been prepared for the purposes of Article 5 para. 4 of the Directive 2003/71/EC, as amended (the* **Prospectus Directive***). In order to get the full information the Final Terms are to be read together with the information contained in (a) the base prospectus of Timberland Securities Investment plc (the* **Issuer***) dated [•] for the issuance of Series 5 Contingent Capital Fixed Rate Bearer Notes, Series 6 Contingent Capital Fixed Rate Registered Notes, Series 7 Fixed Rate Bearer Notes and Series 8 Fixed Rate Registered Notes (the* **Base Prospectus***), (b) any supplements to this Base Prospectus (the* **Supplements***), and (c) all other documents whose information is incorporated herein by reference. The Final Terms consist of three parts: Part I – General Information; Part II – Terms and Conditions of the Securities; and Part III – Noteholder Meeting Provisions. [A summary of the individual issue of the Notes is annexed to these Final Terms.[5]]*

The Base Prospectus, any Supplements and these Final Terms are available [[•] and in addition] [in printed version free of charge at [•] and in addition] on the website [insert website] or any successor website thereof, in which case an automatic redirection will be ensured by the Issuer.

The Base Prospectus will no longer be valid on [•]. From that date onwards, the Final Terms are to be read together with the latest valid version of the Base Prospectus for the issuance of Series 5 Contingent Capital Fixed Rate Bearer Notes, Series 6 Contingent Capital Fixed Rate Registered Notes, Series 7 Fixed Rate Bearer Notes and Series 8 Fixed Rate Registered Notes succeeding the Base Prospectus. [This particularly applies to section "Description of the Parties".] The latest valid version of the Base Prospectus is available [[•] and in addition] [in printed version free of charge at [•] and in addition] on the website [insert website] or any successor website thereof, in which case an automatic redirection will be ensured by the Issuer. No non-exempt offer of the Securities under these Final Terms will be made unless there is a valid version of the Base Prospectus.

[5] Not applicable in the case of an issue of Securities with a minimum denomination of at least EUR 100,000.
Nicht anwendbar im Fall einer Emission von Wertpapieren mit einer Mindeststückelung in Höhe von mindestens EUR 100.000.

PART I – GENERAL INFORMATION

ISIN:	[•]
[Other security identification code[s]:	[•]]
[Aggregate] principal amount:	[•]
Subscription price:	[•]
Selling commission:	[•][None]
Other commissions:	[•][None]
Expenses and taxes specifically charged to the subscriber or purchaser:	[•][None]
Use of proceeds:	[*Specify details with regard to reasons for the offer and use of proceeds if different from making profit and/or hedging certain risks.*] [See the subsection "Use of Proceeds" in the Base Prospectus.]
Net proceeds:	[•][Not applicable]
Estimated total expenses:	[•][Not applicable]
Indication of Yield:	[•]
Material interests, including conflicting ones, of natural and legal persons involved in the issue/offer:	[*Insert description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest.*]
Jurisdiction[s], in which non-exempt offer may take place:	Non-exempt offers may be made in [the Republic of Austria][,][and] [the Republic of Croatia][,][and] [the Republic of Cyprus][,][and] [the Czech Republic][,][and] [the Federal Republic of Germany][,] [and] [the French Republic][,][and] [Hungary][,][and] [the Republic of Ireland][,][and] [the Italian Republic][,][and] [the Principality of Liechtenstein][,][and] [the Grand Duchy of Luxembourg][,][and] [the Republic of Malta][,][and] [the Republic of Poland][,][and] [Romania][,][and] [the Slovak Republic][,][and] [the Republic of Slovenia][,][and] [the Kingdom of Spain][,][and] [the United Kingdom of Great Britain and Northern Ireland].
Conditions, to which the offer is subject:	[•]
Underwriting:	[The Securities will be underwritten [with a firm commitment basis] [without a firm commitment basis] [under best efforts arrangements] by the following Distributor[s]: [*insert Distributor*[s].] [[*Insert percentage*] percent of the issue is not underwritten.] [The [underwriting] [subscription] agreement [is] [will be] dated as of [*insert date*].]

[Minimum amount of application:	[•]]
[Maximum amount of application:	[•]]
Manner and date in which results of the offer are to be made public:	[•]
Method and time limits for paying up the Securities and for delivery of the Securities:	The delivery of the Securities shall be [free of payment][against payment] [on [*insert date*]]. [The appropriate number of Securities shall be credited to the Noteholder's account in accordance with the rules of the corresponding Clearing System.]
Admission to trading:	[Not applicable. However, application [has been] [will be] made to [list the Securities] [include the Securities to trading] on [the Euro MTF market of the Luxembourg Stock Exchange] [and the] [the Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange] [*insert other unregulated market*], which [is] [are] not [a] regulated market[s] within the meaning of Directive 2004/39/EC on markets in financial instruments.] [Application [has been] [will be] made for the admission to trading of the Notes on the regulated market of the [Luxembourg Stock Exchange] [and the] [Frankfurt Stock Exchange] [and the] [European Wholesale Securities Market] [*insert other regulated market*], which [is] [are] [a] regulated market[s] for the purposes of Directive 2004/39/EC.]
Offer period during which subsequent resale or final placement of the Securities can be made:	[The Securities will [initially] be offered during a subscription period [, and continuously offered thereafter.] [Subscription period: [*insert first day of subscription period*] – [*insert last day of subscription period*] [([*insert*] [p.m.] [a.m.] [*insert*] local time)].] [•][Not applicable]
Consent to the use of the Base Prospectus:	[*In the case of a general consent, the following applies*: The Issuer consents to the use of the Base Prospectus by all financial intermediaries (so-called general consent).

General consent for the subsequent resale or final placement of Securities by the financial intermediary[y][ies] is given in relation to in [the Republic of Austria][,][and] [the Republic of Croatia][,] [and] [the Republic of Cyprus][,][and] [the Czech Republic][,][and] [the Federal Republic of Germany][,][and] [the French Republic] [,][and] [Hungary][,][and] [the Republic of Ireland][,][and] [the Italian Republic][,][and] [the Principality of Liechtenstein][,][and] [the Grand Duchy of Luxembourg][,][and] [the Republic of Malta] [,][and] [the Republic of Poland][,][and] [Romania][,][and] [the Slovak Republic][,][and] [the Republic of Slovenia][,][and] [the Kingdom of Spain][,][and] [the United Kingdom of Great Britain and Northern Ireland].]

[*In the case of an individual consent, the following applies*:

The Issuer consents to the use of the Base Prospectus by the following financial intermediaries (so-called individual consent):

[*Insert name(s) and address(es)*].

Individual consent for the subsequent resale or final placement of the Notes by the financial intermediar[y][ies] is given in relation to in [the Republic of Austria][,][and] [the Republic of Croatia][,] [and] [the Republic of Cyprus][,][and] [the Czech Republic][,][and] [the Federal Republic of Germany][,][and] [the French Republic] [,][and] [Hungary][,][and] [the Republic of Ireland][,][and] [the Italian Republic][,][and] [the Principality of Liechtenstein][,][and] [the Grand Duchy of Luxembourg][,][and] [the Republic of Malta] [,][and] [the Republic of Poland][,][and] [Romania][,][and] [the Slovak Republic][,][and] [the Republic of Slovenia][,][and] [the Kingdom of Spain][,][and] [the United Kingdom of Great Britain and Northern Ireland] to [*insert name(s) and address(es)*] [*Insert details*].]

[The Issuer's consent to the use of the Base Prospectus is subject to the condition that each financial intermediary complies with the applicable selling restrictions as well as the Terms and Conditions of the offer.

[Moreover, the Issuer's consent to the use of the Base Prospectus is subject to the condition that the financial intermediary using the Base Prospectus commits itself towards its customers to a responsible distribution of the Notes. This commitment is made by the publication of the financial intermediary on its

	website stating that the Base Prospectus is used with the consent of the Issuer and subject to the conditions set forth with the consent.] Besides, the consent is not subject to any other conditions.] [Not applicable. No consent is given.]
[Website, on which any new information unknown at the time the Base Prospectus was approved or these Final Terms were filed with the relevant competent authority/authorities will be published:	[*Insert website*] [(or any successor or replacement address thereto).]]
Clearing System, Custody:	[Euroclear][Clearstream][•][Not applicable]

PART II – TERMS AND CONDITIONS OF THE SECURITIES

[*In the case of Series 5 Contingent Capital Fixed Rate Bearer Notes replicate the relevant provisions of Option V (including relevant further options contained therein) set out in this Base Prospectus and complete relevant placeholders.*]

[*In the case of Series 6 Contingent Capital Fixed Rate Registered Notes replicate the relevant provisions of Option VI (including relevant further options contained therein) set out in this Base Prospectus and complete relevant placeholders.*]

[*In the case of Series 7 Fixed Rate Bearer Notes replicate the relevant provisions of Option VII (including relevant further options contained therein) set out in this Base Prospectus and complete relevant placeholders.*]

[*In the case of Series 8 Fixed Rate Registered Notes replicate the relevant provisions of Option VIII (including relevant further options contained therein) set out in this Base Prospectus and complete relevant placeholders.*]

PART III – NOTEHOLDER MEETING PROVISIONS

[*Replicate the relevant provisions of Noteholder Meeting Provisions (including relevant further options contained therein) set out in this Base Prospectus.*]

[*Insert issue specific summary here. It shall be noted that the issue specific summary needs to be drafted on the basis of the summary relating to the Base Prospectus. No further information may be added, but the information will be made specific for the relevant issue of Notes only, i.e. parts of the summary relating to the Base Prospectus which are of no relevance for a specific issue must be deleted and information which is drafted in a general manner must be replaced by issue specific information.*[6]]

[6] Not required for Securities with a Specified Denomination of at least EUR 100,000.

Nicht erforderlich bei Wertpapieren mit einer Festgelegten Stückelung von mindestens EUR 100.000.

DESCRIPTION OF THE PARTIES

1. THE ISSUER AND ITS BUSINESS ACTIVITIES

1.1 History and Development of the Issuer

The Issuer was registered in Malta for an indefinite duration on 30 January 2015 under the name Timberland Securities Investment Ltd, a private limited liability company incorporated in terms of the Companies Act (Cap. 386 of the Laws of Malta). On 19 April 2016, the Issuer changed its status to a public limited liability company, as a result of which, the name of the Issuer was changed to Timberland Securities Investment plc.

1.2 Additional Information about the Issuer

Full legal and commercial name:	Timberland Securities Investment plc
Company registration number:	C-68856
Registered address:	171, Old Bakery Street, Valletta VLT 1455
Office:	Aragon House, St. George's Park, St. Julian's STJ 3140, Malta
Place of registration and domicile:	Malta
Telephone number:	+356-209081-00
Fax number:	+356-209081-50
Email:	info@timberlandmalta.com

As at the date of this Base Prospectus, the Issuer has an authorised share capital of EUR 50,000 divided into 49,999 ordinary A shares and 1 ordinary B share of one (1) Euro each. The issued share capital of the Issuer is of EUR 50,000 divided into 49,999 ordinary A shares and 1 ordinary B share of one (1) Euro each.

1.3 Selected Financial Information

The audited Report and Financial Statements of the Issuer for the financial period from 30 January 2015 to 31 December 2015 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and the Companies Act, Cap. 386 of the Laws of Malta:

	2015 (€)
Non-Current assets	756
Current assets	71,457
Total Assets	72,213
Shareholder's Equity	12,689
Total Liabilities	59,524
Total Equity and Liabilities	72,213

1.4 Administration

In terms of the Issuer's Memorandum of Association, the Issuer's board of directors must consist, at all times, of a minimum of two directors and a maximum of five directors. As at the date of the publication of this Base Prospectus, the directors of the Issuer are as follows:

Joseph R. Aquilina

In 1971, Mr Aquilina was an alumnus of the management development programme, of the Cranfield Business School. Mr Aquilina is a certified secretary and administrator, and in 2001 he qualified as an associate of the Chartered Institute of Arbitrators. Mr Aquilina, a fellow of the Malta Institute of Management, served as the Institute's secretary, later as vice-president, for several years, and he was also a vice-president of the Malta Federation of Industry for some years.

Mr Aquilina has a career experience spanning over 40 years. Such exposure included exposure at the highest levels in the public service, including a tour of duty at the Office of the Prime Minister, under different administrations, exposure to the private sector in Malta and abroad, which included 2 years' experience in Germany, and local experience as general manager/managing director of start-up companies in Malta covering various industries. He set up a Malta based subsidiary company of OMI plc of London, a multi-discipline consultancy firm. His portfolio of various assignments included the government owned "Mediterranean Conference Centre" in Valletta, Capua Palace Hospital and Melita Cable plc, amongst others.

Mr Aquilina has been active in the investment services industry since 1997. He currently serves as a non-executive director, investment advisor and anti-money laundering reporting officer on a number of companies, funds, UCITS and non-UCITS, hedge funds, fund managers, commodity traders, as well as a local Maltese financial services and insurance companies regulated by MFSA in Malta. Mr Aquilina served in a quasi-judicial capacity on many arbitration and appeal boards of various public corporations, and was chairman of an Arbitration Board. From 2003 to 2007, he was a court-appointed provisional administrator of a Maltese company.

Dirk Koester

Mr Koester has, since 2003, performed individual portfolio management, fund management and investment advisory services for Timberland Capital Management GmbH.

In particular, he performs the day-to-day portfolio management of the retail sub-fund, Timberland Top-Dividende International (the **Fund**) together with Mr Thomas Kraemer. Since 1999, Mr Koester has also worked for Timberland Service GmbH, Germany, which is a licensed financial service provider in Germany (para 34 lit. f of the German Trade, Commerce and Industry Regulation Act (Gewerbeordnung, **GewO**)) whose services include the distribution of financial products, including the Fund, to retail, professional and institutional investors as well as other financial service providers. In this regard, Mr Koester works on a day-to-day basis with the register and transfer agents of the said products.

In 2006, the Fund was migrated to, and was set up as a sub-fund of, AHW SICAV (a new setup SICAV) with LRI Invest as UCITS Management Company. Mr Koester served as chairman (*Verwaltungsratsvorsitzender*) of the board of directors (Verwaltungsrat) of the said SICAV between 2006 and 2010. Timberland Capital Management GmbH and Timberland Service GmbH (both of which Mr Koester worked for in the capacities referenced above) were respectively appointed as portfolio manager and distribution agent/information agent to the said SICAV.

In August 2010, when the Fund was migrated to, and became a sub-fund of, Timberland SICAV, Mr Köster was appointed as chairman of the board of the said company. In this instance, Timberland Capital Management GmbH and Timberland Service GmbH (both of which Mr Koester worked for in the capacities reference above) were also respectively appointed to perform day-to-day portfolio management and the functions of distribution agent/ information agent to the SICAV.

In addition to the above, Mr Koester has also, since 1999, setup (together with Mr Kraemer) several investment structures and AIFs in Germany, which are authorized for public offering by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, **BaFin**). His work included several functions ranging from assistance in setting up of the said structures to the da-to-day running thereof (including, setting up the relationship with Commerzbank AG (as account bank for the AIFs/investment structures) and other partners) including inter alia being a member of a supervisory board (*Aufsichtsrat*).

Mr Koester is a board member of Timberland Investment GmbH and is also the head of portfolio management at the said company. In 2014, Timberland Investment GmbH was granted authorization by the BaFin as full-scope alternative investment fund manager (**AIFM**) for closed ended AIFs including individual portfolio management, investment advice, reception and transmission of orders and the safekeeping and management of shares or units in domestic investment funds, EU investment funds and/or foreign AIF for others and the marketing of units or shares in investment funds to third parties.

Mr Koester is a member of the board of directors and member of the investment committee of Timberland Fund Management Ltd. and member of the board of directors and member of investment advisory committee of Timberland Invest Ltd. Timberland Fund Management Ltd. is a Maltese MFSA-licensed full-scope AIFM, which is authorised to manage open-ended and close-ended AIFs and is also authorised to perform discretionary portfolio management services, to receive and transmit orders and to provide investment advice. Timberland Fund Management Ltd. passports its services to nearly all Member States of the European Union (**Member States**). Timberland Invest Ltd. is licensed as MiFiD-company to provide a number of services including the reception and transmission of orders, investment advice and placement of financial instruments without a firm commitment in respect of all financial instruments falling within the remit of Annex 1 to MiFID. Timberland Invest Ltd. passports its service to all Member States and to the following countries of the European Economic Area (**EEACountries**): Norway, Island and Liechtenstein.

As of today, Mr Koester also serves as member of the board of directors of Timberland Securities plc (Malta), Timberland Securities SPC and Timberland Securities II SPC (Cayman Islands), and Timberland Securities S.A. and Timberland Investment S.A. (Luxembourg), all of which are securitisation companies. He also serves as member of the board of directors of additional financial and non-financial entities.

Thomas Kraemer

Mr Kraemer has, since 1996, performed individual portfolio management and investment advisory services. Mr Kraemer has been a shareholder and board member of (CAD II) Timberland Capital Management GmbH since 1996. The said company is since 1998 under authorization of the predecessor of the BaFin, *Bundesaufsichtsamt für das Kreditwesen* (BaKred), and the services thereof are passported to several European countries.

In 1999, together with DG Bank Luxembourg, Mr Kraemer set up a retail sub-fund, Timberland Top- Dividende International (the **Fund**), which was a sub-fund of DG LUX Multimanager I SICAV (the latter being authorized for retail public offering in Luxembourg, Germany, and, as of 2002, also in Austria). Mr Kraemer is responsible for the day-by-day portfolio management of this Fund and since 2003, he has performed this role together with Mr Dirk Koester.

Mr Kraemer has also, since 1999, been a member of the board of directors of Timberland Service GmbH, Germany, which is licensed as a financial service provider in Germany (para 34 lit. f GewO) and acts as distribution agent of the Fund.

In 2006, Mr Kraemer assisted in the migration of the Fund to AHW SICAV (a new setup SICAV) with LRI Invest as UCITS Management Company. Mr Kraemer was deputy chairman (*stellvertretender Verwaltungsrat*) of the board of directors (*Verwaltungsrat*) of the SICAV between 2006 and August of 2010. Timberland Capital Management GmbH and Timberland Service GmbH (both of which Mr Kraemer was involved in, in the capacities referenced above) were respectively appointed as portfolio manager and distribution agent/information agent to the said SICAV.

In 2010, Mr Kraemer assisted in the migration of the Fund to Timberland SICAV. Mr Kraemer has, since August 2010, been appointed as deputy chairman (*stellvertretender Verwaltungsrat*) of Timberland SICAV. In this instance, Timberland Capital Management GmbH and Timberland Service GmbH (both of which Mr Kraemer was involved in, in the capacities referenced above) were also appointed to perform the functions of portfolio manager and distribution agent/information agent to the said SICAV.

In addition to the above, Mr Kraemer has also, since 1999, setup several investment structures (*Vermögensanlagen*) and AIFs in Germany, which have been (as of 2009) authorized for public offering by BaFin. His work included several functions ranging from assistance in drafting the prospectus of the said AIF/investment structures (together with the advising law firm) to the day-today running thereof, including setting up the relationship with Commerzbank AG (as account bank for the said AIFs/investment structures).

Mr Kraemer is a shareholder and board member of Timberland Investment GmbH. In 2014, Timberland Investment GmbH was granted authorization by the BaFin as full scope AIFM for closed ended AIFs including individual portfolio management, investment advice, reception and transmission of orders and the safekeeping and management of shares or units in domestic investment funds, EU investment funds and/or foreign AIF for others and the marketing of units or shares in investment funds to third parties.

Mr Kraemer is also a board member and investment committee member of Timberland Fund Management Ltd. and a board member and member of investment advisory committee of Timberland Invest Ltd. Timberland Fund Management Ltd. is a Maltese MFSA-licensed full-scope AIFM, which is authorised to manage open-ended and close-ended AIFs and is also authorised to perform discretionary portfolio management services, to receive and transmit orders and to provide investment advice. Timberland Fund Management Ltd. passports its services to nearly all Member States. Timberland Invest Ltd. is licensed as MiFiD-company to provide a number of services including the reception and transmission of orders, investment advice and placement of financial instruments without a firm commitment in respect of all financial instruments falling within the remit of Annex 1 to MiFID. Timberland Invest Ltd. passports its service to all Member States and to the following EEACountries: Norway, Island and Liechtenstein.

Timberland Securities Investment plc has access to Timberland companies that perform and have access to large parts of the investment chain for setup, administration, portfolio management and distribution to and of different legal structures like securitization, AIFs under AIFMD, investment structures (*Vermögensanlagen*) which are not subject to AIFMD and UCITS even cross-border.

As of today, Mr Kraemer serves as member of the board of directors of Timberland Securities plc (Malta), Timberland Securities SPC and Timberland Securities II SPC (Cayman Islands), and Timberland Securities S.A. and Timberland Investment S.A. (Luxembourg), all of which are securitisation companies. He also serves as member of the board of directors of additional financial and non-financial entities.

The track record of Timberland entities and Mr Kraemer (with respect to, amongst others, services to retail, professional and institutional investors and public offerings) and the proven reputation thereof (with close to no customer complaints over circa the last 20 years in several European jurisdictions) shows the commitment of Mr Kraemer to quality of financial services.

Anthony J Paris

Mr Paris is a business consultant mainly working on projects to deliver improvements in service delivery performance and project management. His ideas on project leadership and management are described in a book written by Gordon D. Webster and published by Gower Press in English and by the Spanish Institute for Quality in Spanish. His management work included several years helping organizations like Chase Manhattan Bank, American Express, Metropolitan Life, NASA, and General Electric in the USA. Currently he is based in Europe, consulting with large organizations such as Computer Sciences Corporation (CSC), Schindler Elevators & Escalators, Citibank, BBVA, Department of the Treasury (Southern Australia), Genpact and UST Global.

He graduated in mechanical engineering from University of Manchester, in England. At the same university, he later wrote a thesis on the cooling and controlling of nuclear reactors using liquid sodium as a coolant and was awarded a M.Sc. from Manchester University. His mathematical modelling work on nuclear reactors forms the basis of a number of business, financial and risk assessment models that he developed for various clients.

He worked as systems analyst in England from 1968 to 1970, and moved to USA in 1970 where he worked with several financial institutions as management consultant from 1970 to 1978 developing systems to help investment analysts and portfolio managers.

In 1978, he started a management training & consulting business in New York delivering services to Fortune 500 companies.

From 1990 to 1996, he was managing director for Air Malta, the Maltese national airline, performing a major reorganization and implementing major automation projects.

From 1996 onwards, he worked with major companies in the fields of operations management, project management and service management. He also worked with hedge fund managers on forecasting models and risk management models.

He currently co-manages a USD30 million family office fund.

He is a director on the board of various fund management and administration companies based in Malta, with MLRO and risk officer responsibility.

1.5 Organisational Structure

As of the date of this Base Prospectus, the shareholders of the Issuer are as follows:

(g) Timberland Holding II Ltd. (C 68800), having registered address at 171, Old Bakery street, Valletta, VLT 1455, Malta, which holds 99.99% of the issued share capital of the Issuer; and

(h) Timberland Investment Ltd. (MC-295373), having registered address at PO Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands, which holds 0.01% of the issued share capital of the Issuer.

The Issuer does not, as of the date of this Base Prospectus, have shareholdings in other companies.

1.6 Principal Activities and Markets

The principal objects of the Issuer (and powers which may be exercised to attain such objects) are those which are set out in clause 4 of the Issuer's Memorandum of Association, which is incorporated by reference herein.

As of the date of the publication of this Base Prospectus, the principal activity of the Issuer comprises acting as arranger in respect of the issuance of limited recourse notes by Timberland Securities SPC, Timberland Securities II SPC, Timberland Securities plc, Timberland Securities S.A. and Timberland Investment S.A.

In its role as arranger in respect of the issuance of notes by the aforementioned entities, all of which are securitization vehicles, the Issuer provides (amongst others) the following services:

(i) the provision of consultancy services in connection with the acquisition, holding and liquidation of the underlying securitized assets;
(j) the co-ordination of all documentary and legal aspects of the issuance of notes by Timberland Securities SPC, Timberland Securities II SPC, Timberland Securities plc, Timberland Securities S.A. and Timberland Investment S.A.; and
(k) paying amounts due under the notes issued by Timberland Securities SPC, Timberland Securities II SPC, Timberland Securities plc, Timberland Securities S.A. and Timberland Investment S.A.

As consideration for performing its role as arranger in respect of the issuance of the notes by Timberland Securities SPC, Timberland Securities II SPC, Timberland Securities plc, Timberland Securities S.A. and Timberland Investment S.A., the Issuer receives or will receive, with respect to each different series of Notes issued by Timberland Securities plc and Timberland Securities SPC: (i) fees of 5% of the adjusted nominal value of each note (which adjusted nominal value is calculated by reference, amongst others, to the value of the underlying securitized assets obtaining on the day on which such note is subscribed); and/or (ii) further fees, currently up to a maximum limit of EUR 1,995,000 of each note.

The main markets within which the Issuer currently competes are Malta, the Cayman Islands, and the Grand Duchy of Luxembourg, whilst the main markets within which Timberland Securities SPC, Timberland Securities plc and Timberland Investment S.A. currently compete are the Republic of Austria, the Republic of Croatia, the Republic of Cyprus, the Czech Republic, the French Republic, the Federal Republic of Germany, Hungary, the Republic of Ireland, the Italian Republic, the Principality of Liechtenstein, the Grand Duchy of Luxembourg, the Republic of Malta, the Republic of Poland, Romania, the Slovak Republic, the Republic of Slovenia, the Kingdom of Spain, the United Kingdom of Great Britain and Northern Ireland.

The Issuer may, in the future, act as arranger in other securitization transactions or carry out other services in any of the aforementioned and/or other jurisdictions.

2. MATERIAL CONTRACTS

Arranger Agreements in respect of Issuance of Notes by Timberland Securities SPC, Timberland Securities plc and Timberland Investment S.A.

Pursuant to agreements dated 27 August 2015, the Issuer was appointed to act as arranger in respect of the issuance of notes by Timberland Securities SPC, Timberland Securities plc and Timberland Investment S.A. In terms of the said agreements, the Issuer was appointed to assist in the setting up of the securitization transactions and to provide, amongst others, the following services to Timberland Securities SPC, Timberland Securities plc and Timberland Investment S.A. respectively: (a) the provision of consultancy services in connection with the acquisition, holding and liquidation of the underlying securitized assets; and (b) the co-ordination of all documentary and legal aspects of the issuance of notes by Timberland Securities SPC, Timberland Securities plc and Timberland Investment S.A. All agreements may be terminated, inter alia, by the delivery by either party thereto of one month's written notice.

3. AGENTS

3.1 Paying Agents

Under the agency agreement dated 5 May 2016 between the Issuer and Citibank, N.A., London Branch, having its registered office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom, (**Citibank**), Citibank may be appointed as principal paying agent for one or more series of bearer notes from time to time beside other paying agent(s) in regard to other series of bearer notes.

The paying agent will carry out the tasks set out in the paying agency agreement, including the provision of customary banking services to the Issuer with respect to the Notes issued by the Issuer (except for the registrar and transfer agent services with regard to the registered Notes, which are performed by the Registrar and Transfer Agent (as defined below)).

The paying agent has an interest in the offer of the bearer Notes and will receive a remuneration of pproximately EUR 5,000 per annum.

3.2 Registrar and Transfer Agent

Alter Domus Fund Services (Malta) Limited, a private limited liability company incorporated and existing under the laws of Malta, having its registered office at Vision Exchange Building, Territorials Street, Mriehel BKR 3000, Malta, registered with the Companies Register of Malta under number C52740, is appointed by the Issuer as its registrar and transfer agent (the **Registrar and Transfer Agent**) in respect of the registered Notes pursuant to a registrar and transfer agreement dated 9 May 2016 and made between the Issuer and the Registrar and Transfer Agent (the **Registrar and Transfer Agreement**).

The Registrar and Transfer Agent is regulated by the MFSA and is authorised to provide, inter alia, fund administration services in accordance with the Investment Services Act, 1994 of Malta. The Registrar and Transfer Agent acts as administrator to various other collective investment schemes licensed in Malta.

The Registrar and Transfer Agent is authorised to have its tasks performed by suitable third parties in accordance with the Registrar and Transfer Agreement.

The Registrar and Transfer Agent has an interest in the offer of the registered Notes and will receive a remuneration of up to EUR 12,000 per annum (based on 1,000 registers) and EUR 1 for any additional register.

3.3 Fiscal Agent

The Issuer has concluded on 5 May 2016 a fiscal agency agreement with Timberland Invest Ltd. acting as fiscal agent of the Issuer in respect of the Notes (the **Fiscal Agent**), as far as such Fiscal Agent is mandatory in any Public Offer Jurisdictions.

The Fiscal Agent is a private limited liability company incorporated and existing under the laws of Malta, under the supervision of the MFSA, with registered office at 171, Old Bakery Street, Valletta VLT 1455, Malta, having its Head Office in Aragon House, St. George's Park, St. Julian's STJ 3140, Malta, registered with the Maltese registry of companies under number C60291.

Under the fiscal agency agreement, the Fiscal Agent will ensure the compliance with any fiscal regulation in the Public Offer Jurisdictions.

The Fiscal Agent undertakes to use best efforts to ensure compliance in accordance with the relevant fiscal regulations in the Public Offer Jurisdictions and applicable law.

The Fiscal Agent has an interest in the offer of the Notes and will perceive in respect of each series of Notes a remuneration of EUR 2,500 plus costs and expenses occurred by third parties (tax advisors a.o.) in the relevant Public Offer Jurisdictions.

3.4 Listing Agent

The Issuer has concluded a listing agency agreement with ICF Bank AG acting as listing agent of the Issuer for the application that may be made to the Luxembourg Stock Exchange (the **LuxSE**) for the bearer Notes to be listed on the official list of the LuxSE. Application may also be made for the inclusion to trading on the LuxSE's Euro MTF market and/or the Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange (the **Open Market**). The Euro MTF market of the LuxSE and the Open Market are not regulated markets within the meaning of Directive 2004/39/EC on markets in financial instruments.

The listing agent is a public limited liability company incorporated and existing under the laws of Germany, under the supervision of the BaFin, having its head office in Kaiserstrasse 1, 60311 Frankfurt am Main, Germany, registered with the Frankfurt am Main registry of companies under number HRB 43755.

Under the listing agency agreement, the listing agent will ensure the listing of the bearer Notes with the before mentioned market(s)/exchange(s).

The listing agent has an interest in the offer of the Notes and will perceive in respect of each subscribed Note a remuneration equivalent to an amount of up to EUR 5,000 per each bearer Note.

3.5 Collecting and Account Banks

(a) Commerzbank AG

The Issuer has appointed Commerzbank AG, a public limited company (*Aktiengesellschaft*) incorporated under the laws of the Federal Republic of Germany, having its registered office at Kaiserplatz, D-60311 Frankfurt am Main and registered in the trade register of Frankfurt/Main under number HRB 32000 as collecting bank and account bank (the **Collecting Bank** and/or **Account Bank**).

The Collecting Bank will receive (i) subscription monies from the registered Notes and bearer Notes from the relevant investors which pay the subscription price in Euro and (ii) any subscription monies in a currency other than Euro from the Notes from the relevant local branches and subsidiaries or correspondent banks of the Collecting Bank in the relevant jurisdictions. The Collecting Bank will immediately convert the subscription monies under (ii) into a Euro amount taking into consideration the applicable spot rate.

The Collecting Bank and/or Account Bank is a leading, internationally active commercial bank with a strong international presence with offices in 50 countries. Core markets of the Collecting Bank are Germany and Poland.

The Collecting Bank has an interest in the offer of the Notes and will receive a remuneration of approximately EUR 650 per annum and market standard payment fees.

(b) Bank of Valetta

The Issuer has appointed Bank of Valetta, a public limited company incorporated under the laws of Malta, having its registered office at 58, Zachary Street, Valetta VLT 1130, Malta, and registered in the trade register of Malta under number C2833 as account bank (the **Account Bank**).

The Account Bank will receive (i) subscription monies from the registered Notes and bearer Notes from the relevant investors which pay the subscription price in Euro. The Account Bank is a leading, internationally active commercial bank with a strong presence in Malta.

The Account Bank has an interest in the offer of the Notes and will receive a remuneration of approximately EUR 650 per annum and market standard payment fees.

3.6 Distribution Agents

(a) Timberland Invest Ltd.

The Issuer has concluded a distribution agency agreement with Timberland Invest Ltd. acting as distribution agent of the Issuer in respect of the Notes.

The distribution agent is a private limited liability company incorporated and existing under the laws of Malta, under the supervision of the MFSA, with registered office at 171, Old Bakery Street, Valletta VLT 1455, Malta, having its head office in Aragon House, St. George's Park, St. Julian's STJ 3140, Malta, registered with the Maltese registry of companies under number C60291.

Under the distribution agency agreement, the distribution agent and its sales partners and subsales partners will ensure the offering and distribution of the Notes in the Public Offer Jurisdictions.

The distribution agent undertakes to use best efforts to offer and distribute the Notes in the Public Offer Jurisdictions in accordance with the relevant selling restrictions and applicable law.

The distribution agent has an interest in the offer of the Notes and will perceive in respect of each subscribed Note a remuneration equivalent to an amount of up to 5 percent of the issued Notes.

(b) Timberland Capital Management GmbH

The Issuer has concluded furthermore a distribution agency agreement with Timberland Capital Management GmbH acting as distribution agent of the Issuer in respect of the Notes.

The distribution agent is a private limited liability company incorporated and existing under the laws of Germany, under the supervision of the BaFin, having its head office in Huettenallee 137, D-47800 Krefeld, Germany, registered with the Duisburg registry of companies under number HRB 7204.

Under the distribution agency agreement, the distribution agent and its sales partners and subsales partners will ensure the offering and distribution of the Notes in certain Public Offer Jurisdictions.

The distribution agent undertakes to use best efforts to offer and distribute the Notes in certain Public Offer Jurisdiction in accordance with the relevant selling restrictions and applicable law.

The distribution agent has an interest in the offer of the Notes and will perceive in respect of each subscribed Note a remuneration equivalent to an amount of up to 5 percent of the issued Notes.

TAXATION

1. GENERAL TAXATION INFORMATION

The following information provided below does not purport to be a complete description of the tax law and practice currently available. Potential purchasers of Notes are advised to consult their own tax advisers as to the tax consequences of transactions involving the Notes.

Purchasers and/or sellers of Notes may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of transfer in addition to the issue price or purchase price (if different) of the Notes.

Transactions involving Notes (including purchases, transfer or redemption), the accrual or receipt of any payments in respect of the Notes and the death of a Noteholder may have tax consequences for potential purchasers which may depend, amongst other things, upon the tax status of the potential purchaser and may relate to stamp duty, stamp duty reserve tax, income tax, corporation tax, capital gains tax and/or inheritance tax.

The Issuer does not assume any responsibility for the withholding of taxes at source.

2. AUSTRIA

This section on taxation contains a brief summary of the Issuer's understanding with regard to certain important principles which are of significance in connection with the purchase, holding or sale of the Notes in Austria. This summary does not purport to exhaustively describe all possible tax aspects and does not deal with specific situations which may be of relevance for certain potential investors. The following comments are rather of a general nature and included herein solely for information purposes. They are not intended to be, nor should they be construed to be, legal or tax advice. This summary is based on the currently applicable tax legislation, case law and regulations of the tax authorities, as well as their respective interpretation, all of which may be amended from time to time. Such amendments may possibly also be effected with retroactive effect and may negatively impact on the tax consequences described. It is recommended that potential investors in the Notes consult with their legal and tax advisors as to the tax consequences of the purchase, holding or sale of the Notes. Tax risks resulting from the Notes (in particular from a potential qualification as equity for tax purposes instead of debt) shall in any case be borne by the investor. For the purposes of the following it is assumed that the Notes are legally and factually offered to an indefinite number of persons.

The Issuer assumes no responsibility with respect to taxes withheld at source.

2.1 General remarks

Individuals having a domicile (*Wohnsitz*) and/or their habitual abode (*gewöhnlicher Aufenthalt*), both as defined in sec. 26 of the Austrian Federal Fiscal Procedures Act (*Bundesabgabenordnung*), in Austria are subject to income tax (*Einkommensteuer*) in Austria on their worldwide income (unlimited income tax liability; *unbeschränkte Einkommensteuerpflicht*). Individuals having neither a domicile nor their habitual abode in Austria are subject to income tax only on income from certain Austrian sources (limited income tax liability; *beschränkte Einkommensteuerpflicht*).

Corporations having their place of management (*Ort der Geschäftsleitung*) and/or their legal seat (Sitz), both as defined in sec. 27 of the Austrian Federal Fiscal Procedures Act, in Austria are subject to corporate income tax (*Körperschaftsteuer*) in Austria on their worldwide income (unlimited corporate income tax liability; *unbeschränkte Körperschaftsteuerpflicht*). Corporations having neither their place of management nor their legal seat in Austria are subject to corporate income tax only on income from certain Austrian sources (limited corporate income tax liability; *beschränkte Körperschaftsteuerpflicht*).

Both in case of unlimited and limited (corporate) income tax liability Austria's right to tax may be restricted by double taxation treaties.

2.2 Income taxation of the Notes

Pursuant to sec. 27(1) of the Austrian Income Tax Act (Einkommensteuergesetz), the term investment income (Einkünfte aus Kapitalvermögen) comprises:

- income from the letting of capital (*Einkünfte aus der Überlassung von Kapital*) pursuant to sec. 27(2) of the Austrian Income Tax Act, including dividends and interest; the tax basis is the amount of the earnings received (sec. 27a(3)(1) of the Austrian Income Tax Act);

- income from realised increases in value (*Einkünfte aus realisierten Wertsteigerungen*) pursuant to sec. 27(3) of the Austrian Income Tax Act, including gains from the alienation, redemption and other realisation of assets that lead to income from the letting of capital (including zero coupon bonds); the tax basis amounts to the sales proceeds or the redemption amount minus the acquisition costs, in each case including accrued interest (sec. 27a(3)(2)(a) of the Austrian Income Tax Act); and

- income from derivatives (*Einkünfte aus Derivaten*) pursuant to sec. 27(4) of the Austrian Income Tax Act, including cash settlements, option premiums received and income from the sale or other realisation of forward contracts like options, futures and swaps and other derivatives such as index certificates (the mere exercise of an option does not trigger tax liability); e.g., in the case of index certificates, the tax basis amounts to the sales proceeds or the redemption amount minus the acquisition costs (sec. 27a(3)(3)(c) of the Austrian Income Tax Act).

Also the withdrawal of the Notes from a securities account (*Depotentnahme*) and circumstances leading to a restriction of Austria's taxation right regarding the Notes vis-à-vis other countries, e.g. a relocation from Austria (*Wegzug*), are in general deemed to constitute a sale (cf. sec. 27(6) of the Austrian Income Tax Act). The tax basis amounts to the fair market value minus the acquisition costs (sec. 27a(3)(2)(b) of the Austrian Income Tax Act).

Individuals subject to unlimited income tax liability in Austria holding the Notes as non- business assets are subject to income tax on all resulting investment income pursuant to sec. 27(1) of the Austrian Income Tax Act. In case of investment income from the Notes with an Austrian nexus (*inländische Einkünfte aus Kapitalvermögen*), basically meaning income paid by an Austrian paying agent (*auszahlende Stelle*) or an Austrian custodian agent (*depotführende Stelle*), the income is subject to withholding tax (*Kapitalertragsteuer*) at a flat rate of 27.5%; no additional income tax is levied over and above the amount of tax withheld (final taxation pursuant to sec. 97(1) of the Austrian Income Tax Act). In case of investment income from the Notes without an Austrian nexus, the income must be included in the investor's income tax return and is subject to income tax at the flat rate of 27.5%. In both cases upon application the option exists to tax all income subject to income tax at a flat rate pursuant to sec. 27a(1) of the Austrian Income Tax Act at the lower progressive income tax rate (option to regular taxation pursuant to sec. 27a(5) of the Austrian Income Tax Act). The acquisition costs must not include ancillary acquisition costs (*Anschaffungsnebenkosten*; sec. 27a(4)(2) of the Austrian Income Tax Act). Expenses such as bank charges and custody fees must not be deducted (sec. 20(2) of the Austrian Income Tax Act); this also applies if the option to regular taxation is exercised. Sec. 27(8) of the Austrian Income Tax Act, inter alia, provides for the following restrictions on the offsetting of losses: negative income from realised increases in value and from derivatives may be neither offset against interest from bank accounts and other non-securitized claims vis-à-vis credit institutions (except for cash settlements and lending fees) nor against income from private foundations, foreign private law foundations and other comparable legal estates (*Privatstiftungen, ausländische Stiftungen oder sonstige Vermögensmassen, die mit einer Privatstiftung vergleichbar sind*);

income subject to income tax at a flat rate pursuant to sec. 27a(1) of the Austrian Income Tax Act may not be offset against income subject to the progressive income tax rate (this equally applies in case of an exercise of the option to regular taxation); negative investment income not already offset against positive investment income may not be offset against other types of income. The Austrian custodian agent has to effect the offsetting of losses by taking into account all of a taxpayer's securities accounts with the custodian agent, in line with sec. 93(6) of the Austrian Income Tax Act, and to issue a written confirmation to the taxpayer to this effect.

Individuals subject to unlimited income tax liability in Austria holding the Notes as business assets are subject to income tax on all resulting investment income pursuant to sec. 27(1) of the Austrian Income Tax Act. In case of investment income from the Notes with an Austrian nexus, the income is subject to withholding tax at a flat rate of 27.5%. While withholding tax has the effect of final taxation for income from the letting of capital, income from realised increases in value and income from derivatives must be included in the investor's income tax return (nevertheless income tax at the flat rate of 27.5%). In case of investment income from the Notes without an Austrian nexus, the income must always be included in the investor's income tax return and is subject to income tax at the flat rate of 27.5%. In both cases upon application the option exists to tax all income subject to income tax at a flat rate pursuant to sec. 27a(1) of the Austrian Income Tax Act at the lower progressive income tax rate (option to regular taxation pursuant to sec. 27a(5) of the Austrian Income Tax Act). Expenses such as bank charges and custody fees must not be deducted (sec. 20(2) of the Austrian Income Tax Act); this also applies if the option to regular taxation is exercised. Pursuant to sec. 6(2)(c) of the Austrian Income Tax Act, depreciations to the lower fair market value and losses from the alienation, redemption and other realisation of financial assets and derivatives in the sense of sec. 27(3) and (4) of the Austrian Income Tax Act, which are subject to income tax at the flat rate of 27.5%, are primarily to be offset against income from realised increases in value of such financial assets and derivatives and with appreciations in value of such assets within the same business unit (*Wirtschaftsgüter desselben Betriebes*); only 55% of the remaining negative difference may be offset against other types of income.

Pursuant to sec. 7(2) of the Austrian Corporate Income Tax Act (*Körperschaftsteuergesetz*), corporations subject to unlimited corporate income tax liability in Austria are subject to corporate income tax on income in the sense of sec. 27(1) of the Austrian Income Tax Act from the Notes at a rate of 25%. In the case of income in the sense of sec. 27(1) of the Austrian Income Tax Act from the Notes with an Austrian nexus, the income is subject to withholding tax at a flat rate of 27.5%. However, a 25% rate may pursuant to sec. 93(1a) of the Austrian Income Tax Act be applied by the withholding agent, if the debtor of the withholding tax is a corporation. Such withholding tax can be credited against the corporate income tax liability. Under the conditions set forth in sec. 94(5) of the Austrian Income Tax Act withholding tax is not levied in the first place. Losses from the alienation of the Notes can be offset against other income.

Pursuant to sec. 13(3)(1) in connection with sec. 22(2) of the Austrian Corporate Income Tax Act, private foundations (*Privatstiftungen*) pursuant to the Austrian Private Foundations Act (*Privatstiftungsgesetz*) fulfilling the prerequisites contained in sec. 13(3) and (6) of the Austrian Corporate Income Tax Act and holding the Notes as non-business assets are subject to interim taxation at a rate of 25% on interest income, income from realised increases in value and income from derivatives (inter alia, if the latter are in the form of securities). Pursuant to the Austrian tax authorities' view, the acquisition costs must not include ancillary acquisition costs. Expenses such as bank charges and custody fees must not be deducted (sec. 12(2) of the Austrian Corporate Income Tax Act). Interim tax does generally not fall due insofar as distributions subject to withholding tax are made to beneficiaries in the same tax period. In case of investment income from the Notes with an Austrian nexus, the income is in general subject to withholding tax at a flat rate of 27.5%. However, a 25% rate may pursuant to sec. 93(1a) of the Austrian Income Tax Act be applied by the withholding agent, if the debtor of the withholding tax is a corporation. Such withholding tax can be credited against the tax falling due. Under the conditions set forth in sec. 94(12) of the Austrian Income Tax Act withholding tax is not levied.

Individuals and corporations subject to limited (corporate) income tax liability in Austria are taxable on investment income from the Notes if they have a permanent establishment (*Betriebsstätte*) in Austria and the Notes are attributable to such permanent establishment (cf. sec. 98(1)(3) of the Austrian Income Tax Act, sec. 21(1)(1) of the Austrian Corporate Income Tax Act). Individuals subject to limited income tax liability in Austria are also taxable on interest in the sense of the Austrian EU Withholding Tax Act (*EU-Quellensteuergesetz*, see below) from the Notes if withholding tax is levied on such interest (this does not apply, inter alia, if the Issuer has neither its place of management nor its legal seat in Austria and is not acting through an Austrian branch, which condition the Issuer understands to be fulfilled in the case at hand; cf. sec. 98(1)(5)(b) of the Austrian Income Tax Act). Under applicable double taxation treaties, relief from Austrian income tax might be available. However, Austrian credit institutions must not provide for such relief at source; instead, the investor may file an application for repayment of tax with the competent Austrian tax office.

2.3 EU withholding tax

Sec. 1 of the Austrian EU Withholding Tax Act – implementing Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments – provides that interest payments paid or credited by an Austrian paying agent (*Zahlstelle*) to a beneficial owner who is an individual resident in another EU-Member State (or in certain dependent or associated territories, which currently include Anguilla, Aruba, the British Virgin Islands, Curaçao, Guernsey, the Isle of Man, Jersey, Montserrat, Sint Maarten and the Turks and Caicos Islands) are subject to EU withholding tax (*EU-Quellensteuer*) of 35%. Sec. 10 of the Austrian EU Withholding Tax Act provides for an exemption from EU withholding tax if the beneficial owner presents to the paying agent a certificate drawn up in his/her name by the competent authority of his/her member state of residence for tax purposes, indicating the name, address and tax or other identification number or, failing such, the date and place of birth of the beneficial owner, the name and address of the paying agent, and the account number of the beneficial owner or, where there is none, the identification of the security; such certificate shall be valid for a period not exceeding three years.

Pursuant to Council Directive (EU) 2015/2060 of 10 November 2015 repealing Council Directive 2003/48/EC, the latter was in general repealed with effect from 1 January 2016. However, pursuant to detailed grandfathering provisions, Austria shall in general continue to apply Council Directive 2003/48/EC until 31 December 2016.

2.4 Tax treaties Austria/Switzerland and Austria/Liechtenstein

The Treaty between the Republic of Austria and the Swiss Confederation on Cooperation in the Areas of Taxation and Capital Markets and the Treaty between the Republic of Austria and the Principality of Liechtenstein on Cooperation in the Area of Taxation provide that a Swiss, respectively Liechtenstein, paying agent has to withhold a tax amounting to 25% or 27.5% respectively, on, inter alia, interest income, dividends and capital gains from assets booked with an account or deposit of such Swiss, respectively Liechtenstein, paying agent if the relevant holder of such assets (i.e. in general individuals on their own behalf and as beneficial owners of assets held by a domiciliary company (*Sitzgesellschaft*)) is tax resident in Austria. The same applies to such income from assets managed by a Liechtenstein paying agent if the relevant holder of the assets (i.e. in general individuals as beneficial owners of a transparent structure) is tax resident in Austria. For Austrian income tax purposes this withholding tax has the effect of final taxation regarding the underlying income if the Austrian Income Tax Act provides for the effect of final taxation for such income. The treaties, however, do not apply to interest covered by the agreements between the European Community and the Swiss Confederation, respectively the Principality of Liechtenstein, regarding Council Directive 2003/48/EC on taxation of savings income in the form of interest payments. The taxpayer can opt for voluntary disclosure instead of the withholding tax by expressly authorising the Swiss, respectively Liechtenstein, paying agent to disclose to the competent Austrian authority the income, which subsequently has to be included in the income tax return.

2.5 Austrian inheritance and gift tax

Austria does not levy inheritance or gift tax.

Certain gratuitous transfers of assets to private law foundations and comparable legal estates (*privatrechtliche Stiftungen und damit vergleichbare Vermögensmassen*) are subject to foundation transfer tax (*Stiftungseingangssteuer*) pursuant to the Austrian Foundation Transfer Tax Act (*Stiftungseingangssteuergesetz*). Such tax is triggered if the transferor and/or the transferee at the time of transfer have a domicile, their habitual abode, their legal seat or their place of management in Austria. Certain exemptions apply in cases of transfers mortis causa of financial assets within the meaning of sec. 27(3) and (4) of the Austrian Income Tax Act (except for participations in corporations) if income from such financial assets is subject to income tax at a flat rate pursuant to sec. 27a(1) of the Austrian Income Tax Act. The tax basis is the fair market value of the assets transferred minus any debts, calculated at the time of transfer. The tax rate is in general 2.5%, with a higher rate of 25% applying in special cases. Special provisions apply to transfers of assets to entities falling within the scope of the tax treaty between Austria and Liechtenstein.

In addition, there is a special notification obligation for gifts of money, receivables, shares in corporations, participations in partnerships, businesses, movable tangible assets and intangibles if the donor and/or the donee have a domicile, their habitual abode, their legal seat or their place of management in Austria. Not all gifts are covered by the notification obligation: In case of gifts to certain related parties, a threshold of EUR 50,000 per year applies; in all other cases, a notification is obligatory if the value of gifts made exceeds an amount of EUR 15,000 during a period of five years. Furthermore, gratuitous transfers to foundations falling under the Austrian Foundation Transfer Tax Act described above are also exempt from the notification obligation. Intentional violation of the notification obligation may trigger fines of up to 10% of the fair market value of the assets transferred.

Further, gratuitous transfers of the Notes may trigger income tax at the level of the transferor pursuant to sec. 27(6) of the Austrian Income Tax Act (see above).

3. CROATIA

This section on taxation contains a brief description of the Issuer's understanding with regard to certain important principles which are of significance in connection with the purchase, holding or sale of Notes in the Republic of Croatia. This section does not purport to exhaustively describe all possible tax aspects and does not deal with specific situations which may be of relevance for certain potential investors. The following description is rather of a general nature and included herein solely for information purposes. They are not intended to be, nor should they be construed to be, legal or tax advice. The description is also based on the currently valid and applicable tax legislation. It should be noted that the tax legislation is subject to the frequent amendments and that certain amendments might have impact on tax consequences described below. It is advisable that the potential investors consult tax advisors as to the tax consequences of purchase, holding and sale of the Notes. Tax risks resulting from the Notes (for example, from a potential re-characterization for tax purposes as equity instead of debt) shall in any case be borne by the investor. For the purpose of the following it is assumed that the Notes are legally and factually offered to an indefinite number of persons.

There is no tax on the income from the Notes withheld at source under Croatian tax law.

The Issuer assumes no responsibility with respect to taxes withheld at source.

3.1 General remarks

Individuals having a residence (permanent resident or habitual abode) in Croatia are subject to personal income tax (*porez na dohodak*) in Croatia on their worldwide income (unlimited income tax liability; *načelo svjetskog dohotka*). Individuals not having a residence in Croatia are subject to income tax only on income from certain Croatian sources (limited income tax liability; *načelo tuzemnog dohotka*).

Corporations having their registered seat in Croatia are subject to corporate income tax (*porez na dohodak*) on their worldwide income (unlimited corporate income tax liability). Corporations not having their registered seat in Croatia are subject to corporate income tax only if they have permanent establishment in Croatia (limited corporate income tax liability).

Both in case of unlimited and limited (corporate) income tax liability Croatia's right to tax may be restricted by applicable double tax conventions executed by and between Croatia and the country of source or residence (as the case may be).

3.2 Taxation of Income

If the Croatian corporate income tax resident realizes interest income on Notes, such interest income is included in the tax base and is taxable respectively. The regular corporate income tax rate in Croatia is 20%.

In case of Croatian corporate income tax non-resident, the income resulting from the Notes is taxable in Croatia only if such non-residents have a permanent establishment (*stalna poslovna jedinica*) in Croatia and such income is attributable to the permanent establishment in Croatia.

In case of the Croatian personal income tax resident, the interest from notes is not considered to be a taxable income from interest (regardless of the issuer and the type of notes). There is no further guidance as to when certain types of notes might be characterized (qualified) as equity instead of debt. However, based on a broad language of Article 30 Paragraph 15 Item 4 Personal Income Tax Act (excluding interest income from all types of notes from the taxable income), the income from the interest on Notes should not be taxable in Croatia.

3.3 Taxation of Principal

Pursuant to the Croatian laws, payment of principals under the Note is not subject of any tax regime.

3.4 Taxation of Capital Gain

For the purpose of this part of Base Prospectus, capital gain is defined as the profit accomplished by selling the Notes being the difference between the purchase price paid for acquiring the Note and the selling price for which the Note are sold.

In case of the Croatian corporate income tax resident, the capital gain is calculated in the income tax base and taxable respectively. The regular corporate income tax rate is 20%.

In case of the Croatian personal income tax resident, personal income tax is levied, with certain exemptions, on capital gain realized by taxpayer – natural person – on the disposal of the Note. The tax base is calculated as balance between agreed (or market) disposal value (i.e., output value) and the acquisition value (i.e., input value) of the disposed Note, decreased by the amount of capital loss incurred in the same tax year. The personal income tax on such capital gains is levied on an annual basis, at a rate of 12%.

By way of exemption, personal income tax on capital gains is not levied on the disposal of financial instruments in certain cases – e.g. when the disposed Note is acquired by a taxpayer before 1 January 2016, or in cases where the financial instrument is disposed after expiration of 3-year holding period (i.e. period between the acquisition and disposal of the respective Note).

3.5 Inheritance and Gift Tax

Croatia levies a tax on inheritance and gifts, when legal entities and individuals receive gifts and inheritance in Croatia. The securities received as a gift, inheritance or on other basis without compensation are subject to such tax, at a rate of 5%, if their market value exceeds the amount of HRK 50,000 (approx. EUR 6,600).

The taxpayers are recipients of inheritance/gift. However, by way of exemption, certain persons are not liable for tax, being for example: spouse, blood relatives in the direct line, certain blood or marriage relatives living in the same household, etc.

4. CYPRUS

The following is a general analysis of certain Cyprus tax implications. This analysis makes no claim as to its completeness, nor does it take into account any specific circumstances and does not purport to be a comprehensive description of or tax advice on all the tax considerations that may be relevant in a particular case or to a particular holder of Notes. It is based on Cypriot laws currently in force and as applied in practice as of the date hereof and shall be subject to any changes in tax laws occurring after such date. Prospective holders of Notes may seek the advice of their professional tax advisors to clarify any tax implications resulting from the receipt of a Payment under the Notes.

Under the Cyprus Tax Law an individual who is a tax resident of Cyprus is taxed on all chargeable income accrued or derived from all sources in Cyprus and abroad. Individuals who are not tax resident of Cyprus are taxed on certain income accrued or derived from sources in Cyprus. An individual is tax resident of Cyprus if he/ she spends in Cyprus more than 183 days in any one calendar year. Foreign taxes paid can be credited against the personal income tax liability.

Under the Cyprus Tax Law a company which is a tax resident in Cyprus is taxed on its income accrued or derived from all chargeable sources in Cyprus and abroad. A non-Cyprus tax resident company is taxed on income accrued or derived from a business activity which is carried out through a permanent establishment in Cyprus and on certain income arising from sources in Cyprus. A company is resident in Cyprus if it is managed and controlled in Cyprus. Foreign taxes paid can be credited against the corporation tax liability.

4.1 Tax on Payment (Interest and Principal)

The payment corresponding to the repayment of the principal amount of the Notes should not be subject to tax in Cyprus. Interest income is subject to tax in Cyprus as follows.

4.2 Individuals – Cyprus Tax Residents

Income tax. From January 1st, 2003, pursuant to Law 118(I)/2002 on Income Tax, as amended, interest income is income tax exempt.

Special Defense Contribution (**SDC**). Since January 1st, 2003, pursuant to Law 117(I)/2002 on Special Contribution for the Defense of the Republic, as amended, an individual who is tax resident in Cyprus and receives or is credited with interest income, is subject to SDC at a rate of 30%.

4.3 Legal Entities – Cyprus Tax Residents

Income tax. From January 1st, 2009, pursuant to Law 118(I)/2002 on Income Tax, as amended, interest income not arising from the ordinary conduct of business or interest not closely connected with the ordinary conduct of the business, is exempt from income tax. Interest income arising in the ordinary conduct of business, including any interest closely connected with the ordinary conduct of the business, as well as interest acquired by open-ended or close-ended collective investment schemes, is not considered as interest but as trading profit and, therefore, it is considered as taxable income of the company for income purposes. Income tax is imposed at a rate of 12.5%.

Special Defense Contribution. Since January 1st, 2003, pursuant to Law 117(I)/2002 on SDC for the Defense of the Republic (CDC), as amended, every legal person who resides in the Republic and receives or is credited with interest income, is subject to SDC at a rate of 30%. However, interest income arising in the ordinary conduct of business, including any interest closely connected with the ordinary conduct of the business, as well as interest acquired by open-ended or closed-ended collective investment schemes, are exempt from the SDC.

4.4 Other non-Cypriot Residents (Individuals and Legal Entities)

In case of holders of Notes who are not tax residents of Cyprus, the manner of taxation depends on the tax regime of each Noteholder's country of residence. Non-residents of Cyprus are entitled to receive interest without paying any Cypriot income tax and SDC. In addition, there is never any withholding tax on interest paid to non-residents of Cyprus.

(a) Non – Domicile rules

Under the "non-domicile" rules, a Cyprus tax resident individual who is not domiciled of Cyprus will effectively not be subject to SDC in Cyprus or any interest, rents or dividends (whether actual or deemed) regardless of whether such income is derived from sources within Cyprus and regardless of whether such income is remitted to a bank account or economically used in Cyprus. It is noted that no tax is imposed on individuals under Income Tax Law in respect of interest and dividend income.

The term "domiciled in Cyprus" is defined in the law as an individual who has a domicile of origin in accordance with the Cyprus Wills and Succession Law but it does not include:

(i) An individual who has obtained and maintained a domicile of choice outside Cyprus in accordance with the Cyprus Wills and Succession Law, provided that such an individual has not been a tax resident of Cyprus for a period of 20 consecutive years preceding the tax year; or

(ii) An individual who has not been a tax resident of Cyprus for a period of 20 consecutive years prior to the introduction of the law. Notwithstanding the above, an individual who has been a tax resident of Cyprus for at least 17 years out of the last 20 years prior to the tax year will be considered to be "domiciled in Cyprus" and as such be subject to SDC regardless of his/her domicile or origin.

(b) Stamp Duty

Cyprus stamp duty is payable on every instrument executed if it relates to any (a) property situated in Cyprus or (b) matter or thing which is performed or done in Cyprus.

There are instruments which are subject to stamp duty in Cyprus at a fixed fee and instruments which are subject to stamp duty based on the value of the instrument. For contracts the stamp duty rates are as follows:

For amounts up to €5,000, no stamp duty is payable.

For amounts between €5,001 — €170,000: 0.15%.

For amounts over €170,001: 0.2%, with a cap of €20,000.

Stamp duty at the above rates must be paid within 30 days from the date of execution of the relevant document(s) in Cyprus or from the date of receipt of such document(s) into Cyprus. Non-payment of stamp duty will not invalidate an agreement. The risks of non-payment of stamp duty are that if an otherwise stampable document is at any time submitted to any public authority in Cyprus, it is possible that that public authority may require such document to be stamped before it is submitted to that authority. In the event that the stampable document, which has not been stamped, is to be admitted as evidence before a Cyprus Court, the Court will require that this is properly stamped, together with a penalty of up to 20% of the stamp duty that is due but unpaid, before it is allowed to be submitted as evidence.

(c) Information on Taxes on the Income from Securities withheld at Source

As far as Cypriot tax residents are concerned, it is the duty of the Issuer to withhold interest at source.

5. CZECH REPUBLIC

The information set out below is of a general nature and relates only to certain principal Czech withholding tax considerations. Accordingly, it does not deal with any other Czech tax consequences of acquiring, holding or disposing of the Notes, which may be relevant to a decision to purchase the Notes, and is not intended to be, nor should it be regarded as, legal or tax advice. Prospective holders of the Notes should seek, in the light of their individual situation, their own professional advice as to the consequences of acquiring, holding or disposing of the Notes in all relevant jurisdictions. The information is based on the tax laws of the Czech Republic as in effect on the date of this Base Prospectus and their prevailing interpretations available on or before such date. All of the foregoing is subject to change, which could apply retroactively and could affect the continued validity of this summary.

For the purposes of this information, it has been assumed that the Issuer is neither resident for tax purposes nor has a permanent establishment in the Czech Republic.

5.1 Withholding Tax

All interest and other payments to be made by the Issuer under the Notes may be made free of withholding on account of any taxes imposed by the Czech Republic.

5.2 Securing Tax

In general, Czech tax residents (or Czech permanent establishments of Czech tax non-residents) acquiring investment instruments, such as the Notes, are required, under their own responsibility, to withhold and to remit to Czech tax authorities a 1 percent securing tax from the purchase price when purchasing the investment instruments from a seller who is resident for tax purposes outside the European Union or the European Economic Area. Such obligation can be eliminated under a tax treaty concluded between the Czech Republic and the country in which the seller is a tax resident. Furthermore, it can be waived in advance based on a decision of Czech tax authorities.

6. FRANCE

The following is a description based on the laws and regulations in full force and effect in France as at the date of this Base Prospectus, which may be subject to change in the future, potentially with retroactive effect. Investors should be aware that the description below is of a general nature and does not constitute legal or tax advice and should not be understood as such. Prospective investors are therefore advised to consult their own qualified advisors so as to determine, in the light of their individual situation, the tax consequences of the purchase, holding, redemption or disposal of the Notes.

Withholding taxes

The following is a summary addressing only the French compulsory withholding tax treatment of income arising from the holding of the Notes. This summary is prepared on the assumption that (i) the Issuer is not and will not be a French resident for French tax purposes and (ii) any transactions in connection with the Notes are not and will not be attributed or attributable to a French branch, permanent establishment or other fixed place of business of the Issuer in France.

All payments by the Issuer in respect of the Notes will be made free of any compulsory withholding or deduction for or on account of any income tax imposed, levied, withheld, or assessed by France or any political subdivision or taxing authority thereof or therein.

However, if the paying agent (*établissement payeur*) is established in France, pursuant to Article 125 A of the French Code (*général des impôts*), subject to certain limited exceptions, interest and assimilated income received in relation to securities or claims which are regarded as debt for French tax purposes by individuals who are fiscally domiciled (*domiciliés fiscalement*) in France are subject to a 24% withholding tax which is deductible from their personal income tax liability in respect of the year in which the payment has been made. In such case, social contributions (CSG, CRDS and other related contributions) are also levied by way of withholding tax at an aggregate rate of 15.5%.

7. GERMANY

The following is a general discussion of certain German tax consequences of the acquisition, holding and disposal of Notes. It does not purport to be a comprehensive description of all German tax considerations that may be relevant to a decision to purchase Notes, and, in particular, does not consider any specific facts or circumstances that may apply to a particular purchaser. This discussion is based on the tax laws of Germany currently in force and as applied on the date of this Base Prospectus, which are subject to change, possibly with retroactive or retrospective effect.

As each series or tranche of Notes may be subject to a different tax treatment due to the specific terms of such series or tranche of Notes as set out in the respective terms and conditions of the Notes, the following section only provides some general information on the possible tax treatment.

Prospective purchasers of Notes are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposal of Notes, including the effect of any state, local or church taxes, under the tax laws of Germany and any country of which they are resident or whose tax laws apply to them for other reasons.

7.1 German Tax Residents

The section "German Tax Residents" refers to persons who are tax residents of Germany (i.e. persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany).

(a) Withholding tax on distributions and on capital gains

Distributions received by a private Noteholder will be subject to German withholding tax if the Notes are kept or administered in a custodial account with the same (i) German branch of a German or non-German bank or financial services institution, (ii) German securities trading company or (iii) German securities trading bank (each, a **Disbursing Agent**, auszahlende Stelle). The tax rate is 25 percent (plus solidarity surcharge at a rate of 5.5 percent thereon, the total withholding being 26.375 percent). For individual Noteholders who are subject to church tax an electronic information system for church withholding tax purposes applies in relation to investment income, with the effect that church tax will be collected by the Disbursing Agent by way of withholding unless the investor has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*) in which case the investor will be assessed to church tax.

The same treatment applies to capital gains (i.e. the difference between the proceeds from the disposal, redemption, repayment or assignment after deduction of expenses directly related to the disposal, redemption, repayment or assignment and the cost of acquisition) derived by a private Noteholder provided the Notes have been kept or administrated in a custodial account with the same Disbursing Agent since the time of their acquisition. If similar Notes kept or administrated in the same custodial account were acquired at different points in time, the Notes first acquired will be deemed to have been sold first for the purposes of determining the capital gains. Where Notes are acquired and/or sold or redeemed in a currency other than Euro, the sales/redemption price and the acquisition costs have to be converted into Euro on the basis of the foreign exchange rates prevailing on the sale or redemption date and the acquisition date respectively with the result that any currency gains or losses are part of the capital gains. If distribution claims are disposed of separately (i.e. without the Notes), the proceeds from the disposition are subject to withholding tax. The same applies to proceeds from the payment of distribution claims if the Notes have been disposed of separately.

To the extent the Notes have not been kept or administered in a custodial account with the same Disbursing Agent since the time of their acquisition, upon the disposal, redemption, repayment or assignment withholding tax applies at a rate of 26.375 percent (including solidarity surcharge, plus church tax, if applicable) on 30 percent of the disposal proceeds (plus interest accrued on the Notes (Accrued Interest, Stückzinsen), if any), unless the current Disbursing Agent has been notified of the actual acquisition costs of the Notes by the previous Disbursing Agent or by a statement of a bank or financial services institution from another Member State of the European Union or the European Economic Area or from certain other countries in accordance with art. 17 para. 2 of the Council Directive 2003/48/EC on the taxation of savings income (e.g. Switzerland or Andorra).

Pursuant to a tax decree issued by the German Federal Ministry of Finance dated 18 January 2016 a bad debt-loss (*Forderungsausfall*) and a waiver of a receivable (*Forderungsverzicht*), to the extent the waiver does not qualify as a hidden capital contribution, shall not be treated like a disposal. Accordingly, losses suffered upon such bad debt-loss or waiver shall not be tax-deductible. The same rules should be applicable according to the said tax decree, if the Notes expire worthless so that losses may not be tax-deductible at all. A disposal of the Notes will only be recognised according to the view of the tax authorities, if the received proceeds exceed the respective transaction costs.

In computing any German tax to be withheld, the Disbursing Agent generally deducts from the basis of the withholding tax negative investment income realised by a private Noteholder via the Disbursing Agent (e.g. losses from the sale of other securities with the exception of shares). The Disbursing Agent also deducts Accrued Interest on the Notes or on other securities paid separately upon the acquisition of the respective security by a private Noteholder via the Disbursing Agent. In addition, subject to certain requirements and restrictions, the Disbursing Agent credits foreign withholding taxes levied on investment income in a given year regarding securities held by a private Noteholder in the custodial account with the Disbursing Agent.

Private Noteholders are entitled to an annual allowance (*Sparer-Pauschbetrag*) of EUR 801 (EUR 1,602 for married couples and for partners in accordance with the registered partnership law (*Gesetz über die Eingetragene Lebenspartnerschaft*) filing jointly) for all investment income received in a given year. Upon the private Noteholder filing an exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent, the Disbursing Agent will take the allowance into account when computing the amount of tax to be withheld. No withholding tax will be deducted if the Noteholder has submitted to the Disbursing Agent a certificate of nonassessment (*Nichtveranlagungsbescheinigung*) issued by the competent local tax office.

German withholding tax will not apply to gains from the disposal, redemption, repayment or assignment of Notes held by a corporation while ongoing payments, such as distributions, are subject to withholding tax (irrespective of any deductions of foreign tax and capital losses incurred). The same may apply where the Notes form part of a trade or business, subject to further requirements being met.

(b) Taxation of distributions and capital gains

The personal income tax liability of a private Noteholder deriving income from capital investments under the Notes is, in principle, settled by the tax withheld. To the extent withholding tax has not been levied, such as in the case of Notes kept in custody abroad or if no Disbursing Agent is involved in the payment process, the private Noteholder must report his or her income derived from the Notes on his or her tax return and then will also be taxed at a rate of 25 percent (plus solidarity surcharge and church tax thereon, where applicable). If the withholding tax on a disposal, redemption, repayment or assignment has been calculated from 30 percent of the disposal proceeds (rather than from the actual gain), a private Noteholder may and in case the actual gain is higher than 30 percent of the disposal proceeds must also apply for an assessment on the basis of his or her actual acquisition costs. Further, a private Noteholder may request that all investment income of a given year is taxed at his or her lower individual tax rate based upon an assessment to tax with any amounts over withheld being refunded. In each case, the deduction of expenses (other than transaction costs) on an itemized basis is not permitted.

Losses incurred with respect to the Notes can only be off-set against investment income of the private Noteholder realised in the same or the following years.

Where Notes form part of a trade or business, the withholding tax, if any, will not settle the personal or corporate income tax liability. Where Notes form part of a trade or business, distributions (accrued) must be taken into account as income. The respective Noteholder will have to report income and related (business) expenses on the tax return and the balance will be taxed at the Noteholder's applicable tax rate. Withholding tax levied, if any, will be credited against the personal or corporate income tax of the Noteholder. Where Notes form part of a German trade or business distributions and gains from the disposal, redemption, repayment or assignment of the Notes may also be subject to German trade tax.

7.2 Non-German Tax Residents

Distributions and capital gains from the disposal, redemption, repayment or assignment of Notes are not subject to German taxation, unless the Notes form part of the business property of a permanent establishment, including a permanent representative, or a fixed base maintained in Germany by the Noteholder. In this case a tax regime similar to that explained above under "German Tax Residents" applies.

Where income from the Notes is subject to German taxation as set forth in the preceding paragraph and the Notes are kept or administered in a custodial account with a Disbursing Agent, withholding tax may be levied under certain circumstances. Where Notes are not kept in a custodial account with a Disbursing Agent and proceeds from the disposal, assignment or redemption of a Note are paid by a Disbursing Agent to a non-resident upon delivery of the Notes, withholding tax generally will also apply. The withholding tax may be refunded based on an assessment to tax or under an applicable tax treaty.

7.3 Inheritance and Gift Tax

No inheritance or gift taxes with respect to any Notes will arise under the laws of Germany, if, in the case of inheritance tax, neither the deceased nor the beneficiary, or, in the case of gift tax, neither the donor nor the donee, is a resident of Germany and such Note is not attributable to a German trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in Germany. Exceptions from this rule apply to certain German expatriates.

7.4 Other Taxes

No stamp, issue or registration taxes or such duties will be payable in Germany in connection with the issuance, delivery or execution of the Notes. Currently, net assets tax is not levied in Germany.

The European Commission and certain EU Member States (including Germany) are currently intending to introduce a financial transactions tax (FTT) (presumably on secondary market transactions involving at least one financial intermediary). It is currently uncertain when the proposed FTT will be enacted by the participating EU Member States and when the FTT will enter into force with regard to dealings with the Notes.

8. HUNGARY

The following is a general discussion of certain Hungarian tax consequences relating to the acquisition and ownership of Notes. It does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase Notes, and, in particular, does not consider any specific facts or circumstances that may apply to a particular purchaser. It is based on laws currently in force in Hungary and applicable on the date of this Base Prospectus, but subject to change, possibly with retrospective effect. The acquisition of the Notes by non-Hungarian holders of Notes, or the payment of interest under the Notes may trigger additional tax payments in the country of residence of the holder of Notes, which is not covered by this summary, but where the provisions of the treaties on the avoidance of double taxation should be taken into consideration. Prospective purchasers of Notes are advised to consult their own tax advisers as to the tax consequences of the purchase, ownership and disposition of Notes, including the effect of any state or local taxes, under the tax laws of Hungary and each country of which they are residents.

8.1 Withholding Tax (foreign resident individual holders of Notes)

The payments of interest on and yield realised upon the redemption or sale of publicly offered and traded Notes (**Interest Income**) is taxed at 15 percent Notes listed on a regulated market of an EEA member state are considered publicly offered and traded Notes.

The proceeds paid on privately placed Notes which are not listed on a regulated market of an EEA member state is considered as other income (**Other Income**) which is taxable as part of the individual's aggregated income (the tax payable is 15 percent). The capital gains realised on the sale of such Notes is considered, as a general rule, capital gains income (**Capital Gains Income**). The tax rate applicable to Capital Gains Income is 15 percent

Foreign resident individual holders of Notes are subject to tax in Hungary if they realise Interest Income from Hungarian sources or income that is otherwise taxable in Hungary if the international treaty or reciprocity so requires. Interest Income should be treated as having a Hungarian source where:

(a) the Issuer is resident in Hungary for tax purposes;

(b) the Issuer has a permanent establishment in Hungary and Interest Income realised on the basis of the Notes is paid by the Hungarian permanent establishment of the Issuer;

(c) the foreign resident individual holder of Notes has a permanent establishment in Hungary to which the Interest Income is attributable.

The tax on payments of the Interest Income is to be withheld by the "Payor" (*kifizető*) (asdefined below).

Pursuant to Act XCII of 2003 on the Rules of Taxation (**ART**) a "Payor" means a Hungarian resident legal person, organization, or private entrepreneur who provides taxable income, irrespective of whether such payment is made directly or through an intermediary (post office, credit institution). In respect of interest, "Payor" shall mean the borrower of a loan or, the issuer of a note, including, the investment service provider or credit institution providing the interest instead of it. In respect of revenues originating from a transaction concluded with the involvement of a licensed stockbroker, "Payor" shall mean such stockbroker. The Hungarian permanent establishment of a foreign resident entity is also considered as a "Payor".

Interest, as defined by Schedule 7 of the ART (which implements the provisions of the Savings Directive), realised on the Notes by citizens of any other Member State of the European Union is not subject to Hungarian tax where a paying agent based in Hungary is obliged to provide data to the Hungarian state tax authority on the basis of Schedule 7 of the ART.

A foreign resident individual holder who does not have a permanent establishment in Hungary is not subject to tax in Hungary if he realises Capital Gains Income from Hungary since such income is not considered as Hungarian source income.

Please note that the provisions of the applicable double tax convention, if any, should be considered when assessing the Hungarian tax liabilities of a foreign resident individual holder.

8.2 Withholding Tax (foreign resident corporate holders of Notes)

Interest on Notes paid to foreign resident corporate holders of Notes, who do not have a permanent establishment in Hungary, by resident legal entities or other persons and any capital gains realised by such foreign resident holders of Notes on the sale of the Notes is not subject to tax in Hungary. The tax liability of a foreign resident corporate holder of Notes, which has a permanent establishment in Hungary is limited, in general, to the income from business activities realised through its Hungarian permanent establishment.

8.3 Taxation of Hungarian resident individual holders of Notes

Act CXVII of 1995 on Personal Income Tax (the **Personal Income Tax Act**) applies to the tax liability of Hungarian and foreign private individuals. The tax liability of Hungarian resident private individuals covers the worldwide income of such persons.

According to the provisions of the Personal Income Tax Act, in the case of individual holders of Notes, Interest Income is the income paid as interest and the capital gains realised upon the redemption or the sale of publicly offered and publicly traded debt securities.

The withholding tax on Interest Income is 15 percent Notes listed on a regulated market of an EEA member state are considered publicly offered and traded Notes.

The proceeds paid on privately placed Notes which are not listed on a regulated market of an EEA member state is considered as Other Income which is taxable as part of the individual's aggregated income (the tax payable is 15 percent). The capital gains realised on the sale or redemption of such Notes is considered, as a general rule, Capital Gains Income. The tax rate applicable to Capital Gains Income is 15 percent Pursuant to Act LXVI of 1998 on Healthcare Contributions (the **Healthcare Contributions Act**), Interest Income and Capital Gains Income realised by Hungarian resident individuals subject to further conditions is generally subject to 6 percent and 14 percent healthcare contributions respectively.

The rules of the Personal Income Tax Act may in certain circumstances impose a requirement upon the "Payor" (*kifizető*) (as defined below) to withhold tax on the interest payments to individual holders of Notes. In certain circumstances, the Healthcare Contributions Act also imposes a requirement upon the "Payor" to withhold healthcare contribution on the interest payments to individual holders of Notes.

Pursuant to the ART the definition of a "Payor" covers a Hungarian resident legal person, other organisation, or private entrepreneur that (who) provides taxable income, irrespective of whether such payment is made directly or through an intermediary (post office, credit institution). In respect of interest, Payor shall mean the borrower of a loan or the issuer of a note including, the investment service provider or credit institution providing the interest instead of it. In respect of revenues originating from a transaction concluded with the involvement of a licensed stockbroker, Payor shall mean such stockbroker. In respect of income that is earned in a foreign country and taxable in Hungary, Payor shall mean the "paying agent" (*megbízott*) (legal person, organisation, or private entrepreneur) having tax residency in Hungary, except in cases where the role of a financial institution is limited to performing the bank transfer or payment.

8.4 Taxation of Hungarian resident corporate holders of Notes

Under Act LXXXI of 1996 on Corporate Tax and Dividend Tax (the **Corporation Tax Act**), Hungarian resident taxpayers have a full, all-inclusive tax liability. In general, resident entities are those established under the laws of Hungary (i.e. having a Hungarian registered seat). Foreign persons having their place of management in Hungary are also considered as Hungarian resident taxpayers. In general, interest and capital gains realised by Hungarian resident corporate holders of Notes on the Notes will be taxable in the same way as the regular income of the holders of Notes. The corporation tax rate in Hungary is 10 percent up to the first HUF 500 million of the taxpayer's annual before tax income and 19 percent for the part exceeding the HUF 500 million threshold.

9. IRELAND

The following is a summary based on the laws and practices in force in Ireland, as at the date of this Base Prospectus, of certain matters regarding the tax position of investors who are the absolute beneficial owners of their Notes and should be treated with appropriate caution. This summary deals only with Notes held beneficially as capital assets and does not address special classes of Note holders such as dealers in Notes or trusts. The summary does not constitute tax or legal advice and the comments below are of a general nature only and do not discuss all aspects of Irish taxation that may be relevant to any particular holder of Notes. Prospective investors in the Notes are advised to consult their own tax advisors on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of interest thereon under the laws of their country of residence, citizenship or domicile. The comments are made on the assumption that the Issuer is not resident in Ireland for Irish tax purposes and does not carry on a trade in Ireland through a branch or agency.

9.1 Irish Withholding Tax

Under Irish tax law there is no obligation on the Issuer to operate any withholding tax on payment in respect of the Notes except where such payment has an Irish source. The interest could be considered to have an Irish source, where, for example, the payment constitutes yearly interest and such interest is paid out of funds maintained in Ireland or where the Notes are secured on Irish situate assets. The mere offering of the Notes to Irish investors will not cause the payment to have an Irish source. In certain circumstances, collection or encashment agents and other persons receiving interest on the Notes in Ireland on behalf of an Irish resident holder of Notes will be obliged to operate a withholding tax.

9.2 Taxation of income

Unless exempted, an Irish resident or ordinarily resident holder of Notes and a non-resident holder of Notes holding Notes through an Irish branch or agency will be liable to Irish tax on the amount of any interest or other income including potentially any premium on redemption received from the Issuer. Individual holders of Notes would also potentially be liable to social insurance contributions and the universal social charge. Corporate investors will suffer corporation tax on the interest or other payment received from the Issuer. Credit against Irish tax on the interest received may be available in respect of any foreign withholding tax deducted by the Issuer.

9.3 Taxation of capital gains

An Irish resident or ordinarily resident holder of Notes and a non-resident holder of Notes holding the Notes through an Irish branch or agency would potentially be liable to Irish tax on capital gains on any gains arising on a disposal of Notes. Reliefs and allowances may be available in computing the liability of the holder of the Notes.

9.4 Stamp Duty

Transfers of Notes should not be subject to Irish stamp duty, provided the transfers do not relate to (i) Irish land or buildings or any rights over such property or (ii) stocks or securities of an Irish registered company.

9.5 Capital Acquisitions Tax

A gift or inheritance comprising of Notes will be within the charge to capital acquisitions tax if either (i) the disponer or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in Ireland (or, in certain circumstances, if the disponer is domiciled in Ireland irrespective of his residence or that of the donee/successor) or (ii) if the Notes are regarded as property situate in Ireland. Bearer Notes could be considered property situated in Ireland if the bearer certificates were located in Ireland. This tax is charged on gifts and inheritances above a certain threshold determined both by the relationship between the disponer and the donee/successor; and by reference to previous gifts or inheritances received.

9.6 Offshore Fund Taxation

A holding of Notes could potentially be treated as a material interest in an offshore fund and subject to more onerous tax provisions applicable to offshore funds. As recommended above a holder of Notes should obtain independent tax advice in relation to the tax implications of the acquisition, holding and disposing of Notes.

9.7 Provision of Information

General
Holders of Notes should be aware that where any interest or other payment on Notes is paid to them by or through an Irish paying agent or collection agent then the relevant person may be required tocsupply the Irish Revenue Commissioners with details of the payment and certain details relating to the holder of the Notes. Where the holder of the Notes is not Irish resident, the details provided to the Irish Revenue Commissioners may, in certain cases, be passed by them to the tax authorities of the jurisdiction in which the holder of the Notes is resident for taxation purposes.

10. ITALY

The statements herein regarding taxation are based on the laws in force in Italy as at the date of this Base Prospectus and are subject to any changes in law occurring after such date, which could be made on a retroactive basis. The following description does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules.

Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes.

The Italian tax consequences of the purchase, ownership and disposal of the debt instruments may be different depending on whether:

(a) they represent securities qualifying as bonds or securities similar to bonds (*obbligazioni o titoli similari alle obbligazioni*) pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986, as amended and supplemented. Pursuant to Article 44 of Decree 917, for securities to qualify as securities similar to bonds (*titoli similari alle obbligazioni*), they must (i) have a fixed or determinable maturity; (ii) incorporate an unconditional obligation to pay at maturity an amount not less than the therein indicated; and (iii) attribute to the holders no direct or indirect right to control or participate in the management of the Issuer; and

(b) they represent securities qualifying as atypical securities (*titoli atipici*) pursuant to Article 5 of Legislative Decree No. 512 of 30 September 1983, as amended and supplemented. Pursuant to Articles 5 and 8 of Decree 512, atypical securities are securities that do not fall within the category of (a) shares (*azioni*) and securities similar to shares (*titoli similari alle azioni*) and of (b) bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*).

10.1 Tax Treatment of Notes qualifying as atypical securities (titoli atipici)

Interest payments relating to the Notes, which are neither deemed to fall within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) nor of shares (*azioni*) or securities similar to shares (*titoli similari alle azioni*), as clarified above, are subject to 26 percent withholding tax if made in favour of certain categories of Italian resident investors, including: (i) an Italian resident individual, (ii) an Italian resident non-commercial partnership, (iii) an Italian resident non-commercial private or public institution, (iv) an Italian open-ended or closed-ended investment fund, a SICAF (an Italian investment company with fixed share capital) or a SICAV (an Italian investment company with variable capital) (together, the **Fund**), (v) an Italian real estate investment fund established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented, and Article 14-bis of Law No. 86 of 25 January 1994 and Italian real estate investment companies with fixed capital (the **Real Estate SICAF**), (vi) an Italian pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005), or (vii) an Italian resident investor exempt from Italian corporate income taxation, such withholding tax is withheld as a final withholding tax.

The withholding tax does not apply to an Italian resident holder which is (i) a company or similar commercial entity (including the Italian permanent establishment of foreign entities), (ii) a commercial partnership, or (iii) a commercial private or public institution.

Moreover, no taxation applies on payments to a non-Italian resident holder of the Notes on interest or premium relating to the Notes provided that, if the Notes are deposited in Italy, the non-Italian resident holder of the Notes declares itself to be a non-Italian resident according to Italian tax regulations.

10.2 Capital Gains Tax

Any gain obtained from the sale or redemption of the Notes would be treated as part of the taxable income (and, in certain circumstances, depending on the "status" of the holder, also as part of the net value of production for IRAP purposes) if realised by an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Where an Italian resident holder of the Notes is an individual not holding the Notes in connection with an entrepreneurial activity and certain other persons, any capital gain realised by such holder of the Notes from the sale or redemption of the Notes would be subject to an imposta sostitutiva, levied at the current rate of 26 percent Noteholders of the Notes may set off losses with gains. Under some conditions and limitations, Noteholders may set off losses with gains. In respect of the application of the *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below.

Under the "tax declaration" regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the Italian resident individuals holding the Notes not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years. Pursuant to Law Decree No. 66 of 24 April 2014, as converted into law with amendments by Law No. 89 of 23 June 2014 (Decree 66), depreciations may be carried forward to be offset against increases in value of the same nature realised after 30 June 2014 for an overall amount of: (i) 48.08 percent of the relevant depreciations realised before 1 January 2012; (ii) 76.92 percent of the depreciations realised from 1 January 2012 to 30 June 2014.

As an alternative to the tax declaration regime, Italian resident individuals holding the Notes not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (the *risparmio amministrato regime*). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries; and (ii) an express election for the *risparmio amministrato* regime being punctually made in writing by the relevant holder of the Notes. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the holder of the Notes or using funds provided by the holder of the Notes for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the holder of the Notes is not required to declare the capital gains in its annual tax return. Pursuant to Decree 66, depreciations may be carried forward to be offset against increases in value of the same nature realised after 30 June 2014 for an overall amount of: (i) 48.08 percent of the relevant depreciations realised before 1 January 2012; (ii) 76.92 percent of the depreciations realised from 1 January 2012 to 30 June 2014. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in the annual tax return.

Any capital gains realised by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the so-called (*risparmio gestito*) regime will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 26 percent substitute tax, to be paid by the managing authorised intermediary. Under the *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against any increase in value of the managed assets accrued in any of the four succeeding tax years. Under the risparmio gestito regime, the holder of the Notes is not required to declare the capital gains realised in its annual tax return. Pursuant to Decree 66, depreciations may be carried forward to be offset against increases in value of the same nature realised after 30 June 2014 for an overall amount of: (i) 48.08 percent of the relevant depreciations realised before 1 January 2012; (ii) 76.92 percent of the depreciations realised from 1 January 2012 to 30 June 2014. Under the *risparmio gestito* regime, the Noteholder is not required to declare the capital gains realised in the annual tax return and remains anonymous.

Any capital gains realised by a holder of the Notes which is a Fund will not be subject to *imposta sostitutiva*, but will be included in the result of the relevant portfolio. Such result will not be taxedwith the Fund, but a withholding tax of 26 percent will be levied, in certain circumstances, ondistributions made in favour of unitholders or shareholders.

Any capital gains realised by a holder of the Notes which is an Italian pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 20 percent substitute tax.

Under the current regime provided by Law Decree No. 351 of 25 September 2001, converted into law with amendments by Law No. 410 of 23 November 2001, Law Decree No. 78 of 31 May 2010, converted into Law No. 122 of 30 July 2010 and Legislative Decree No. 44 of 4 March 2014, all as 0117506-0000001 FR:20943321.123 129 amended, capital gains realised from the disposal of the Notes by Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented, and Article 14-bis of Law No. 86 of 25 January 1994 and Real Estate SICAFs are subject neither to substitute tax nor to any other income tax in the hands of a real estate investment fund or a Real Estate SICAF.

Capital gains realised by non-Italian resident holders from the sale and redemption of the Notes are not subject to Italian taxation, provided that the Notes are (i) traded on regulated markets, or (ii) if not traded, are held outside Italy.

10.3 Inheritance and Gift Taxes

Pursuant to Law Decree No. 262 of 3 October 2006 converted into Law No. 286 of 24 November 2006, as subsequently amended, the transfers of any valuable asset (including shares, bonds or other securities) as a result of death or donation are taxed as follows:

(a) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 percent on the value of the inheritance or the gift exceeding, for each beneficiary, €1,000,000;

(b) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6 percent on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 percent inheritance and gift tax on the value of the inheritance or the gift exceeding, for each beneficiary, €100,000; and

(c) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 percent on the entire value of the inheritance or the gift.

If the transfer is made in favour of persons with severe disabilities, the tax is levied at the rate mentioned above on the value exceeding, for each beneficiary, €1,500,000.

10.4 Transfer Tax

Contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarised deeds are subject to fixed registration tax at rate of €200; (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

10.5 Stamp Duty

Pursuant to Article 19(1) of Decree No. 201 of 6 December 2011 (Decree 201), a proportional stamp duty applies on an annual basis to any periodic reporting communications which may be sent by a financial intermediary to a Noteholder in respect of any Notes which may be deposited with such financial intermediary in Italy. The stamp duty applies at a rate of 0.2 percent and, for taxpayers different from individuals, cannot exceed €14,000. This stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the Notes held.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on 20 June 2012) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

10.6 Wealth Tax on Notes Deposited Abroad

Pursuant to Article 19(18) of Decree 201, Italian resident individuals holding Notes outside the Italian territory are required to pay an additional tax at a rate of 0.2 percent This tax is calculated on the market value of the Notes at the end of the relevant year or – if no market value figure is available – the nominal value or the redemption value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

10.7 Tax monitoring obligations

According to the Law Decree No. 167 of 28 June 1990, converted with amendments into Law No. 227 of 4 August 1990, as amended from time to time, individuals, non-profit entities and certain partnerships (*società semplici* or similar partnerships in accordance with Article 5 of Presidential Decree No. 917 of 22 December 1986) resident in Italy for tax purposes, under certain conditions, are required to report for tax monitoring purposes in their yearly income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return) the amount of investments directly or indirectly held abroad. The disclosure requirements are not due if the foreign financial investments (including the Notes) are held through an Italian resident intermediary or are only composed by deposits and/or bank accounts having an aggregate value not exceeding an €15,000 threshold throughout the year.

10.8 The Proposed European Financial Transactions Tax (FTT)

On 14 February 2013, the European Commission published a proposal (the Commission's Proposal) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

11. LIECHTENSTEIN

The following information is of general nature only and shall give an overview of the principles of taxation under the laws currently in force in Liechtenstein. The information below does not, and is not intended to, constitute comprehensive legal or tax advice. Investors should consult their own professional advisors as to the implications of their subscribing for, purchasing, holding, exchanging or disposing of the Notes under the laws of the jurisdictions in which they may be subject to taxation. In addition, prospective investors should bear in mind that future legislative, judicial or administrative developments could have an impact on the information below and could affect the tax consequences for investors.

11.1 Taxation of individuals in the Principality of Liechtenstein

Individuals with domicile or habitual abode in Liechtenstein are subject to unrestricted taxation in Liechtenstein, encompassing their entire net wealth and their entire income. However, various types of income and assets do not constitute taxable income and wealth, respectively, under the Liechtenstein Tax Act (the Tax Act). This in particular holds true for income arising from assets which are subject to wealth tax in Liechtenstein. Thus, given that the Notes of a Noteholder who is unrestrictedly taxable in Liechtenstein constitute taxable wealth within the meaning of the Tax Act, any interest payments of such Notes do, as a consequence, not qualify as taxable income and are, therefore, not subject to income taxation in Liechtenstein. As a result, while the Notes held by a Noteholder with domicile or habitual abode in Liechtenstein constitute taxable wealth in Liechtenstein, interest payments received by such Noteholder do not constitute taxable income.

Other tax-exempt types of income under the Tax Act are, for example, dividends arising from participations in domestic and foreign legal entities and capital gains from the disposal and liquidation of participations in domestic and foreign legal entities. Thus, dividends as well as capital gains and liquidation proceeds arising after the conversion of the Notes into equity do not constitute taxable income within the meaning of the Tax Act.

Under the Tax Act, wealth is not taxed directly (by means of a certain percentage of the taxable wealth). Rather, a fixed percentage of the taxable wealth (currently four per cent; to be determined every year by the Liechtenstein parliament) is added to the taxable income and the total tax is then calculated based on the sum of the taxable income and the fixed percentage of the taxable wealth. The taxable wealth is determined based on the market value of the assets at the beginning of the year or at the beginning of the period of tax liability, respectively; for example, securities with a quotation are valued according to the quotation and, in general, securities without a quotation as well as nonsecuritized rights and claims, including privileges whose value can be determined, shall be assessed according to market value, which generally shall not be set lower than nominal value, unless the taxpayer demonstrates that the nominal value does not correspond to the market value.

Individuals whose domicile and habitual abode is not in Liechtenstein are subject to restricted taxation in Liechtenstein, encompassing only their domestic wealth and their domestic income. Domestic wealth comprises real estate and business premises located in Liechtenstein.

11.2 Taxation of legal entities and trusts in the Principality of Liechtenstein

Legal entities domiciled or having their actual place of management in Liechtenstein are subject to unrestricted taxation in Liechtenstein, encompassing their entire net earnings.

On the other hand, no Liechtenstein tax applies with respect to the capital of legal entities. Therefore, unlike the income from the wealth of individuals (see above), the income generated from the wealth of legal entities is not tax-exempt. As a consequence, interest payments of Notes held by legal entities which are unrestrictedly taxable in Liechtenstein constitute taxable income in Liechtenstein.

By contrast, dividends arising from participations in domestic and foreign legal entities and capital gains from the disposal or liquidation of participations in domestic and foreign legal entities do not constitute taxable income for legal entities, either (the term "dividends" includes ordinary dividends, profit shares, extraordinary dividends, bonus payouts and irregular distributions of profits and distributions of reserves).

Legal entities which neither have their domicile nor their actual place of management in Liechtenstein are subject to restricted taxation in Liechtenstein, encompassing only their domestic corporate income.

Legal entities are entitled to a deduction of 4 % of their equity capital (unless such capital is not related to their business) for purposes of assessing their taxable net income. Further, losses suffered in past years can be carried forward for an unlimited period of time.

Legal entities taxable in Liechtenstein are subject to ordinary corporate income tax on all their net income at a standard flat rate of 12.5 per cent per year. However, any Liechtenstein legal entity which does not pursue any commercial activity can apply for the status of a Private Asset Structure (a PAS) if the requirements as stipulated in Art. 64 Tax Act are met. This, for example, holds true for legal entities which only hold bankable assets (such as shares, bonds or other securities, eg Notes), other assets (such as gold, art collections, liquid funds) or participations, provided that the legal entity and its shareholders or beneficiaries do not exert actual control by means of direct or indirect influence on the management of its underlying entities. Legal entities being granted the status of a PAS are subject to the minimum corporate tax in the amount of CHF 1,200.00 per year only and the regular 12.5% corporate income tax does not apply. PAS do not have to file annual tax returns.

Finally, trusts which have been established pursuant to Liechtenstein law or whose actual place of management is in Liechtenstein are in any event only subject to the minimum corporate income tax of CHF 1,200.00 per year in Liechtenstein. The same holds true for foreign trusts which receive earnings in Liechtenstein.

12. LUXEMBOURG

12.1 General Information

The following information is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice.

Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject. Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only.

Any reference in the present sub-section to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*), a temporary tax to balance the state budget (*impôt d'équilibrage budgétaire temporaire*) as well as personal income tax (*impôt sur le revenu*) generally. Prospective purchasers of the Notes may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax, the solidarity surcharge as well as the temporary tax to balance the state budget. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

12.2 Taxation of the Noteholders

(a) Withholding Tax

(i) Non-resident Noteholders
Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident Noteholders, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by nonresident Noteholders.

(ii) Resident Noteholders
Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended (the **Relibi Law**) as described below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident Noteholders, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by Luxembourg resident Noteholders.

Under the Relibi Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is resident of Luxembourg or to a residual entity (within the meaning of the laws of 21 June 2005 implementing the Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments (the Savings Directive) and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the Territories), as amended) established in an EU Member State (other than Luxembourg) or one of the Territories and securing such payments for the benefit of such individual beneficial owner will be subject to a withholding tax of 10 percent Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payment of interest under the Notes coming within the scope of the Relibi Law will be subject to a withholding tax at a rate of 10 percent

(b) Income Taxation

(i) Non-resident Noteholders
A non-resident Noteholder, not having a permanent establishment or permanent representative in Luxembourg to which/whom the Notes are attributable, is not subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Notes. A gain realised by such non-resident Noteholder on the sale or disposal, in any form whatsoever, of the Notes is further not subject to Luxembourg income tax.

A non-resident corporate Noteholder or an individual Noteholder acting in the course of the management of a professional or business undertaking, who has a permanent establishment or permanent representative in Luxembourg to which or to whom the Notes are attributable, is subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Notes and on any gains realised upon the sale or disposal, in any form whatsoever, of the Notes.

(ii) Resident Noteholders

Noteholders who are residents of Luxembourg will not be liable for any Luxembourg income tax on repayment of principal.

• Luxembourg resident corporate Noteholder

A corporate Noteholder must include any interest accrued or received, any redemption premium or issue discount, as well as any gain realised on the sale or disposal, in any form whatsoever, of the Notes, in its taxable income for Luxembourg income tax assessment purposes.

A corporate Noteholder that is governed by the law of 11 May 2007 on family estate management companies, as amended, or by the law of 17 December 2010 on undertakings for collective investment, or by the law of 13 February 2007 on specialised investment funds, as amended, is neither subject to Luxembourg income tax in respect of interest accrued or received, any redemption premium or issue discount, nor on gains realised on the sale or disposal, in any form whatsoever, of the Notes.

• Luxembourg resident individual Noteholder

An individual holder of Notes, acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax at progressive rates in respect of interest received, redemption premiums or issue discounts, under the Notes, except if (i) withholding tax has been levied on such payments in accordance with the Relibi Law, or (ii) the individual holder of Notes has opted for the application of a 10 percent tax in full discharge of income tax in accordance with the Relibi Law, which applies if a payment of interest has been made or ascribed by a paying agent established in a EU Member State (other than Luxembourg), or in a Member State of the European Economic Area (other than a EU Member State), or in a state/territory that has entered into a treaty/agreement with Luxembourg relating to the Savings Directive. A gain realised by an individual holder of Notes, acting in the course of the management of his/her private wealth, upon the sale or disposal, in any form whatsoever, of Notes is not subject to Luxembourg income tax, provided this sale or disposal took place more than six months after the Notes were acquired. However, any portion of such gain corresponding to accrued but unpaid interest income is subject to Luxembourg income tax, except if tax has been levied on such interest in accordance with the Relibi Law.

An individual holder of Notes acting in the course of the management of a professional or business undertaking must include this interest in its taxable basis. If applicable, the tax levied in accordance with the Relibi Law will be credited against his/her final tax liability.

12.3 Net Wealth Taxation

A corporate Noteholder, whether it is resident of Luxembourg for tax purposes or, if not, it maintains a permanent establishment or a permanent representative in Luxembourg to which/whom such Notes are attributable, is subject to Luxembourg wealth tax on such Notes, except if the holder of Notes is governed by the law of 11 May 2007 on family estate management companies, as amended, or by the law of 17 December 2010 on undertakings for collective investment, or by the law of 13 February 2007 on specialised investment funds, as amended.

An individual Noteholder, whether he/she is resident of Luxembourg or not, is not subject to Luxembourg wealth tax on such Notes.

12.4 Other Taxes

In principle, neither the issuance nor the transfer, repurchase or redemption of Notes will give rise to any Luxembourg registration tax or similar taxes.

However, a fixed or (*ad valorem*) registration duty may be due upon the registration of the Notes in Luxembourg in the case where the Notes must be produced before an official Luxembourg authority (including a Luxembourg court), or in the case of a registration of the Notes on a voluntary basis.

Where a holder of Notes is a resident of Luxembourg for tax purposes at the time of his/her death, the Notes are included in his/her taxable estate, for inheritance tax assessment purposes.

Gift tax may be due on a gift or donation of Notes if embodied in a Luxembourg deed passed in front of a Luxembourg notary or recorded in Luxembourg.

There is no Luxembourg value added tax payable in respect of payments in consideration for the issuance of the Notes or in respect of the payment of interest or principal under the Notes or the transfer of the Notes. Luxembourg value added tax may, however, be payable in respect of fees charged for certain services rendered to the Issuer, if for Luxembourg value added tax purposes such services are rendered or are deemed to be rendered in Luxembourg and an exemption from Luxembourg value added tax does not apply with respect to such services.

13. MALTA

The following information is of a general nature only and is based on the laws presently in force in Malta, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Maltese income tax law issues in respect of non-Maltese residents and prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Malta tax law, to which they may be subject.

Any reference in the present section to income tax law concepts (including residence law concepts) refers to Maltese tax law and/or concepts only.

13.1 Non-Maltese Residents

Non-Maltese residents are exempt from Maltese tax in respect of any profits or capital gains derived from the transfer (including redemption, liquidation or cancellation) of the Notes provided that:

(a) the company does not own, directly or indirectly, any immovable property in Malta; and
(b) the beneficial owner of the gain or profit is not resident in Malta and is not owned and controlled by, directly or indirectly, nor acts on behalf of an individual or individuals who are ordinarily resident and domiciled in Malta

Non-Maltese residents are also exempt from Maltese tax in respect of any interest, discount or premium in respect of the Notes provided that:

(a) the non-Maltese resident does not carry on any trade or business in Malta through a permanent establishment to which the debt claim giving rise to the interest, discount or premium, is effectively connected; and
(b) the beneficial owner of the interest, discount or premium is not resident in Malta and is not owned and controlled by, directly or indirectly, nor acts on behalf of an individual or individuals who are ordinarily resident and domiciled in Malta

The above exemptions may be subject to requisite declarations/evidence being provided to the company in terms of law so that the company is exempted from withholding taxes.

13.2 Malta Tax on Interest

Since interest is payable in respect of the Notes which are the subject of a public issue, unless the Issuer is otherwise instructed by a Noteholder or if the Noteholder does not fall within the definition of "recipient" in terms of article 41(c) of the Income Tax Act (Cap. 123, 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, laws of Malta). Noteholders 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. For the purpose of the above, a "recipient" is generally a person who is resident in Malta during the year in which investment income is payable to him or other persons or entities acting on behalf of such resident person or a trustee or foundation pursuant to or by virtue of which any money or other property whatsoever shall be paid or applied to or for the benefit of such resident persons. The withholding tax is considered a final tax and a Maltese resident individual Noteholder need not declare the interest so received in his income tax return. No person shall be charged further tax in respect of such income. In the case of a valid election made by an eligible Noteholder 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 income tax return and be subject to tax on it at the progressive rate/s applicable to that person at that time. Additionally, in this latter case, the Issuer will advise the Inland Revenue on an annual basis in respect of all interest paid gross and of the identity of all such recipients unless the beneficiary does not qualify as a "recipient" in terms of article 41(c) of the Income Tax Act (Cap. 123, laws of Malta). Any such election made by a resident Noteholder 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 (Cap. 123, laws of Malta). In terms of article 12(1)(c) of the Income Tax Act (Cap. 123, laws of Malta) Noteholders who are not resident in Malta satisfying the applicable conditions set out in the Income Tax Act (Cap. 123, laws of Malta) are not taxable in Malta on the interest received and will receive interest gross, subject to the requisite declaration/evidence being provided to the Issuer in terms of law.

13.3 European Union Savings Directive

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 for Revenue, 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 the EU Savings Directive 2003/48/EC as amended by Council Directive 2014/48/EU of 24 March 2014.

13.4 Foreign Account Tax Compliance Act ("FATCA")

FATCA is contained within the U.S. Hiring Incentives to Restore Employment (HIRE) Act of 2010. Subsequent to the intergovernmental agreement signed between the U.S. Government and the Maltese Government on the 16 December 2013, FATCA was transposed into Maltase law by way of Legal Notice 78 of 2014 as amended by Legal Notice 30 of 2015. Investors and prospective investors in the Notes should note that the Issuer is classified under FATCA as a Reporting Malta Financial Institution. As a result, the Issuer is required to report any financial accounts (as this term is defined under FATCA) held with it by specified U.S. persons (as this term is defined under FATCA) to the Maltese tax authorities. Consequently, if at any point in time a Noteholder, whose investment in the Notes is held under nominee by the Issuer, is classified by the Issuer as a specified U.S person, the Issuer is required, in terms of FATCA, to report details of the Noteholder as well as details of the Noteholder's investment in the Notes to the Maltese tax authorities.

In terms of FATCA, the Issuer may request certain information in order to be in a position to determine if the Noteholder is a specified U.S. person or not. In the event that the Noteholder does not provide the required details to the Issuer, the Issuer may, in terms of FATCA, report such Noteholder to the Maltese tax authorities as recalcitrant or alternatively the Issuer may close all financial accounts of the Noteholder held with it. Any details of the Noteholders which are reported by the Issuer to the Maltese tax authorities will, subsequently, be forwarded by the Maltese tax authorities to the U.S. tax authorities.

13.5 Malta Capital Gains on Transfer of the Notes

As the Notes do not fall within the definition of "securities" in terms of article 5(1)(b) of the Income Tax Act (Cap. 123, laws of Malta) that is, "shares and stocks and such like instruments that participate in any way in the profits of the company and whose return is not limited to a fixed rate of return", no Malta tax on capital gains is chargeable in respect of transfer of the Notes held as capital assets at the time of disposal.

13.6 Duty on Documents and Transfers

No Maltese duty on documents and transfers should be chargeable on the issue of the Notes.

After the issue, future transfers of the Notes between Noteholders will also not be dutiable according to the provisions of the Maltese law, specifically the Duty on Documents and Transfers Act.

14. POLAND

14.1 General Information

The following is a discussion of certain Polish tax considerations relevant to an investor resident in Poland or which is otherwise subject to Polish taxation. This statement should not be deemed to be tax advice. It is based on Polish tax laws and, as its interpretation refers to the position as at the date of this Base Prospectus, it may thus be subject to change including a change with retroactive effect. Any change may negatively affect the tax treatment, as described below. This description does not purport to be complete with respect to all tax information that may be relevant to investors due to their personal circumstances. Prospective purchasers of the Notes are advised to consult their professional tax advisor regarding the tax consequences of the purchase, ownership, disposal, redemption or transfer without consideration of any Notes. The information provided below does not cover tax consequences concerning income tax exemptions applicable to specific taxable items or specific taxpayers (eg domestic or foreign investment funds).

The reference to "interest" as well as to any other terms in the paragraphs below means "interest" or any other term as understood in Polish tax law.

14.2 Issuer's withholding obligations

The Issuer, which is a non-Polish entity, is not liable to withhold Polish withholding tax.

14.3 Polish tax resident individuals (natural persons)

A Polish tax resident individual is a natural person who has his/her centre of personal or business interests located in Poland or who stays in Poland for longer than 183 days in a year, unless any relevant tax treaty dictates otherwise.

14.4 Interest income

Under Art. 30a.7 of the Personal Income Tax Act (the Act on Personal Income Tax dated 26 July 1991, as amended (consolidated text, J.L. 2012, No.0, item 361, as amended, the **PIT Act**), interest income does not cumulate with general income subject to the progressive tax rate, but under Art. 30a.1.2 of the PIT Act it is subject to 19 percent flat rate tax.

Under Art. 41.4 of the PIT Act, the interest payer, other than an individual not acting within the scope of his/her business activity, should withhold the 19 percent Polish tax upon any interest payment. Under Art. 41.4d of the PIT Act, the entities operating securities accounts for the individuals, acting as tax remitters, should withhold this interest income if such interest income (revenue) has been earned in the territory of Poland and is connected with securities registered in the said accounts, and the interest payment to the individual (the taxpayer) is made through said entities. There are no regulations on where interest income is earned. In practice, unless specific circumstances indicate otherwise, it is considered that interest income is earned at the jurisdiction of the debtor. Although this is not expressly regulated in the tax law, in practice, the obligation to withhold Polish income tax applies only to Polish interest payers and not foreign payers. Consequently, no Polish withholding tax should be withheld on interest payment made from securities issued by a foreign, i.e. not Polish, company.

Separate, specific rules apply to interest income on securities held on Polish omnibus accounts. Under Article 41.10 of the PIT Act, insofar as securities registered in omnibus accounts are concerned, the entities operating omnibus accounts through which the amounts due are paid are liable to withhold the flat-rate income tax on interest income. The tax is charged on the day of placing the amounts due at the disposal of the omnibus account holder.

Pursuant to Article 30a.2a of the PIT Act, with respect to income (revenue) from interest transferred to taxpayers holding rights attached to securities registered in Polish omnibus accounts whose identity has not been revealed to the tax remitter in accordance with the Act on Trading in Financial Instruments, a 19% flat-rate tax is withheld by the tax remitter (under art. 41.10 of the PIT Act the entity operating the omnibus account) from the aggregate income (revenue) released for the benefit of all such taxpayers through the omnibus account holder.

Under Article 45.3b of the PIT Act, if the tax is not withheld, the individual is obliged to settle the tax himself/herself by 30 April of the following year.

Under Article 30a.9 of the PIT Act, withholding tax incurred outside Poland (including countries which have not concluded a tax treaty with Poland), up to an amount equal to the tax paid abroad, but not higher than 19 percent tax on the interest amount, could be deducted from the Polish tax liability. Double tax treaties can provide other methods of withholding tax settlements.

14.5 Other income

Income other than interest derived by a Polish tax resident individual from financial instruments held as non-business assets, qualify as capital income according to Art. 17 of the PIT Act. This income does not cumulate with the general income subject to the progressive tax scale but is subject to a 19 percent flat rate tax. The costs of acquiring the Notes are recognised at the time the revenue is achieved. In principle, this income should be settled by the taxpayer by 30 April of the year following the year in which the income was earned. No tax or tax advances are withheld by the person making the payments.

14.6 Notes held as business assets

If an individual holds the securities as business assets, in principle, interest and capital gains income should be subject to tax in the same way as other business income. The tax, at 19 percent flat rate or the 18 percent to 32 percent progressive tax rate depending on the choice and meeting of certain conditions by the individual, should be settled by the individual himself/herself.

14.7 Polish tax resident corporate income taxpayers

A Polish tax resident is a corporate income taxpayer having its registered office or place of management in Poland. Such entity is subject to income tax in respect of the securities (including any capital gains and on interest/discount), following the same principles as those which apply to any other income received from business activity. As a rule, for Polish income tax purposes interest is recognised as revenue on a cash basis, i.e. when it is received and not when it has accrued. In respect of capital gains, the cost of acquiring the securities will be recognised at the time the revenue from the disposal of securities for remuneration is achieved. The taxpayer itself (without the involvement of the tax remitter) settles tax on interest (discount) or capital gains on securities, which is aggregated with other income derived from business operations conducted by the taxpayer.

The appropriate tax rate will be the same as the tax rate applicable to business activity, i.e. 19 percent for a corporate income taxpayer.

14.8 Non-Polish tax residents: natural person or corporate income taxpayers

A non-Polish tax resident individual is a natural person who does not have his/her centre of personal or business interests located in Poland and who does not stay in Poland for longer than 183 days in a year, unless any respective double tax treaty provides otherwise.

A non-Polish tax resident corporate income taxpayer is a corporate income taxpayer who does not have its registered office or place of management in Poland, unless any respective double tax treaty provides otherwise.

Non-Polish tax resident individuals and corporate income taxpayers are subject to Polish income tax only with respect to their income earned in Poland. There are no explicit regulations on where interest or capital gains or other income is earned. However, in practice it is considered that if securities are issued by a foreign entity, interest should not be considered as having been earned in Poland. In such case capital gains should neither be considered as arising in Poland unless the securities are sold on a stock exchange in Poland (the Warsaw Stock Exchange), in which case the tax authorities may consider the income as originating in Poland. If the latter is the case, however, most of the tax treaties concluded by Poland provide for a tax exemption with respect to Polish income tax on capital gains derived from Poland by a foreign tax resident. In order to benefit from a tax treaty, a foreign investor should present a relevant certificate of its tax residency.

Moreover, with respect to the interest payments, the relevant provisions of the EU Savings Directive may apply.

If a foreign recipient of income acts through a permanent establishment in Poland to which interest is related, as a matter of principle it should be treated in the same manner as a Polish tax resident.

14.9 Tax on Civil Law Transactions

In light of Art. 1.1.1.a of the Tax on Civil Law Transactions Act (the Act on the Tax on Civil Law Transactions dated 9 September 2000, as amended (consolidated text, J.L. 2010, No.101, item 649, amended)), agreements for sale or exchange of assets or proprietary rights are subject to tax on civil law transactions. Such transactions are taxable if their subjects are:

(a) assets located in Poland or proprietary rights exercisable in Poland;

(b) assets located abroad or proprietary rights exercisable abroad if the acquirer's place of residence or registered office is located in Poland and the civil law transaction was carried out in Poland.

Notes should not be considered as rights exercisable in Poland.

Neither an issuance of Notes nor a redemption of Notes is subject to tax on civil law transactions.

Tax on the sale or exchange of Notes (which, as a rule are considered to be rights) is 1% of their market value. It is payable within 14 days after the sale or exchange agreement has been entered into. However, if such agreement has been entered into in notarial form, the tax due should be withheld and paid by the notary public. Tax on sale of Notes is payable by the entity acquiring the Notes. In the case of exchange agreements, tax on civil law transactions should be payable by both parties jointly and severally.

In practice, however, the majority of transactions such as selling the Notes on a regulated market (within the meaning of the Act on Trading in Financial Instruments) or to or with intermediation of investment firms or foreign investment firms, are tax-exempt.

14.10 Remitter's liability

Under Art. 30 of the Tax Code (the Tax Code dated 29 August 1997, as amended (consolidated text, J.L. 2012, item 749, amended)), a tax remitter failing to fulfil its duty to calculate, withhold or pay tax to a relevant tax authority is liable for the tax that has not been withheld or that has been withheld but not paid, up to the value of all its assets. The tax remitter is not liable if the specific provisions provide otherwise or if tax has not been withheld due to the taxpayer's fault. In such a case, the relevant tax authority will issue a decision concerning the taxpayer's liability.

15. ROMANIA

The following is a general description of certain Romanian tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes and it is not intended to be, nor should it be construed to be, local or tax advice. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the laws and practice in force as of the date of the Base Prospectus and is subject to any change in law and the interpretation and application thereof that may take effect after such date and could be made with retroactive effect.

A new Romanian Fiscal Code was brought into force starting with 1 January 2016 (by virtue of Law no. 227/2015 regarding the Fiscal Code as subsequently amended and supplemented - Romanian Fiscal Code) introducing important changes in the taxation of financial transactions, especially regarding taxation of individuals. Accordingly, little precedent exists as to the application of this new Fiscal Code. Also, a new Romanian Fiscal Procedure Code was brought into force starting with 1 January 2016 (by virtue of Law no. 207/2015 regarding the Fiscal Procedure Code as subsequently amended and supplemented - "Romanian Fiscal Procedure Code"). In this respect, please be aware that there are uncertainties regarding the applicability in practice of some provisions.

15.1 For the purposes of the Romanian Fiscal Code:

(a) a **resident individual** is defined as any individual who meets at least one of the following conditions: (a) he/she has the domicile in Romania, or (b) he/she has the centre of vital interests (Romanian language: *centrul intereselor vitale*) located in Romania, or (c) he/she is present in Romania for a period or several periods exceeding in aggregate 183 days during any twelve-month period ending in the fiscal year concerned, or (d) he/she is a Romanian citizen working abroad as an officer or an employee of the Romanian state. By way of exception to the above, foreign citizens having diplomatic or consular statute in Romania, or foreign citizens who are employees or officers of an international or intergovernmental organization registered in Romania, foreign citizens who are officers or employees of a foreign state in Romania, as well as their family members will be not deemed tax residents in Romania.

(b) a **Romanian legal entity** is defined as any legal entity established in accordance with Romanian law;

(c) a **legal entity established pursuant to European law** is defined as any legal entity established in accordance with and by the mechanics contemplated by European regulations;

(d) a **resident** in Romania is defined as any Romanian entity, any foreign entity which has its place of effective management in Romania, any entity having its headquarters in Romania, incorporated according to European legislation and any tax resident individual;

(e) a **foreign legal entity** is defined as any legal entity which is not a Romani an legal entity and any legal entity established pursuant to European law which is not headquartered in Romania;

(f) a **non-resident individual** is defined as any individual who does not meet the conditions in order to qualify as tax resident individual; and

(g) a **non-resident** is defined as any foreign legal entity, any tax non-resident individual, and any other foreign entities, including undertakings for collective investment in transferable securities without legal personality, which are not registered in Romania according to the law.

15.2 Taxation of interest

(a) Taxation of Noteholders not resident in Romania for tax purposes

Individuals and companies who are deemed Romanian tax non-residents are liable to Romanian income tax only on the Romanian source income. As the Issuer is a Malta entity, these would not qualify as Romanian source income, thus the non-resident individuals and companies would not have the obligation to report in Romania the interest income obtained through holding the Notes, with the exception of the case where the interest income is attributable to a Permanent Establishment of the non-resident Noteholder located in Romania.

(b) Taxation of Noteholders resident in Romania for tax purposes

(i) Legal entities

Income received on the Notes by resident legal entities in the form of interest on the Notes will be subject to corporate income tax (profit tax) at the rate of 16 percent

The income recipient is responsible for declaring and paying the tax in Romania on foreign sourced income, on an annual basis, i.e. there is no withholding at source of such tax and the Issuer or the paying agents does not assume any responsibility to withhold any payments for or on account of Romanian tax.

Where income tax was withheld at source, based on the tax law of another country, generally a tax credit could be claimed upon the submission of the tax return.

According to the provisions of the Romanian Fiscal Code, the tax credit could be claimed if there are fulfilled, cumulatively, the following conditions:

1. the provisions of a Double Tax Treaty concluded between Romania and a foreign country in which the tax was paid are applicable;

2. the tax credit is applied on the corporate income tax calculated for the year in which the tax was paid in the foreign country if the legal entity presents documentation attesting the payment of tax abroad. The method of elimination of double taxation (i.e. credit method or exemption method) may vary depending on the specific provisions of the applicable double tax treaty.

(ii) Individuals

Individuals who are deemed Romanian tax residents are liable to Romanian income tax on their worldwide income. The Romanian income tax rate on interest income is 16% flat, applied to the gross interest obtained. The tax resident individuals have the obligation to declare the interest income obtained from abroad, though submitting a Romanian annual tax return by 25th May of the following year during which the income is obtained (i.e. interest income obtained during 2016 has to be declared by 25 May 2017). Where interest income is obtained from more countries, separate tax returns have to be submitted for each source country (e.g. interest income obtained both from Malta and Liechtenstein, has to be declared through separate annual tax returns, i.e. one for Malta and another one for Liechtenstein).

The income recipient is responsible for declaring and paying the tax in Romania on foreign sourced income, on an annual basis, i.e. there is no withholding at source of such tax and the Issuer or the paying agents does not assume any responsibility to withhold any payments for or on account of Romanian tax.

The Romanian income tax due is assessed by the Romanian tax authorities through issuing tax assessments for each tax return submitted. The income tax has to be paid within 60 days as of the communication date of the tax assessments. Where income tax was withheld at source, generally a tax credit could be claimed upon the submission of the tax return. The tax credit could be claimed if there are fulfilled, cumulatively, the following conditions:

1. the provisions of a Double Tax Treaty concluded between Romania and a foreign country in which the tax was paid are applicable;

2. the tax paid abroad, for the income received abroad, it was paid by the individual. The payment of the tax is justified by a document issued by the competent authority of that country.

Investment income (including interest income and capital gains) is also subject to Romanian health insurance contribution at a rate of 5,5% applied on the tax base. However for the year 2016, where the individual also derives salary/pension income or income from independent activities taxable in Romania, he/she would be exempted for health insurance contribution on the investment income obtained. As of 2017, health insurance contribution is due on investment income, irrespective if the individual derives also other types of income, such as employment/pension income, income from independent activities, etc.

15.3 Taxation of capital gains

(a) Taxation of Noteholders not resident in Romania for tax purposes

Individuals and companies who are deemed Romanian tax non-residents are liable to Romanian income tax only on the Romanian source income. As the Issuer is a Malta entity, these would not qualify as Romanian source income, thus the non-resident individuals and companies would not have the obligation to report in Romania the capital gain obtained through holding or selling the Notes, with the exception of the case where the capital gain income is derived by a Permanent Establishment of the non-resident Noteholder located in Romania and the income is attributable to such Permanent Establishment.

(b) Taxation of Noteholders resident in Romania for tax purposes

(i) Legal entities
Income received by resident legal entities as capital gains from the transfer of Notes, will be subject to corporate income tax (profit tax) at the rate of 16 percent

The income recipient is responsible for declaring and paying the tax in Romania on foreign sourced income, on an annual basis, i.e. there is no withholding at source of such tax and the Issuer or the paying agents does not assume any responsibility to withhold any payments for or on account of Romanian tax.

Where income tax was withheld at source, generally a tax credit could be claimed upon the submission of the tax return. The tax credit could be claimed if there are fulfilled, cumulatively, certain conditions (please see above).

(ii) Individuals
As mentioned above, individuals who are deemed Romanian tax residents are liable to Romanian income tax on their worldwide income. The Romanian income tax rate on capital gains is 16% flat, applied to the net annual capital gain. The individuals have the obligation to declare the capital gains obtained from abroad, through submitting a Romanian annual tax return to the Romanian tax authorities by 25th May of the following year during which the income is obtained (i.e. capital gains obtained during 2016 have to be reported by 25 May 2017). As described above, separate tax returns have to be submitted depending the source of the capital gains obtained.

The capital gain has to be determined at each transaction, however only the annual capital gain/capital loss (calculated as the sum of all the gains and losses incurred during the year) has to be reported on the Romanian annual tax return. Capital losses should also be declared through the annual tax returns, in order to be able to carry them forward during the following seven (7) years and decrease the tax base during the following years.

The Romanian income tax due is assessed by the Romanian tax authorities through issuing tax assessments for each tax return submitted. The income tax has to be paid within 60 days as of the communication date of the tax assessments.

In terms of social security, please see our comments above in respect to investment income.

The income recipient is responsible for declaring and paying the tax in Romania on foreign sourced income, on an annual basis, i.e. there is no withholding at source of such tax and the Issuer or the paying agents does not assume any responsibility to withhold any payments for or on account of Romanian tax.

Where income tax was withheld at source, generally a tax credit could be claimed upon the submission of the tax return. The tax credit could be claimed if there are fulfilled, cumulatively, certain conditions (please see above).

16. SLOVAKIA

The information set out below is a description of certain material Slovak tax consequences of the acquisition, holding, sale, assignment and redemption of the Notes and it does not purport to be a complete analysis of all Slovak tax considerations relating to the Notes that may be relevant to a decision to purchase the Notes. This description does not take into account or discuss the tax laws of any country other than the Slovak Republic nor does it take into account the individual circumstances, financial situation or investment objectives of an investor in the Notes.

This description is based on the tax laws of the Slovak Republic as in effect on the date of this Base Prospectus and their prevailing interpretations available on or before such date. Information in this section is subject to change, which could apply retroactively and could affect the validity of this summary. With regard to certain types of notes, neither official stateme nts of the tax authorities nor court decisions exist and it is not clear how such notes will be treated.

Noteholders should consult their own tax advisors as to the consequences under the tax laws of the country in which they are resident for tax purposes and the tax laws of the Slovak Republic concerning the acquisition, holding, sale, assignment and redemption of the Notes and receiving payments of interest, principal and/or other payments under the Notes, including, in particular, the application to their own situation of the tax considerations discussed below as well as the application of state, local, foreign or other tax laws.

Individuals and legal entities who are tax residents in the Slovak Republic are subject to income taxation (personal income tax or corporate income tax) on their worldwide income, regardless of its source, including interests from the Notes, redemption of the Notes and capital gains from the sale of the Notes. "Income" shall generally mean income both in cash and in kind (even if obtained through an exchange) priced at the value which is usual in the place and at the time of performance or consumption, taking into account its type and quality, and, where appropriate, its condition and grade of depreciation, unless stated otherwise under applicable legislation.

Taxable income from the Notes derived by individuals is taxed at a tax rate of 19% for the part of the annual tax base up to the amount of 176.8 times subsistence minimum and 25% for the part of theannual tax base which exceeds this amount. Income from the sale of the Notes derived by individuals decreased by expenses may be exempt from income tax up to the amount of EUR 500 in one tax period. Taxable income from the Notes derived by individuals may be subject to obligatory health insurance contributions due in Slovakia. It should be noted that the above information on tax rate and exemption(s) applies for the tax period of the year 2015 and may be changed in the following tax periods.

Interests from the Notes and income received upon redemption of Notes representing income sourced outside the Slovak Republic received by the individuals who are tax residents in the Slovak Republic are taxable; the tax base could generally be reduced by mandatory health and social security insurance contributions payable from this income. Capital gain from the sale of the Notes derived by individuals who are tax residents in the Slovak Republic is taxable, the acquisition price of the Notes and related expenses including mandatory health and social security insurance contributions payable from this income are tax deductible. In general, any loss from sale of the Notes is not recognized for tax purposes.

Taxable income from the Notes derived by legal entities is taxed at a tax rate of 22%. Legal entities who are tax residents in the Slovak Republic which hold the Notes as their business assets pay corporate income tax from interest received and capital gain from the sale / redemption of the Notes within general tax base (determined in accordance with the accounting regulations). Loss from the sale of the Notes may not be recognized for tax purposes provided the taxpayer reported an overall loss from the sale of all notes sold in the respective tax period (exceptions apply).

The Slovak Republic does not apply withholding tax on income from notes having its source in the Slovak Republic, unless the recipient is an individual Slovak tax resident, a non-profit organisation, National Property Fund or the National Bank of Slovakia. Income from the Notes may potentially be qualified as having its source in the Slovak Republic only in rare circumstances, e.g. if the Notes are kept in a securities account maintained by a financial agent who distributes the Notes on behalf of the Issuer. In such case, the financial agent (but not the Issuer itself) could be potentially qualified as the payer of withholding tax in the Slovak Republic at the withholding tax rate of 19% or, if the income from the Notes is distributed to a tax payer of a non-contractual state, 35%. The list of the contractual states is published on the website of the Ministry of Finance of the Slovak Republic.

Due to the repeated recent amendments to the income tax and health insurance contributions regimes, each individual and legal entity must evaluate obligations in this area which may arise under relevant legislation, including transitional provisions.

17. SLOVENIA

The following is a general description of certain Slovenian tax considerations relating to the Notes, based on the Issuer's understanding of the current law and its practice in Slovenia. It does not purport to be a complete analysis of all relevant tax considerations. Furthermore, it only relates to the position of investors who are beneficial owners of the Notes and the interest and may not apply to certain classes of investors. Prospective purchasers of the Notes should consult their tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of the Republic of Slovenia of acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

17.1 Income Tax Treatment of Resident Investors

(a) Individuals (Private Portfolio)

A resident individual (within the meaning of Sec 6 of the Slovenian Personal Income Tax Act (*Zakon o dohodnini*), hereinafter referred to as the Slovenian PITA) holding the Notes as private assets is subject to Slovenian income tax at the rate of 25 % on interest within the meaning of Sec 81 of the Slovenian PITA. Under Sec 81(2) of the Slovenian PITA, the notion of interest includes any compensation from a financial debt arrangement not being considered a return of principal, including compensation for risk or reduction of the principal due to inflation, unless otherwise provided by law, as well as discounts, bonuses, premiums and similar income from a financial debt arrangement. According to the Slovenian tax authorities, payments from financial derivatives (e.g. warrants) fall within the scope of Sec 81(2) of the Slovenian PITA.

In general, the income tax is collected by way of a withholding tax deduction, provided that the income is paid or collected by a domestic paying agent as defined in Sec 58 of the Slovenian Tax Procedure Act (*Zakon o davčnem postopku*). The tax so withheld is final. In case there is no domestic paying agent, the income tax is levied by way of the annual tax assessment, which the recipient has to submit himself.

In general the taxable base equals to the amount of interest received. The taxable base on interest resulting from a sale or redemption of discounted and zero coupon Notes prior to or on maturity of the note shall be the interest calculated for the period from the date of acquisition to the date of sale or redemption of the note.

Any tax on interest withheld under the EU Savings Directive (EU withholding tax) may be, in general, credited against the Slovenian income tax on such income. Any excess amount of EU withholding tax may be, in general, refunded by the Slovenian tax authority.

Under Secs 32(1) and 96(2)(4) of the Slovenian PITA, which provide for a tax exemption for gains from sale of debt securities and derivatives, capital gains from the disposal of the Notes are not subject to income tax. However, capital gains from alienation of the Notes are subject to tax in accordance with the Act on tax on profit from disposal of derivatives (*Zakon o davku od dobička od odsvojitve izvedenih finančnih instrumentov*), which taxes capital gains derived from the alienation of derivatives (as defined in Sec 7 of the Financial Instruments Market Act (*Zakon o trgu finančnih instrumentov*)) and debt securities, except for discounted and zero coupon Notes. In general, a capital gain is determined as the difference between the proceeds from the disposal or redemption (reduced by 1 % lump-sum costs) of the Notes and their acquisition costs (increased by 1 % lump-sum costs). The tax rate depends on the holding period of the Notes and amounts to

1. 40 % in the first 12 months of the holding;
2. 25 % in the following 4 years of holding;
3. 15 % from the 6th year of the holding;
4. 10 % from the 11th year of the holding; and
5. 5 % from the 16th year of holding.

After 20 years of the holding, capital gains are not taxable. Capital losses from the disposal or redemption of the Notes held as private assets are, generally, recognized for tax purposes and reduce capital gains, which are taxable under the Act on tax on profit from disposal of derivatives and have been realized in the same tax period.

(b) Individuals (Business Portfolio)

An individual holding the Notes as business assets is, generally, subject to progressive income tax rates up to 50 % on his yearly profit (difference between income and expenses). When calculating the profit, the interest from the Notes are considered as taxable income, unless the interest income is excluded from the business income under Sec 54 of the Slovenian PITA (which covers Notes issued in series and regulated within the Slovene Financial Instruments Market Act (*Zakon o trgu finančnih instrumentov*). In the latter case, the investor is taxable in the same manner as individuals holding the Notes as private portfolio (25% flat rate taxation).

Capital gains from the disposal or redemption of the Notes held as business assets, and not excluded under Article 54 of Slovene PITA, are generally included into the yearly taxable base. Such taxable base is then subject to a progressive income tax rates of up to 50 %.

The exemption to this general rule applies, if the individual utilizes the "lump-sum" cost scheme, under which his yearly profit (amount of yearly turnover, diminished by 80% lumpsum costs) is taxed with a 20% flat rate. However, such a scheme may only be utilized by individuals, whose yearly turnover does not exceed EUR 50.000 (or EUR 100.000 if they employ at least one person full time for at least 5 months in a calendar year), provided that they have properly notified the Tax Authority in advance thereof.

(c) Corporations

Interest and capital gains from the Notes held by a Slovenian resident corporation within the meaning of Sec 5 of the Slovenian Corporate Income Tax Act (*Zakon o davku od dohodkov pravnih oseb*) (hereinafter referred to as Slovenian CITA) are, in general, subject to Slovenian corporate income tax (*davek od dohodkov pravnih oseb*) at the flat rate of 17 %. The income must be included in the annual tax return.

The companies, whose yearly turnover does not exceed EUR 50.000 EUR (or EUR 100.000 if they employ at least one person full time for at least 5 months in a calendar year) may also utilize the "lump-sum" cost scheme, under which their yearly profit (amount of yearly turnover, diminished by 80% lump-sum costs) is taxed with a 17% flat rate. The Tax Authority has to be properly notified in advance about utilizing such scheme.

17.2 Income Tax Treatment of non-Resident Investors

Non-resident holders of the Notes are, in general, not subject to Slovenian income tax, provided that the Notes are not held as business assets of a Slovenian permanent establishment of the investor and the income derived from the Notes does not otherwise constitute Slovenian sourced income.

17.3 EU Savings Directive

Under the provisions implementing the EU Directive on the taxation of savings income (2003/48/EC) as applicable from 1 July 2005, Slovenia provides the tax authorities of other EU Member states with details of payments of interests and other similar income paid by a person in Slovenia to an individual resident in another Member State.

17.4 Inheritance and gift tax

Individuals and private law entities within the meaning of Sec 3 of the Slovenian Inheritance and Gift Tax Act (*Zakon o davku na dediščine in darila*) are subject to Slovenian inheritance and gift tax in case of a transfer of the Notes by way of inheritance or gift. In general, the tax base is the market value of the transferred property at the time, when the tax liability arises, decreased by debts, costs and charges born by the property. The tax rate depends on the value of the assets transferred and the relationship between the deceased and the heir or between the donator and the recipient. An exemption may apply to certain transfers, such as e.g. transfers between direct descendants and spouses and transfers of movable property of which the total value does not exceed EUR 5,000.

17.5 Other taxes

No stamp duties, capital transfer tax or similar other taxes apply in Slovenia upon the purchase, sale or other disposal of the Notes.

18. SPAIN

The following discussion is of a general nature. It is based on the laws presently in force in Spain, though it is not intended to be, nor should it be construed to be, legal or tax advice. This section does not constitute a complete description of all the tax issues that may be relevant in making the decision to invest in the Notes or of all the tax consequences that may derive from the subscription, acquisition, holding, transfer, redemption or reimbursement of the Notes and does not purport to describe the tax consequences applicable to categories of investors subject to special tax rules. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, regional or local law in Spain, to which they may be subject.

18.1 Individuals with Tax Residence in Spain

(a) Personal Income Tax

Personal Income Tax is levied on an annual basis on the worldwide income obtained by Spanish resident individuals, whatever the source is and wherever the relevant payer is established. Therefore any income that Spanish holders of the Notes may receive under the Notes will be subject to Spanish taxation.

Both interest periodically received and income arising on the disposal, redemption or reimbursement of the Notes obtained by individuals who are tax resident in Spain will be regarded as financial income for tax purposes (i.e. a return on investment derived from the transfer of own capital to third parties).

Both types of income will be included in the savings part of the taxable income subject to Personal Income Tax and will be taxed at the following tax rates: (i) 19 percent for financial income up to €6,000; (ii) 21 percent for financial income from €6,001 to €50,000; and (iii) 23 percent for any amount in excess of €50,000.

Spanish holders of the Notes shall compute the gross interest obtained in the savings part of the taxable base of the tax period in which it is due, including amounts withheld, if any.

Income arising on the disposal, redemption or reimbursement of the Notes will be calculated as the difference between: (a) their disposal, redemption or reimbursement value; and (b) their acquisition or subscription value. Costs and expenses effectively borne by the holder on the acquisition and transfer of the Notes may be taken into account for calculating the relevant taxable income, provided that they can be duly justified.

Likewise, expenses relating to the management and deposit of the Notes, if any, will be taxdeductible, excluding those pertaining to discretionary or individual portfolio management.

Losses that may derive from the transfer of the Notes cannot be offset if the investor acquires homogeneous Notes within the two-month period prior or subsequent to the transfer of the Notes, until he/she transfers such homogeneous Notes.

Additionally, tax credits for the avoidance of international double taxation may apply in respect of taxes paid outside Spain on income deriving from the Notes, if any.

(b) Wealth Tax

(c) In accordance with Law 48/2015, of 29 October, Wealth Tax has been temporarily restored for the tax period 2016. Wealth Tax is levied on the net worth of an individual's assets and rights. The marginal rates range between 0.2 percent and 2.5 percent although the final tax rates may vary depending on any applicable regional tax laws and some reductions could apply. Individuals with tax residency in Spain who are under the obligation to pay Wealth Tax must take into account the value of the Notes which they hold as at 31 December each year, when calculating their Wealth Tax liabilities Inheritance and Gift Tax

Inheritance and Gift Tax is levied on individuals' heirs and donees resident in Spain for tax purposes. It is calculated taking into account several circumstances, such as the age and previous net worth of the heir or donee and the kinship with the deceased person or donor. The applicable tax rate currently ranges between 7.65 and 34 percent depending on the particular circumstances, although the final tax payable may increase up to 81.6 percent This is nevertheless subject to the specific rules passed by the relevant Spanish regions with respect to this tax.

18.2 Legal Entities with Tax Residence in Spain

Corporate Income Tax

Both interest periodically received and income arising on the disposal, redemption or reimbursement of the Notes obtained by entities which are resident for tax purposes in Spain shall be computed as taxable income of the tax period in which they accrue.

The general tax rate for limited liability companies is 25 percent Special rates apply in respect of certain types of entities (such as qualifying collective investment institutions).

Tax credits for the avoidance of international double taxation may apply in respect of taxes paid outside Spain on income deriving from the Notes, if any.

18.3 Individuals and Legal Entities with no Tax Residence in Spain

A non-resident holder of Notes, who has a permanent establishment in Spain to which such Notes are effectively connected with, is subject to Spanish Non-Resident Income Tax on any income under the Notes, including both interest periodically received and income arising on the disposal, redemption or reimbursement of the Notes. In general terms, the tax rules applicable to individuals and legal entities with no tax residence in Spain but acting through a permanent establishment in Spain are the same as those applicable to Corporate Income taxpayers (explained above).

18.4 Spanish Withholding Tax

The Issuer will not be responsible for making any withholding on account of Spanish taxes to the extent it is not resident in Spain and does not have a permanent establishment in Spain to which the issue of the Notes is connected.

However, where a financial institution (either resident in Spain or acting through a permanent establishment in Spain) acts as depositary of the Notes or intervenes as manager in the collection of any income under the Notes, such financial institution will be responsible for making the relevant withholding on account of Spanish tax on any income deriving from the Notes. Currently, the withholding tax rate in Spain is 19 percent

Amounts withheld in Spain, if any, can be credited against the final Spanish Personal Income Tax liability, in the case of Spanish tax resident individuals, or against final Spanish Corporate Income Tax liability, in the case of Spanish corporate taxpayers, or against final Non-Resident Income Tax, in the case of a Spanish permanent establishment of a non-resident holder of the Notes.

However, holders of the Notes who are Corporate Income taxpayers or Non-Resident Income taxpayers acting through a permanent establishment in Spain can benefit from a withholding tax exemption when the Notes are listed in an OECD official stock exchange.

Furthermore, such financial institution may become obliged to comply with the formalities set out in the Regulations on Spanish Personal Income Tax (Royal Decree 439/2007, of 30 March) and Corporate Income Tax (Royal Decree 634/2015, of 10 July) when intervening in the transfer or reimbursement of the Notes.

18.5 Indirect Taxation

The acquisition, transfer, redemption, reimbursement and exchange of the Notes will be exempt from Transfer Tax and Stamp Duty as well as Value Added Tax.

19. UNITED KINGDOM

The following is a summary of the Issuer's understanding of current United Kingdom law and published HM Revenue and Customs' practice relating only to the United Kingdom withholding tax treatment of payments of interest (as that term is understood for United Kingdom tax purposes) in respect of Notes. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.

Payments of interest on the Notes that does not have a United Kingdom source may be made without deduction or withholding on account of United Kingdom income tax. If interest paid on the Notes does have a United Kingdom source, then payments may be made without deduction or withholding on account of United Kingdom income tax in any of the following circumstances.

Payments of interest on Notes may be made without deduction of or withholding on account of United Kingdom tax where the maturity of the Notes is less than 365 days and those Notes do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days.

Payments of interest on Notes may be made without deduction of or withholding on account of United Kingdom income tax if the Notes are "regulatory capital securities". The Notes will be "regulatory capital securities" if they qualify, or have qualified, as Tier 2 instruments under Article 63 of Commission Regulation (EU) No 575/2013 and form, or have formed, a component of Tier 2 capital for those purposes. This is subject to there being no arrangements the main purpose, or one of the main purposes, of which is to obtain a tax advantage (as defined in section 1139 of the Corporation Tax Act 2010) for any person as a result of the application of the Taxation of Regulatory Capital Securities Regulations 2013 in respect of the Notes.

In other cases, an amount must generally be withheld from payments of interest on the Notes that has a United Kingdom source on account of United Kingdom income tax at the basic rate (currently 20%), subject to any other available exemptions and reliefs. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

An amount may also be required to be withheld from payments on the Notes that have a United Kingdom source and are not interest, but are nevertheless treated as annual payments for United Kingdom tax purposes, on account of United Kingdom income tax at the basic rate. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

20. THE PROPOSED FINANCIAL TRANSACTIONS TAX (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common financial transactions tax (**FTT**) in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

SELLING RESTRICTIONS

1. PUBLIC OFFER SELLING RESTRICTION UNDER THE PROSPECTUS DIRECTIVE

In relation to each Member State of the European Economic Area other than a Public Offer Jurisdiction which has implemented the Prospectus Directive (each, a **Relevant Member State**), and with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) an offer of Notes which are the subject of the offering contemplated by this Base Prospectus cannot be made to the public in that Relevant Member State except that, with effect from and including the Relevant Implementation Date, an offer of such Notes to the public may be made in that Relevant Member State at any time:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Issuer; or

(c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision:

(a) the expression an offer of notes to the public in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State;

(b) the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive), and includes any relevant implementing measure in the Relevant Member State; and

(c) the expression 2010 PD Amending Directive means Directive 2010/73/EU.

1. AUSTRIA

In addition to the cases described in the Section headed "Public Offer Selling Restrictions under the Prospectus Directive" in which the Notes may be offered to the public in a Relevant Member State (including Austria), the Notes may be offered to the public in Austria only:

(a) if the following conditions have been satisfied:

(i) the Base Prospectus, including any supplements but excluding any Final Terms, has been approved by the Austrian Financial Market Authority (*Finanzmarktaufsichtsbehörde*, the FMA) or, where appropriate, approved in another Member State for the purposes of making offers of Notes to the public and notified to the FMA, all in accordance with the Prospectus Directive, and has been published at least one Austrian bank working day prior to the commencement of the relevant offer of Notes to the public; and

(ii) the applicable Final Terms for the Notes have been validly published and filed with the FMA on or prior to the date of commencement of the relevant offer of Notes to the public; and

(iii) a notification with the (*Oesterreichische Kontrollbank Aktiengesellschaft*), all as prescribed by the Austrian Capital Market Act (Kapitalmarktgesetz, Federal Law Gazette No 625/1991, as amended, the **KMG**), has been filed at least one Austrian bank working day prior to the commencement of the relevant offer of Notes to the public; or

(b) otherwise in compliance with the **KMG**.

For the purposes of this Austrian selling restriction, the expression "an offer of the Notes to the public" means any communication to the public in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

2. CROATIA

Public offering of securities in the Republic of Croatia and their admission to trading on the regulated market in the Republic of Croatia is possible under the following terms:

(a) a valid prospectus must be published;

(b) the prospectus must be approved by the Croatian Agency for Supervision of Financial Services (hereinafter the Agency) or by the competent authority of the home Member State if the Republic of Croatia is a host Member State in which event the prospectus and the supplements thereto approved by the competent authority of the home Member State have the same effect as prospectus and any supplements thereto approved by the Agency in accordance with the Croatian Capital Market Act provided that the Agency and the European Securities and Markets Authority are notified about such approval and provided with the: (i) prospectus approval certificate confirming that the prospectus has been prepared in accordance with the provisions of Directive 2003/71/EC; (ii) copy of the approved prospectus; and (iii) translation of the prospectus summary.

Public offering of securities without prior publication of the prospectus is permitted in the following cases:

1. an offer of securities addressed solely to qualified investors;
2. an offer of securities addressed to fewer than 150 natural or legal persons per Member State, other than qualified investors;
3. an offer of securities addressed to investors who shall pay for subscribed securities a minimum amount of EUR 100,000.00 per investor and for each particular offer;
4. an offer of securities whose denomination per unit amounts to at lease EUR 100,000.00;
5. an offer of securities with a total consideration in the European Union of less than 100,000.00 which shall be calculated over a period of 12 months;
6. an offer of shares issued in substitution for shares of the same class already issued, if the issuing of such new shares does not involve any increase in the issued capital;

7. an offer of securities offered in connection with a takeover by means of an exchange offer, provided that a document is available containing information which is regarded by the competent authority as being equivalent to that of the prospectus;
8. an offer of securities allotted in connection with a merger or division, provided that a document is available containing information which is regarded by the competent authority as being equivalent to that of the prospectus, taking into account the requirements of the Community legislation;
9. an offer of shares:

9.1 issued to the existing shareholders on the basis of increase of the share capital from the company's funds;

9.2 otherwise offered or allotted to the existing shareholders free of charge or paid out as dividends to the existing shareholders if such shares are of the same class of shares in respect of which such dividends are paid, provided that a document is available containing the information about the number and nature of such shares and reasons for and details of such offer;

10. an offer of securities offered, allotted or to be allotted to the existing or former directors or employees by their employer or by an affiliated undertaking provided that the companies have their head office or registered office in the European Union and that a document is made available containing information on the number and nature of the securities and the reasons for and details of the offer;
11. an offer of securities addressed exclusively to investors who participate in the pre-bankruptcy proceedings in accordance with the financing and operational plan of the issuer, provided the plan or pre-bankruptcy proposal number, nature and other essential elements of such securities.

(c) Sub-clause c) 10. shall also apply to a company established in third country (outside European Union) whose securities are admitted to trading either on a regulated market or on a thirdcountry market provided that a document referred to in sub-clause c) 10. is available at least in a language customary in the sphere of international finance and provided that the European Commission at the request of the Agency or a competent authority of other Member State, has adopted an equivalence decision regarding the third-country market concerned.

(d) any further offer of securities stated as exemption from the obligation to publish the prospectus in sub-clause c) 1. – 5 and 9. shall be deemed a separate offer and in respect of which the offeror is obliged to publish a prospectus pursuant to the Capital Market Act.

(e) in case of public offering of securities through financial intermediaries, there is no obligation to publish a prospectus if final offer fulfils conditions of any of sub-clause c) 1. – 5.;

(f) in the case of obligation to publish the prospectus referred to in sub-clauses d) and e) it is not necessary to publish a new prospectus as long as a valid prospectus for securities is available pursuant to clause b) above and the issuer or a person responsible for the preparation of such prospectus consents to its use for that purpose.

(g) In the case of a public offer of securities exempted from the obligation to publish a prospectus in accordance with the above sub-clauses, the investment company and credit institutions must inform the issuer or request about the conducted categorisation of the investor with due regard to the regulations concerning personal data protection.

(h) the issuer, the offeror or the person applying for admission to trading of securities on the regulated market in the Republic of Croatia must notify the Agency on the exercise of exemption to publish the prospectus at least three working days before the commencement of the public offer that will be performed in the Republic of Croatia or the application for the admission to trading of securities on the regulated market.

Under the Croatian Capital Market Act, securities offer to the public or public offer means any communication in any form, by use of any means, containing sufficient information about the terms and conditions of the offer and the securities offered, which information is sufficient so as to enable an investor to pass decision on purchase or subscription of those securities. The definition also includes the placement of securities through financial intermediaries.

The qualified investors are clients having sufficient experience, knowledge and professional experience to make an independent investment decision and to estimate the risks connected therewith, in particular:

1. entities which are required to be authorised or regulated to operate in the financial markets:
1.1 investment firms
1.2 credit institutions
1.3 other authorised or regulated financial institutions
1.4 insurance companies
1.5 collective investment schemes and management companies of such schemes
1.6 management companies of pension funds and pension funds
1.7 pension insurance companies
1.8 commodity and commodity derivatives dealers
1.9 local companies
1.10 other institutional investors whose principal business activities are not listed under alineas a) to h) and are subject to approval or supervision of the operations on the financial markets;

2. legal entities meeting two of the following size requirement in relation to the preceding financing year:
2.1 total assets amount to not less than HRK 150,000,000.00
2.2 net income in the minimum amount of HRK 300,000,000.00
2.3 capital in the amount of not less than 14,000,000.00.

3. national and regional governments, public bodies managing public debt, central banks, international and supranational institutions such as the World Bank, International Monetary Fund, European Central Bank, European Investment Bank and other seminal international organisations

4. other institutional investors whose main activity is to invest in financial instruments, which are not subject to authorisation and supervision of operations on financial market by the competent authorities, including entities formed for the purpose of securities of assets.

Under the Croatian Capital Market Act, the prospectus is valid for 12 months after its approval for offers to the public or admissions to trading on a regulated market provided the prospectus is supplemented with new information on issuer and securities to be offered to the public or listed on the regulated market.

3. CYPRUS

No public offering of the Notes may take place in the Republic of Cyprus unless this Base Prospectus, once approved by the competent authority of the home Member State, is notified to the Cyprus Securities and Exchange Commission in accordance with Article 18 of the Prospectus Directive and section 32 of the Cyprus law on the conditions for making an offer to the public of securities, on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market of 2005, Law 114(I)/2005, as amended (the "Cyprus Prospectus Law").

Pursuant to section 4(3) of the Cyprus Prospectus Law, any public offering of the Notes in the Republic of Cyprus will be exempted from the obligation to publish the Base Prospectus in the Republic of Cyprus, to the extent that such public offering concerns:

(a) an offer of securities addressed solely to qualified investors;

(b) an offer of securities addressed to fewer than one hundred and fifty (150) natural or legal persons per member state, which are not qualified investors;

(c) an offer of securities which falls under Article 3(2) of the Prospectus Directive.

4. CZECH REPUBLIC

No offers or sales of any Notes may be made in the Czech Republic through a public offering, except if in compliance with the Act of the Czech Republic No. 256/2004 Coll., on Conducting Business in the Capital Market, as amended (the **Capital Market Act**), which under the Capital Market Act comprises any communication to a broader circle of persons containing information on the Notes being offered and the terms under which they may acquire the Notes and which are sufficient for the investor to make a decision to subscribe for, or purchase, such Notes.

No action has been taken or will be taken which would result in the Notes being deemed to have been issued in the Czech Republic or pursuant to Czech law under relevant provisions of the Act of the Czech Republic No. 190/2004 Coll., on Bonds, as amended (the **Bonds Act**), and the issue of the Notes qualifying as "accepting of deposits from the public" by the relevant Issuer in the Czech Republic under Section 2(2) of the Act of the Czech Republic No. 21/1992 Coll., on Banks, as amended (the **Banks Act**), or requiring a permit, registration, filing or notification to the Czech National Bank or other authorities in the Czech Republic in respect of the Notes in accordance with the Capital Market Act, the Banks Act or practice of the Czech National Bank.

All of the laws of the Czech Republic applicable to the conduct of business in the Czech Republic, including the laws applicable to the provision of investment services (within the meaning of the Capital Market Act) in the Czech Republic, in respect of the Notes have been complied with.

No action has been taken or will be taken which would result in the issue of the Notes being considered an intention to manage assets by acquiring funds from the public in the Czech Republic for the purposes of collective investment pursuant to defined investment policy in favour of the investors under the Act of the Czech Republic No. 240/2013 Coll., on Management Companies and Investment Funds, (the **MCIFA**), which implements the Directive 2011/61/EU. Any issue, offer or sale of the Notes has been or will be carried out in strict compliance with the MCIFA.

5. FRANCE

Each of the Issuer and the dealers has represented and agreed, and each further dealer appointed under the Programme will be required to represent and agree, that:

(a) Offer to the public in France:
it has only made and will only make an offer of Notes to the public (*offre au public de titres financiers*) in France and it has distributed or caused to be distributed and will distribute or cause to be distributed to the public in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes in the period beginning on the date of publication of the Base Prospectus in relation to those Notes which has been approved by the Autorité des marchés financiers (the AMF) in France, and ending at the latest on the date which is twelve (12) months after the date of approval of the Base Prospectus all in accordance with Articles L. 412-1 and L. 621-8 of the French *Code monétaire et financier and the Règlement général* of the AMF; or

(b) Private placement in France:
it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*) acting for their own account, as defined in, and in accordance with, Articles L. 411-1, L. 411-2 and D. 411-1 of the French *Code monétaire et financier*.

6. GERMANY

The Notes have not been and will not be offered, sold or publicly promoted or advertised in the Federal Republic of Germany other than in compliance with the German Securities Prospectus Act (*Wertpapierprospektgesetz*), as amended, or any other laws applicable in the Federal Republic of Germany governing the issue, offering and sale of securities.

7. HUNGARY

In addition to the rules applicable to the European Economic Area as described above under "Public Offer Selling Restriction under the Prospectus Directive", in connection with any private placement in Hungary the Distribution Agent has represented and agreed that (i) all written documentation prepared in connection with a private placement in Hungary will clearly indicate that it is a private placement, (ii) it will ensure that all investors

receive the same information which is material or necessary to the evaluation of the Issuer's current market, economic, financial and legal situation and its expected development, including that which was discussed in any personal consultation with an investor, and (iii) the following standard wording will be included in all such written communication:

"PURSUANT TO SECTION 18 OF ACT CXX OF 2001 ON THE CAPITAL MARKETS, THIS BASE PROSPECTUS WAS PREPARED IN CONNECTION WITH A PRIVATE PLACEMENT IN HUNGARY."

8. IRELAND

Each dealer has represented, warranted and agreed that it has not offered, sold, placed or underwritten and will not offer, sell, place or underwrite the Securities, or do anything in Ireland in respect of the Securities, otherwise than in conformity with the provisions of:

(a) the Prospectus (Directive 2003/71/EC) Regulations 2005 (as amended) and any rules issued (or deemed issued) by the Central Bank of Ireland (the **Central Bank**) under Section 1363 of the Companies Act 2014;

(b) the European Communities (Markets in Financial Instruments) Regulations 2007 (as amended) and it will conduct itself in accordance with any rules or codes of conduct and any conditions or requirements, or any other enactment, imposed or approved by the Central Bank;

(c) the Market Abuse (Directive 2003/6/EC) Regulations 2005 (as amended) (and with effect from 3 July 2016, Regulation (EU) No 259/2014 of the European Parliament and of the Council of 16 April 2014 (the Market Abuse Regulation)) and any rules issued (or deemed issued) by the Central Bank under Section 1370 of the Companies Act 2014; and

(d) the Central Bank Acts 1942 to 2014 and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989.

9. ITALY

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Base Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

(a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of the Legislative Decree No. 58 of 24 February 1998, as amended from time to time (the **Consolidated Financial Act**) and Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (**Regulation No. 11971**); or

(b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Consolidated Financial Act and Article 34-ter of Regulation No. 11971. Any offer, sale or delivery of the Notes or distribution of copies of the Base Prospectus or any other document relating to the Notes in the Republic of Italy under paragraph (a) or (b) above must:

(i) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Consolidated Financial Act, CONSOB Regulation No. 16190 of 29 October 2007, as amended from time to time, and Legislative Decree No. 385 of 1 September 1993, as amended from time to time (the **Banking Act**); and

(ii) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including, the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

10. LIECHTENSTEIN

For selling restrictions in respect of Liechtenstein, please see "Public Offer Selling Restriction under the Prospectus Directive" above.

The FMA as the competent authority of the country of origin in line with the Prospectus Directive and as stipulated in Art. 29 of the Liechtenstein Securities Prospectus Act approved this Base Prospectus in accordance with Art. 15 of the Liechtenstein Securities Prospectus Act. In this course the FMA did not entirely investigate the correctness of the information provided in this Base Prospectus, but as required by the law (Art. 3 (1) (r) of the Liechtenstein Securities Prospectus Act) verified the completeness, the coherence and the comprehensibility of this Base Prospectus. In compliance with Art. 17 of the Liechtenstein Securities Prospectus Act, this Base Prospectus subsequently was deposited with the FMA and has been published on the website of the Issuer (www.timberlandsecurities. com) in accordance with Art. 17 (3) (c) of the Liechtenstein Securities Prospectus Act.

In accordance with Art. 23 of the Liechtenstein Securities Prospectus Act the Issuer applied that the FMA provides the competent authorities of the Public Offer Jurisdictions with a confirmation that this Base Prospectus was approved in Liechtenstein in accordance with the applicable law. It is furthermore possible that the Issuer requests the FMA in the future to send such a confirmation to the competent authorities of other Member States of the European Economic Area which have implemented the Prospectus Directive.

11. MALTA

The Notes may be offered in Malta only if this Base Prospectus has been passported into Malta in accordance with the provisions of Part VI of Part A of the Second Schedule to the Companies Act, which would require the Liechtenstein Financial Market Authority to provide the Maltese Registrar of Companies with a certificate of approval and a copy of the prospectus as approved, together with, where requested by the Registrar, a translation into English or Maltese of the summary of the Prospectus.

The certificate of approval shall consist of a statement (a) that the Prospectus has been drawn up in accordance with the Prospectus Directive; (b) that the prospectus has been approved, in accordance with the Prospectus Directive, by the Liechtenstein Financial Market Authority; and where applicable (c) of the reasons as to why the Liechtenstein Financial Market Authority authorised, in accordance with the Prospectus Directive, the omission from the prospectus of information which would otherwise have been included.

12. POLAND

Under Article 7 of the Act on Public Offerings, the Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies dated 29 July 2005, as amended (consolidated text, J. L. 2009, No. 185, item 1439) (the **Act on Public Offerings**), a public offering or admission of securities to trading on a regulated market requires an issue prospectus to be made available to the public, unless a relevant exemption applies. Under Article 37 of the Act of Public Offerings, securities of an issuer with its registered office in a Member State for which Poland is a host state may be offered in a public offering or admitted to trading on a regulated market in Poland on completing the passporting procedure described in that act.

Under Article 3 of the Act of Public Offerings, a **Public Offering** consists of making information available to at least 150 persons or to an unspecified addressee in the territory of one member state, in any form and manner, about securities and the conditions for the acquisition of them, provided that this information constitutes satisfactory grounds for making a decision on whether to acquire the securities for consideration.

13. ROMANIA

Each dealer and/or Offeror has represented and agreed, and each further dealer which may be appointed in connection with the offering of Notes will be required to represent and agree, that:

(a) the Notes may not be offered or sold, directly or indirectly, in Romania and neither the Base Prospectus, the Final Terms nor any other offering material or advertisement in connection with the Notes may be distributed or published in Romania, except in circumstances which:

(i) constitute a public offering of securities in Romania made on the basis of the Base Prospectus, the Final Terms and any other supplement thereto approved by or, following the approval by the FMA, notified to the Romanian Financial Supervisory Authority (formerly the National Securities Commission) in accordance with article 49 of Regulation No. 1/2006 on issuers and securities operations in the period beginning and ending on the dates specified in the Base Prospectus, the Final Terms, as applicable and if the Issuer has consented in writing to its use for carrying out a public offering of securities in Romania.

For the purpose of this paragraph, the expression "public offering of securities" in relation to any of the Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes; or

(ii) constitute an exempt offering which shall not require the Issuer or any offeror or dealer to draw up and publish a prospectus or supplement a prospectus in accordance with article 3(2) of the Prospectus Directive as implemented under article 183 (3) of Law No. 297/2004 on capital markets and article 15 of Regulation No. 1/2006 on issuers and securities operations.

Please note that any subsequent sale or distribution of the Notes on the secondary market in Romania must be made in compliance with the public offer and the prospectus requirement rules and a new assessment of the application of any exemption from prospectus drafting and publication must be made; and

(b) as regards dealers, it is authorised to perform financial investment services in Romania and any other operations it may be purported to carry out in Romania in relation to the offering of Notes and it will comply with any applicable laws, rules and regulations of Romania, including Law No. 297/2004 regarding capital markets, as amended and supplemented, and all implementing regulations issued by the Romanian Financial Supervisory Authority or by the European Commission.

14. SLOVAKIA

The Notes may only be offered in the Slovak Republic in compliance with Act No. 566/2001 Coll. on securities and investment services, as amended, and other applicable Slovak laws.

15. SLOVENIA

In addition to the rules applicable to the European Economic Area as described above under "Public Offer Selling Restriction under the Prospectus Directive", each of the Offeror and the Issuer has represented and agreed that (i) it has only made and will only make an offer of Notes to the public in Slovenia following the notification of the approval of this Prospectus to the Slovenian (*Agencija za trg vrednostnih papirjev*) by the FMA and in compliance with the Slovenian (*Zakon o trgu finančnih instrumentov*, **ZTFI**), especially articles 73 to 80 and 85, as amended or substituted, and any other laws applicable in the Republic of Slovenia governing the issue, offering and sale of securities, and that (ii) any private placement in Slovenia has only been made and will only be made in compliance with the ZTFI, as amended or substituted, and any other laws applicable in the Republic of Slovenia governing the issue, offering and sale of securities.

16. SPAIN

In addition to the rules applicable to the European Economic Area as stated above under "Public Offer Selling Restriction under the Prospectus Directive", when the offer is addressed to retail investors in the Kingdom of Spain, any offer sale or delivery of the Notes must be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Kingdom of Spain in accordance with Royal Legislative Decree 4/2015 of 23 October, approving the consolidated text of the securities market law.

17. UNITED KINGDOM

Each dealer has represented and agreed, and each further dealer appointed under the Base Prospectus will be required to represent and agree, that:

(a) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (the **FSMA**) with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which have been previously published and filed with the FMA, shall be incorporated by reference in, and form part of, this Base Prospectus:

1. the Memorandum of Association of Timberland Securities Investment Ltd. dated 30 January 2015; and

2. audited Report and Financial Statements of Timberland Securities Investment Ltd. for the period from 30 January 2015 to 31 December 2015.

OFFER TO THE PUBLIC

The Issuer has requested or will request that the FMA provides to the competent authority in each of the Public Offer Jurisdictions a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive. Upon provision of such certificate, an offer of the Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in the Public Offer Jurisdictions during the period set out in section 1 below. The Notes may only be offered or sold in any jurisdictions (including, without limitation, the Public Offer Jurisdictions), in accordance with the requirements of the relevant securities laws and regulations applicable in such jurisdictions.

1. OFFER PERIOD

The Offer Period will be specified in the Final Terms.

The Issuer reserves the right for any reason to close the Offer Period early. Notice of the early closure of the Offer Period will be made to investors by means of a notice published on the website of the Issuer (www.timberland-malta.com). The Issuer will also regularly inform Noteholders during the Offer Period about the number of Notes sold during such Offer Period to investors by publishing the relevant information on the website of the Issuer (www.timberland-malta.com). The Issuer will notify the FMA of the result of the offering of the Notes at the end of the Offer Period.

2. PRICE DURING THE OFFER PERIOD

During the Offer Period, the Issuer will offer and sell each Note at the subscription price. The subscription price in respect of the Notes is published on each Business Day (as defined in the Terms and Conditions) on the Issuer's website (www.timberland-malta.com) and sent to the FMA in accordance with article 14(2) of the Prospectus Act.

3. CONDITIONS OF THE OFFER

The Issuer reserves the right to withdraw the offer of Notes for any reason at any time prior to the end of the Offer Period. For the avoidance of doubt, if any application has been made by a potential investor to purchase the Notes and the Issuer exercises the right to withdraw the offer, each such potential investor shall not be entitled to subscribe for or otherwise purchase any Notes. Notice of such withdrawal or cancellation of the issuance of the Notes will be made to investors by means of a notice published on the website of the Issuer (www.timberland-malta.com).

The offer of the Notes will be made through different communication channels including public announcements, advertisements, mailing of quarterly reports or newsletters to existing or future investors, marketing activities in connection with coordinated advertising brochures and other printed matter.

4. THE TIME PERIOD DURING WHICH THE OFFER OF THE NOTES WILL BE OPEN AND DESCRIPTION OF THE APPLICATION PROCESS

The offer of the Notes will be open during the Offer Period. Applications for the purchase of Notes can be made to the Issuer with a copy to the Distribution Agent(s) at its/their address(es) as set out in section "Description of the Parties". Amendments to the Offer Period and the application process, if any, will be notified to investors by means of a notice published on the website of the Issuer (www.timberland-malta.com).

5. DETAILS OF THE MINIMUM AND/OR MAXIMUM AMOUNT OF APPLICATION

There is no minimum allocation of Notes per investor. The maximum allocation of Notes will be subject only to availability at the time of the application.

There are no pre-identified allotment criteria. The Issuer will adopt allotment criteria that ensure equal treatment of prospective investors and the Issuer or the Distribution Agent(s) will notify each applicant of the amount of Notes allotted. All the Notes requested during the Offer Period will be assigned up to the maximum amount of the offer.

6. DETAILS OF THE METHOD FOR PAYING UP AND DELIVERING THE NOTES

The Notes will be sold against payment of the Subscription Price to the Issuer or to any agent designated by the Issuer as described under section "Selling Restrictions" of this Base Prospectus. Each investor will be notified of the settlement arrangements in respect of the Notes at the time of such investor's application.

7. MANNER AND DATE IN WHICH RESULTS OF THE OFFER ARE TO BE MADE PUBLIC

The Issuer will also regularly inform the Noteholders during the Offer Period about the number of Notes sold during such Offer Period to investors by publishing the relevant information on the website of the Issuer (www.timberland-malta.com).

8. CATEGORIES OF POTENTIAL INVESTORS TO WHICH THE NOTES ARE OFFERED

Offers of Notes may be made in each of the Public Offer Jurisdictions (as specified in the Final Terms) to any person during the Offer Period. In other EEA countries, offers during the Offer Period may only be made pursuant to an exemption from the obligation under the Prospectus Directive, as implemented in such countries, to publish a prospectus. Outside of the Offer Period, offers in all jurisdictions (including the Public Offer Jurisdictions) will only be made pursuant to an exemption from the obligation under the Prospectus Directive, as implemented in such countries, to publish a prospectus.

9. DESCRIPTION OF POSSIBILITY TO REDUCE SUBSCRIPTIONS AND MANNER FOR REFUNDING EXCESS AMOUNT PAID BY APPLICANTS

Not Applicable.

10. USE OF PROCEEDS

The net proceeds from each Tranche of the Notes will be used for general corporate purposes of the Issuer.

GENERAL INFORMATION

1. AUTHORISATION

The issue of the Notes was duly authorised by the resolution of the board of directors of the Issuer during a meeting held on 10 May 2016.

2. ISSUE DATE

The first tranche of Notes will be issued on 25 May 2016 (or any other date by publishing the relevant information on the website of the Issuer (www. timberland-malta.com)).

3. LISTING AND ADMISSION TO TRADING

The registered Notes will not be listed or admitted to trading on any stock exchange.

Application may be made to the Luxembourg Stock Exchange (the **LuxSE**) for the bearer Notes to be listed on the official list of the LuxSE. Application may also be made for the inclusion to trading on the LuxSE's Euro MTF market and/or the Open Market (Freiverkehr) of the Frankfurt Stock Exchange (the **Open Market**). The Euro MTF market of the LuxSE and the Open Market are not regulated markets within the meaning of Directive 2004/39/EC on markets in financial instruments.

Application for listing and/or for the inclusion to trading may also be made to any other regulated and/or unregulated market.

4. CLEARING SYSTEMS

The bearer Notes have been accepted for clearance through Euroclear and Clearstream.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, and the address of Clearstream is Clearstream Banking S.A., 42, avenue J.F. Kennedy, L 1855 Luxembourg.

No ISIN will be allocated to the registered Notes.

5. DOCUMENTS AVAILABLE

During the life span of this Base Prospectus physical copies of the following documents may be inspected during usual business hours at the registered office of the Issuer:

(a) the Memorandum of Association of Timberland Securities Investment Ltd. dated 30 January 2015;

(b) audited Report and Financial Statements of Timberland Securities Investment Ltd. for the period from 30 January 2015 to 31 December 2015; and

(g) any future financial statements of the Issuer.

6. SIGNIFICANT OR MATERIAL CHANGE

There has been no significant change in the financial or trading position of the Issuer and no material adverse change in the financial position or prospects of the Issuer since its incorporation.

7. LITIGATION AND ARBITRATION

The Issuer was not engaged in any governmental, legal, arbitration, administrative or other proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which are likely to have a material adverse effect upon the Issuer's financial position or profitability.

8. STATUTORY AUDITOR

The audit firm of the Issuer is Ernst & Young Malta Ltd., having its registered office at Regional Business Centre, Achille Ferris Street, Msida MSD 1751 – Malta and registered in the trade register of Malta under number C30252. Ernst & Young Malta Ltd. 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, Laws of Malta).

9. POST-ISSUANCE TRANSACTION INFORMATION

The Issuer does not intend to provide any post-issuance transaction information in relation to the issue of the Notes, except if required by any applicable laws and regulations.

Signed on behalf of Timberland Securities Investment plc:

10. YIELD

An indication of the yield in respect of the Notes will be specified in the applicable Final Terms. The yield indicated will be calculated as the yield to maturity as at the issue date of the Notes and will not be an indication of future yield.

Signed on behalf of Timberland Securities Investment plc:

By: Mr Thomas Krämer

Duly authorised

Issuer

Timberland Securities Investment plc
171, Old Bakery Street
Valletta VLT 1455
Malta

Collecting and Account Banks

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Kaiserplatz
60311 Frankfurt am Main
Germany

Bank of Valetta plc
58, Zachary Street
Valetta VLT 1130
Malta

Paying Agents

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Citigroup Centre, Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Auditors

Ernst & Young Malta Limited
Regional Business Centre,
Achille Ferris Street
Msida MSD 1751
Malta

Fiscal Agent

Timberland Invest Ltd.
171, Old Bakery Street
Valletta VLT 1455
Malta

Distribution Agents

Timberland Invest Ltd.
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Valletta VLT 1455
Malta

Timberland Capital Management GmbH
Hüttenallee 137
47800 Krefeld
Germany

Listing Agent

ICF Bank AG
Kaiserstraße 1
60311 Frankfurt am Main
Germany

Registrar and Transfer Agent

Alter Domus (Services) Malta Limited
Vision Exchange Building Territorials Street
Mriehel BKR 3000
Malta

Legal Advisors to the Issuer

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