



Virtu Finance p.l.c.

# Summary Note

Dated 30 October 2017

## Issue of up to €25,000,000 3.75% Unsecured Bonds 2027

of a nominal value of €100 per Bond issued at par

by

**Virtu Finance p.l.c.**

(A PUBLIC LIMITED LIABILITY COMPANY REGISTERED UNDER THE LAWS OF MALTA WITH COMPANY REGISTRATION NUMBER C 81622)

with the joint and several Guarantee\* of

**Virtu Maritime Limited**

(A PRIVATE LIMITED LIABILITY SHIPPING COMPANY REGISTERED UNDER THE LAWS OF MALTA WITH COMPANY REGISTRATION NUMBER C 81559)

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

Sponsor



Manager & Registrar



Legal Counsel



# Summary Note

## dated 30 October 2017

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

In respect of an Issue of up to €25,000,000 3.75% Unsecured Bonds 2027  
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WITH COMPANY REGISTRATION NUMBER C 81622)

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ISIN: MT0001561209

Sponsor	Manager & Registrar	Legal Counsel
 <b>RIZZO FARRUGIA</b> YOUR INVESTMENT CONSULTANTS	 <b>BOV</b> Bank of Valletta	<b>CAMILLERI PREZIOSI</b> ADVOCATES

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

**THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS INCLUDING ANY LOSSES INCURRED BY INVESTING IN THESE SECURITIES.**

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

Approved by the directors of Virtu Finance p.l.c.



Charles Borg



Roderick E. D. Chalmers

*Signing in their own capacity as directors of the company and on behalf of each of Matthew Portelli, Stephanie Attard Montalto and Stefan Bonello Ghio.*

## Important Information

THIS SUMMARY NOTE CONSTITUTES PART OF A PROSPECTUS AND CONTAINS INFORMATION IN RELATION TO VIRTU FINANCE P.L.C. (IN ITS CAPACITY AS ISSUER) AND VIRTU MARITIME LIMITED (IN ITS CAPACITY AS THE GUARANTOR). THIS SUMMARY NOTE INCLUDES INFORMATION GIVEN IN COMPLIANCE WITH: (A) THE COMPANIES ACT (CAP. 386 OF THE LAWS OF MALTA) AND COMMISSION REGULATION (EC) NO. 809/2004 OF 29 APRIL 2004 IMPLEMENTING DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AS REGARDS INFORMATION CONTAINED IN PROSPECTUSES AS WELL AS THE FORMAT, INCORPORATION BY REFERENCE AND PUBLICATION OF SUCH PROSPECTUSES AND DISSEMINATION OF ADVERTISEMENTS (AS AMENDED BY COMMISSION DELEGATED REGULATION (EU) NO. 486/2012 OF 30 MARCH 2012, COMMISSION DELEGATED REGULATION (EU) NO. 862/2012 OF 4 JUNE 2012, COMMISSION DELEGATED REGULATION (EU) NO. 759/2013 OF 30 APRIL 2013, COMMISSION DELEGATED REGULATION (EU) NO. 382/2014 OF 7 MARCH 2014 AND COMMISSION DELEGATED REGULATION (EU) NO. 2016/301 OF 30 NOVEMBER 2015 (THE “**PROSPECTUS REGULATION**”); AND (B) THE RULES AND REGULATIONS APPLICABLE TO THE ADMISSION OF SECURITIES ON THE OFFICIAL LIST OF THE MSE.

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

**THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS.**

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

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

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

STATEMENTS MADE IN THIS SUMMARY NOTE ARE, EXCEPT WHERE OTHERWISE STATED, BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THERETO.

ALL THE ADVISERS TO THE ISSUER HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND THE GUARANTOR IN RELATION TO THIS PUBLIC OFFER AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION OR RESPONSIBILITY TOWARDS ANY OTHER PERSON. NONE OF THE ADVISERS ACCEPT ANY RESPONSIBILITY TO ANY INVESTOR OR ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOSEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS AND/OR IN RELATION TO THE COMPLETENESS OR ACCURACY OF THE CONTENTS OF OR INFORMATION CONTAINED IN THE PROSPECTUS.

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

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

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

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

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

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

## Section A – Introduction and Warnings

- A.1 Prospective investors are hereby warned that:
- i. this summary is being provided to convey the essential characteristics and risks associated with the Issuer and the securities being offered pursuant to this Summary Note. This part is merely a summary and therefore should only be read as an introduction to the Prospectus. It is not and does not purport to be exhaustive and investors are warned that they should not rely on the information contained in this summary in making a decision as to whether to invest in the securities described in this Summary Note. Any decision to invest in the securities should be based on a consideration of the Prospectus as a whole by the investor;
  - ii. where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of Malta, have to bear the costs of translating the Prospectus before the legal proceedings are initiated; and
  - iii. civil liability attaches only to those persons who have tabled the summary including any translation thereof, and who applied for its notification, but only if the summary, when read together with the other parts of the Prospectus: is misleading, inaccurate or inconsistent; or does not provide key information in order to aid investors when considering whether to invest in such securities.
- A.2 Consent required in connection with the use of the Prospectus by the Authorised Financial Intermediaries: prospective investors are hereby informed that:
- i. for the purposes of any subscription for Bonds through any of the Authorised Financial Intermediaries and any subsequent resale, placement or other offering of Bonds by such Authorised Financial Intermediaries in circumstances where there is no exemption from the requirement to publish a prospectus under the Prospectus Directive, the Issuer consents to the use of the Prospectus (and accepts responsibility for the information contained therein) with respect to any such subsequent resale or placement or other offering of Bonds, provided this is limited only:
    - a. in respect of Bonds subscribed for through the Authorised Financial Intermediaries;
    - b. to any resale or placement of Bonds subscribed for as aforesaid, taking place in Malta; and
    - c. to any resale or placement of Bonds subscribed for as aforesaid, taking place within the period of 60 days from the date of the Prospectus.
  - ii. **in the event of a resale, placement or other offering of Bonds by an Authorised Financial Intermediary, the Authorised Financial Intermediary shall be responsible to provide information to investors on the terms and conditions of the resale, placement or other offering at the time such is made.**

## Section B – Issuer and Guarantor

- B.1 The legal and commercial name of the Issuer is Virtu Finance p.l.c. The legal and commercial name of the Guarantor is Virtu (B.19) Maritime Limited.
- B.2 The Issuer was registered in Malta in terms of the Act on 6 July 2017, as a public limited liability company. The Guarantor (B.19) was registered in Malta in terms of the Merchant Shipping (Shipping Organisations – Private Companies) Regulations, 2004, on 30 June 2017, as a private limited liability shipping company. The Issuer and the Guarantor are domiciled in Malta.
- B.4b *The following is an overview of the most significant recent trends affecting the Issuer and the Guarantor and the markets in which (B.19) the Virtu Maritime Group operates.*

The Guarantor and, in so far as the servicing of the Bond Issue is concerned, the Issuer, are dependent on the business prospects of the Virtu Maritime Group and, therefore, the trend information of the Virtu Maritime Group (as is detailed below) has a material effect on both of their financial position and prospects.

As at the time of publication of the Prospectus, the Issuer and the Guarantor consider that generally they shall be subject to the normal business risks associated with the business in which the Group Companies operate, and, barring unforeseen circumstances, do not anticipate any particular trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be deemed likely to have a material effect on the upcoming prospects of the Virtu Maritime Group and its business, at least with respect to the current financial year. However, investors are strongly advised to carefully read the risk factors in the Prospectus.

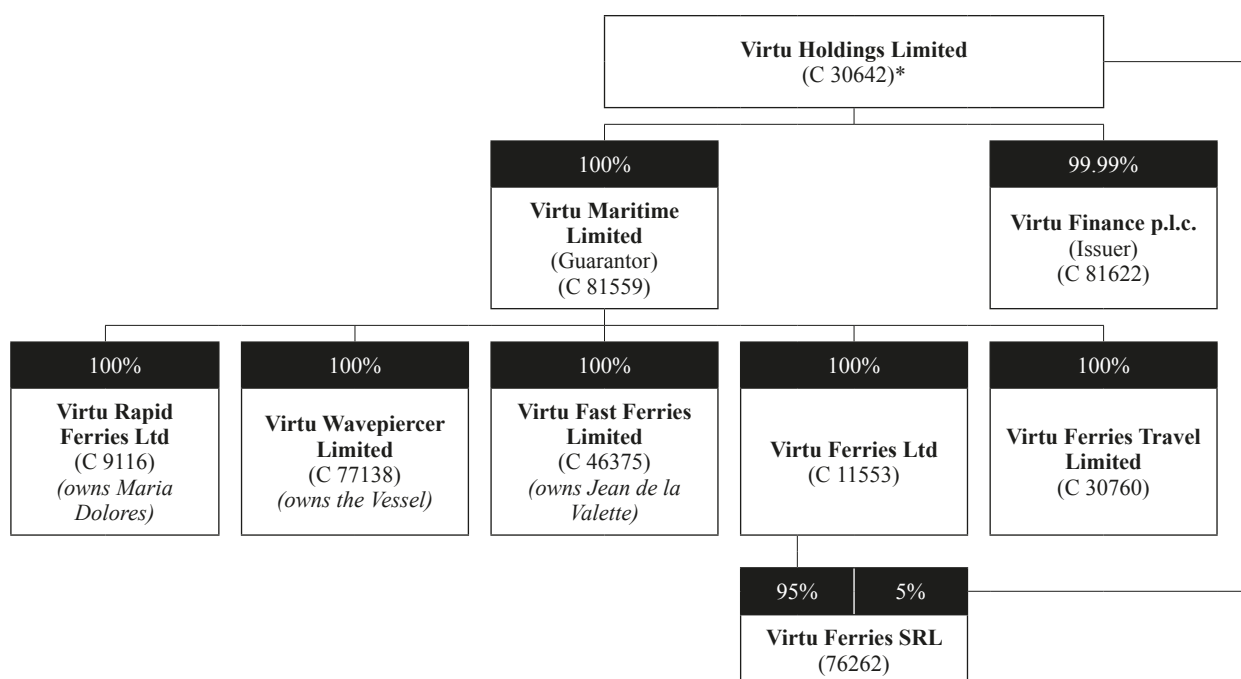
The following is a brief synopsis of the significant trends affecting the key areas of operation of the Virtu Maritime Group:

The Virtu Maritime Group generates the majority of its revenue from the operation of a high-speed ferry service between Malta and Sicily, for the carriage of passengers, passenger vehicles and commercial vehicles. Besides operating a daily, year round ferry service, the Virtu Maritime Group also charters the Maria Dolores to a third party operator, on a time charter basis.

Malta's accession into the European Union in 2004 brought about a step change in the operation of the Virtu Maritime Group's Malta - Sicily line. Following accession into the European Union, passenger traffic has practically doubled. The growth in passenger and passenger vehicle traffic coincides with the increase in popularity of commuting to Sicily for short trips and the significant growth of the Maltese tourism sector in general. The increase in both inbound and outbound tourism, particularly in the summer months has been another key driver of growth. Even though the summer period remains the peak season for the tourism sector, demand for the service has increased significantly in other months of the year, including the first quarter of the year, when demand would typically be at its lowest.

Malta's accession to the European Union has also led to a substantial change in how a broad range of products are sourced, particularly from regional logistics centres in Sicily and southern Italy. This, together with the opening of a number of international franchises, as well as the collaboration with foreign retailers targeting the local market, has resulted in the significant increase of the carriage of goods between Malta and Sicily, particularly fresh produce and other perishable goods for which the fast ferry service is optimally positioned. This has led to a significant increase in light and heavy commercial vehicles making use of the service.

B.5 (B.19) The organisational structure of the Group is illustrated in the diagram below:



*\*Virtu Holdings is the parent company of a number of other subsidiaries and associated companies which are unrelated to the Virtu Maritime Group and the business line relevant to the Bond Issue, and which accordingly do not feature in the above chart.*

- B.9 *Not Applicable:* No profit forecasts or estimates have been included in the Registration Document.
- B.10 (B.19) *Not Applicable:* As at the date hereof, the Issuer and the Guarantor have no financial information to report. Without prejudice to the aforesaid, the Combined Financial Statements described in section B.12 below do not contain any material qualifications.
- B.12 (B.19) Virtu Finance p.l.c. was registered on 6 July 2017 as a special purpose vehicle to act as the financing arm of the Virtu Holdings Group and has, to the date of the Prospectus, not conducted any business. As such, there is no trading record to produce for the Issuer.

The Guarantor was incorporated on 30 June 2017. Following a re-organisation, resulting in the transfer of the Subsidiaries from Virtu Holdings to the Guarantor, the Guarantor became the holding company of the Subsidiaries. Since the Guarantor did not exist as a legal entity as at 31 December 2016, the directors prepared Combined Financial Statements to present the financial position and results of the Subsidiaries on the basis of the assumption that the Virtu Maritime Group had operated as a single entity in the three years ended 31 December 2014, 2015 and 2016<sup>1</sup>. The Combined Financial Statements have been prepared by aggregating the audited financial statements of the Subsidiaries constituting the Virtu Maritime Group, since all these entities are under common

<sup>1</sup> Virtu Wavepiercer was incorporated on 5 September 2016, and accordingly no historical financial information relative to the preceding period is available in respect of this particular Subsidiary.

management and control but did not constitute a “group” for the purposes of IAS 27 “Consolidated and Separate Financial Statements”. The aggregated financial information has been adjusted to eliminate the impacts of intra-organisation transactions and balances, and to reflect the appropriate classification. The full set of the Combined Financial Statements is available for review on the Issuer’s website.

Extracts from the Combined Financial Statements of the Guarantor referred to above are set out below:

**Extracts from the Combined Income Statements for the three years ended 31 December 2014, 2015 and 2016**

€000’s	2014	2015	2016
Revenue	29,038	30,462	32,680
Operating Profit	6,784	7,050	19,021
Profit before tax	4,294	5,165	17,520
Profit after tax	4,613	5,088	17,193

In the last two years, the Virtu Maritime Group registered an average increase in combined gross revenues of six per cent per annum, increasing from €29 million in 2014 to €32.7 million in 2016. The Virtu Maritime Group registered a profit after finance costs and tax of €17.2 million in 2016. Operating profit increased significantly between 2015 and 2016 due to the recognition of non-recurring income of €8.8 million in 2016, which was mainly brought about from the resolution of a long-standing dispute with the shipbuilders of the *Jean de la Valette*.

**Extracts from the Combined Cash Flow Statements for the three years ended 31 December 2014, 2015 and 2016**

€000’s	2014	2015	2016
Net cash generated from operations	6,927	5,852	11,188
Cash flows used in investing activities	(174)	(102)	(4,141)
Cash flows used in financing activities	(6,627)	(5,960)	(5,754)
Net movement in cash and cash equivalents	<b>126</b>	<b>(210)</b>	<b>1,293</b>
Cash and cash equivalents at beginning of period	1,741	1,867	1,657
<b>Cash and cash equivalents at end of period</b>	<b>1,867</b>	<b>1,657</b>	<b>2,950</b>

In 2016, the Virtu Maritime Group generated €11.2 million in net cash from operations and disbursed €4.1 million, mainly relating to the advance payment to the shipbuilders for the construction of the Vessel. The Virtu Maritime Group reported a net cash outflow of €5.8 million in debt servicing.

**Extracts from the Combined Statements of Financial Position for the three years ended 31 December 2014, 2015 and 2016**

€000’s	2014	2015	2016
<b>Assets</b>			
Non-current assets	70,957	67,864	68,561
Current assets	15,367	12,387	23,364
<b>Total assets</b>	<b>86,324</b>	<b>80,251</b>	<b>91,925</b>
<b>Equity and liabilities</b>			
Equity	22,475	3,359	2,562
<b>Liabilities</b>			
Non-current liabilities	46,641	40,891	34,901
Current liabilities	17,208	36,001	54,462
<b>Total liabilities</b>	<b>63,849</b>	<b>76,892</b>	<b>89,363</b>
<b>Total equity and liabilities</b>	<b>86,324</b>	<b>80,251</b>	<b>91,925</b>

As at 31 December 2016, the Virtu Maritime Group carried €68.6 million in fixed assets, mainly representing the net book value of the vessels and current assets of €23.4 million, mainly made up of trade and other receivables. Total equity as at 31 December 2016 amounted to €2.6 million, declining from €22.5 million as at 31 December 2014 due to dividends distributed to the shareholder in 2015 and 2016.

There has not been any significant change in the financial or trading position of the Issuer which has occurred since the date of its incorporation. Save for the re-organisation referred to above, there has not been any significant change in the financial or trading position of the Guarantor which has occurred since the date of its incorporation.



B.13 *Not Applicable*: Neither the Issuer nor the Guarantor are aware of any recent events which are to a material extent relevant to the evaluation of their solvency.

B.14 The Issuer was registered in 2017 as a subsidiary of Virtu Holdings Limited (C 30642), with the latter holding the entire issued share capital of the Issuer, save for one ordinary share held by The Virtu Group Limited (C 34917). The Issuer does not itself carry on any trading activities apart from the raising of capital and advancing thereof to companies forming part of the Virtu Maritime Group as and when the demands of their businesses so require. Accordingly, for the fulfilment of its obligations towards Bondholders, the Issuer is economically dependent on the Virtu Maritime Group.

The Guarantor is the holding company of the companies forming part of the Virtu Maritime Group and has an authorised share capital of €5,000,000 divided into 5,000,000 ordinary shares of a nominal value of €1.00 per share. The issued share capital of the Guarantor is €250,000 divided into 250,000 ordinary shares of a nominal value of €1.00 per share. The entire issued share capital of the Guarantor is subscribed for, allotted and taken up as fully paid up shares by Virtu Holdings. Virtu Holdings is owned in equal proportions by Francis A Portelli and John M Portelli. Francis A Portelli holds 938,600 Ordinary A shares and 139,700 Redeemable Preference shares, and John M Portelli holds 938,600 Ordinary B shares and 139,700 Redeemable Preference shares. As the holding company of the Virtu Maritime Group, the Guarantor is ultimately dependent upon the operations and performance of the Group Companies.

B.15 As at the date of the Prospectus, the Issuer, which was set up in 2017 as a special purpose vehicle to act as the financing arm of the Virtu Holdings Group, does not itself carry on any trading activities apart from the raising of capital and advancing thereof to members of the Group as and when the demands of their business so require. In terms of its Memorandum and Articles of Association, the principal objects of the Issuer include, but are not limited to: the carrying on of the business of a finance and investment company, including the financing or re-financing of the funding requirements of the business of the Virtu Maritime Group; the borrowing and raising of money in such manner as the Issuer may deem fit, including the issuing of bonds, debentures, commercial paper or other instruments creating or acknowledging indebtedness and to offer the same to the public, and to secure the repayment of any money borrowed or raised and any interest payable thereon.

In terms of its memorandum and articles of association, the principal objects of the Guarantor are to buy and acquire on any title, sell, transfer or assign by any title, operate, manage, charter, hire, and/or exchange ships, yachts, boats and any other vessel or any rights thereon, and to carry out such activities as may be ancillary to, or necessary to the attainment of, the aforesaid. Ancillary objects include: the registration of ships, yachts, boats and any other vessel in any registry and under any flag as the directors shall deem fit and to cancel the registration of any of its vessels wherever they might be registered; to mortgage vessels and to register mortgages. As at the date hereof, the Guarantor acts principally as a holding company for the Virtu Maritime Group, holding securities in companies which themselves carry out, *inter alia*, objects relevant to the maritime sector such as those indicated above.

B.16 The entire issued share capital of the Issuer is subscribed for, allotted and taken up as fully paid up shares by Virtu Holdings, save for one share held by The Virtu Group Limited (C 34917). The Guarantor is the holding company of the companies forming part of the Virtu Maritime Group and is fully owned by Virtu Holdings. Virtu Holdings is owned in equal proportions by Francis A Portelli and John M Portelli. Francis A Portelli holds 938,600 Ordinary A shares and 139,700 Redeemable Preference shares, and John M Portelli holds 938,600 Ordinary B shares and 139,700 Redeemable Preference shares.

B.17 *Not Applicable*: Neither the Issuer nor the Guarantor has sought the credit rating of an independent rating agency, nor there has been any assessment by any independent rating agency of the Bonds issued by the Issuer.

B.18 For the purposes of the Guarantee, the Guarantor, as primary obligor, jointly and severally with the Issuer irrevocably and unconditionally guarantees to each Bondholder the due and punctual performance of all the obligations undertaken by the Issuer under the Bonds, and, without prejudice to the generality of the foregoing, to pay all amounts of principal and interest which have become due and payable to any Bondholder within 60 days from the date such amount falls due and remains unpaid by the Issuer. The obligations of the Guarantor under the Guarantee shall remain in full force and effect until no sum remains payable to any Bondholder pursuant to the issue of the Bonds.

## Section C – Securities

C.1 The Issuer shall issue up to €25,000,000 in bonds having a nominal value of €100 per Bond, subject to a minimum application of €2,000 in Bonds. The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD. On admission to trading, the Bonds will have the following ISIN: MT0001561209. The Bonds shall bear interest at the rate of 3.75% per annum.

C.2 The Bonds are denominated in Euro (€).

C.5 The Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time.

C.8 Investors wishing to subscribe for the Bonds will be able to do so by duly executing an Application Form in relation to the Bonds. Execution of the Application Form will entitle such Bondholder to:

- i. the repayment of capital;
- ii. the payment of interest;
- iii. seek recourse from the Guarantor pursuant to the Guarantee, in case of failure by the Issuer to pay any sum payable by it to Bondholders pursuant to the terms of the Bonds detailed in the Securities Note;
- iv. ranking with respect to other indebtedness of the Issuer;

- v. attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bonds; and
- vi. enjoy all such other rights attached to the Bonds emanating from the Prospectus.

The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer, guaranteed by the Guarantor, and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt of each of the Issuer and the Guarantor, if any. Furthermore, subject to the negative pledge clause found in section 5.7 of the Securities Note, third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer and the Guarantor for so long as such security interests remain in effect.

As at the date of this Summary Note, the Issuer does not have any subordinated indebtedness. As at 1 January 2017, the Virtu Maritime Group's net indebtedness amounted to €37.7 million, and comprised of guarantees, mortgages, overdraft facilities and bank loans. The bank borrowings and facilities in question are secured by privileges, hypothecs and mortgages (as applicable), and therefore, to the extent that such borrowings and/or facilities remain outstanding, the indebtedness being created by the Bonds would, specifically in respect of the assets constituting the said security, rank after all these bank borrowings and/or facilities. In addition, the Bonds would also rank after any future debts which may be secured by a cause of preference such as a privilege and/or a hypothec, in so far as the asset constituting the relevant security is concerned.

- C.9 The issue and allotment of the Bonds is conditional upon the Bonds being admitted to the Official List of the MSE. The Bonds shall bear interest from and including 30 November 2017 at the rate of 3.75% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date (that is 30 November of each year between and including each of the years 2018 and the year 2027, provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day). The nominal value of the Bonds will be repayable in full upon maturity on 30 November 2027 unless they are previously re-purchased and cancelled. The first interest payment will be effected on 30 November 2018. The gross yield calculated on the basis of the Interest, the Bond Issue Price (that is the price of €100 per Bond) and the Redemption Value (that is the nominal value of each Bond, being €100 per Bond) of the Bonds at 30 November 2027 is 3.75%. The remaining component of Element C.9 is not applicable, given that no representative of debt security holders has been appointed.
- C.10 *Not Applicable:* There is no derivative component in the interest payments on the Bonds.
- C.11 The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 30 October 2017. Application has been made to the MSE for the Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List. The Bonds are expected to be admitted to the MSE with effect from 7 December 2017 and trading is expected to commence on 11 December 2017.

## Section D – Risks

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

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

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

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

#### i. Risks relating specifically to the Issuer

##### *Issuer's Dependence on the Virtu Maritime Group and its Business*

The Issuer is a finance company, with its main purpose presently being that of financing or re-financing the funding requirements of the business of the Virtu Maritime Group, specifically at the date of this Summary Note, the acquisition of the Vessel. In this respect, in so far as the Bonds are concerned, the Issuer is mainly dependant on the business prospects of the Virtu Maritime Group, and consequently, the operating results of the Virtu Maritime Group have a direct effect on the Issuer's financial position and performance, and as such the risks intrinsic in the business and operations of the Virtu Maritime Group have a direct effect on the ability of the Issuer to meet its obligations under the Bonds. As a majority of its assets consist of loans issued to Group Companies, the Issuer is largely dependent on receipt of interest and loan repayments from the Group Companies. The interest payments and loan repayments to be effected by the operating companies of the Virtu Maritime Group are subject to certain risks. More specifically, the ability of Group Companies to effect payments to the Issuer will depend on their respective cash flows and earnings which may be affected by factors beyond the Issuer's control. The occurrence of any such factors could in turn negatively affect the Issuer's ability to meet its obligations under the Bonds.



### *Concentration of Shareholding*

The Virtu Maritime Group, through the Guarantor, and its parent Virtu Holdings, is ultimately owned exclusively by Francis A Portelli and John M Portelli, in equal proportions respectively. The Issuer is owned as to 99.99% by Virtu Holdings, with the remaining one ordinary share held by The Virtu Group Limited, which is also owned exclusively by Francis A Portelli and John M Portelli in equal proportions respectively. Accordingly, the owners of the Virtu Maritime Group together exercise effective control over the Issuer. These individuals are considered to be important to the success of the Issuer and the unexpected loss of any of these persons or dilution of their control or influence over the Issuer and its business could have an adverse effect on the Issuer.

## ii. Risks relating to the Virtu Maritime Group: the Virtu Maritime Group and its Business

### *Exposure to General Economic Conditions*

The Virtu Maritime Group is highly susceptible to economic trends that may be felt in Malta, Italy and internationally, including fluctuations in consumer demand, financial market volatility, inflation, the property market, interest rates, exchange rates, direct and indirect taxation, wage rates, utility costs, government spending and budget priorities and other general market, economic and social factors. The Virtu Maritime Group's business activities are concentrated in and aimed at the Maltese and Sicilian market. The Virtu Maritime Group is therefore susceptible to adverse economic developments and trends overseas, particularly in the Italian market. Any future expansion of the Virtu Maritime Group's operations into other markets would further increase its susceptibility to adverse economic developments and trends affecting such other markets. Accordingly, negative economic factors and trends, whether in Malta or overseas, could have a negative impact on the business of the Virtu Maritime Group, its cash flows and the results of its operations. In particular, weak economic conditions or tightening of the credit markets may affect the solvency of its suppliers or customers, which in turn may impact the Virtu Maritime Group's ability to fulfil its obligations.

### *Key Senior Personnel Material to the Group's Growth*

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

### *Growth Strategy*

A significant element of the Virtu Maritime Group's strategy is represented by the Vessel, a new high-speed passenger/cargo roll-on/roll-off catamaran ferry currently on order, scheduled to be delivered to Virtu Wavepiercer during the last quarter of 2018/first quarter of 2019. The delivery of a new-build could be delayed because of factors such as: (i) shortages of equipment, materials or skilled labour; (ii) delays in the receipt of necessary construction materials or equipment; (iii) failure of equipment to meet quality and/or performance standards; (iv) political or economic disturbances; (v) financial or operating difficulties experienced by equipment vendors or the shipyard; (vi) required changes to the original ship specifications; (vii) inability to obtain required permits or approvals; (viii) disputes with the shipyard; (ix) work stoppages and other labour disputes; and (x) adverse weather conditions or any other events of *force majeure*. Significant delays in the delivery of the Vessel, which is expected to generate a substantial portion of the Virtu Maritime Group's projected revenue, could adversely affect the results of the Virtu Maritime Group. In addition, the delivery of the Vessel with substantial defects or unexpected operational problems could have similar consequences.

### *Financial Strategy*

The Virtu Maritime Group may not be able to secure sufficient financing for its future operations. No assurance can be given that sufficient financing will be available on commercially reasonable terms or within timeframes required by the Virtu Maritime Group. Failure to obtain, or delays in obtaining, the capital required to complete future developments and investments on commercially reasonable terms, including increases in borrowing costs or decreases in loan availability, may limit the Virtu Maritime Group's growth and materially and adversely affect its business, financial condition, results of operations and prospects. The Virtu Maritime Group may be exposed to a variety of financial risks associated with the unpredictability inherent in financial markets, including market risk, credit risk, foreign exchange rate risk, and interest rate risk.

### *Lease and Renewal*

The Group Companies are party to a number of rental contracts. Continued use and enjoyment of the properties in question is therefore susceptible to a number of risks typically associated with leases, including: (i) exercise of early termination rights by the lessor; (ii) default of obligations under the lease agreement(s); (iii) changes in the general economic conditions of the property market; (iv) the ability of the Group Company to maintain its commercial relationship with the existing lessor and/or enter into new commercial relationships with a new lessor, on existing or more favourable terms; and (v) changes in laws, regulations, taxes or government policies.

### *The Virtu Maritime Group's Insurance Policies*

The Virtu Maritime Group maintains insurance cover for its business at the levels required by maritime good practice and international norms. Recovering losses from insurers may be difficult and time-consuming, and the Virtu Maritime Group may be unable to recover the full loss incurred. No assurance can be given that the Virtu Maritime Group's current insurance coverage would be sufficient to cover all potential losses, regardless of the cause, nor that an appropriate coverage would always be available at acceptable commercial rates.

#### *Reliance on Non-Proprietary Software Systems and Third-Party IT Providers*

To varying degrees, the Group is reliant on technologies and operating systems (including IT systems) developed by third parties for the running of its business and it is exposed to the risk of failures in such systems. There can be no assurance that maintenance and service level agreements and disaster recovery plans intended to ensure continuity and stability of these systems will prove effective in ensuring that the service or systems will not be disrupted. Disruption to those technologies or systems and/or lack of resilience in operational availability could adversely affect the efficiency of the Group's business, financial condition and/or operating performance.

#### *Level of Interest Rates*

Interest rate risk refers to the potential changes in the value of financial assets and liabilities in response to changes in the level of interest rates and their impact on cash flows. The Virtu Maritime Group may be exposed to the risks associated with the effects of fluctuations in the prevailing levels of the market interest rates on its financing position and cash flows.

#### *The Virtu Maritime Group's Indebtedness*

The Virtu Maritime Group has a material amount of debt and may incur additional debt in connection with its future growth. Borrowings under bank credit facilities are or may be at variable interest rates, which would render the Virtu Maritime Group vulnerable to increases in interest rates. The financing agreements regulating the Virtu Maritime Group's bank debt impose and are likely to impose significant operating restrictions and financial covenants on the Virtu Maritime Group which could limit the Virtu Maritime Group's ability to obtain future financing, fund capital expenditure or withstand a future downturn in business or economic conditions generally. In the event that the Virtu Maritime Group's generated cash flows were to be required to make principal and interest payments on any existing or prospective debt, this could give rise to a reduction in the amount of cash available for distribution by the Virtu Maritime Group, which would otherwise be available for funding of the Virtu Maritime Group's working capital, capital expenditure, development costs, and other general corporate costs, or for the distribution of dividends. The Guarantor may also be required to provide guarantees for debts contracted by its Subsidiaries. Defaults under financing agreements could lead to the enforcement of security over property of the Guarantor, where applicable, and/or cross-defaults under other financing agreements.

#### *Operating Expenses*

A portion of the Virtu Maritime Group's costs are fixed and its operating results are vulnerable to short-term changes in its revenues, and such fixed operating expenses are not easily reduced to react to changes in its revenue by reducing its operating expenses. The Virtu Maritime Group's operating and other expenses could increase without a corresponding increase in turnover or revenue. The factors which could materially increase the Virtu Maritime Group's operating and other expenses include: increases in the rate of inflation, payroll expenses, property taxes and statutory charges, and changes in law and policy. Such increases could have a material adverse effect on the Issuer's financial position and its ability to fulfil its obligations under the Bonds.

#### *Exchange Rate Risk*

The Virtu Maritime Group can be impacted by transaction risk, which is the risk that the currency of costs and liabilities fluctuates in relation to the Euro, being its reporting currency, which fluctuation may adversely affect its operating performance. Unfavourable exchange rates may lead to higher costs or lower sales than expected at the time of signing the contract and may reduce margins. Such risks are beyond the control of the Issuer.

#### *Corporate Social Responsibility*

Given consumers' growing concerns about responsible trade and the nature and reality of commitments, corporate social responsibility policies and actions, or the limitations or absence thereof, may impact the Virtu Maritime Group's reputation and standing.

#### *Risk of Complaints and Litigation*

Since the Virtu Maritime Group operates in an industry which involves the continuous provision of goods and services to customers and consumers and such operation necessarily requires continuous interaction with suppliers, employees, and regulatory authorities, the Virtu Maritime Group is exposed to the risk of litigation from customers, partners, suppliers, employees, and regulatory authorities. Adverse publicity surrounding such claims may materially affect sales revenue generated by the Virtu Maritime Group regardless of whether such claims are upheld and any allegations relating thereto are true or otherwise. Additionally, the Virtu Maritime Group may be involved in arbitration proceedings as a result of potential systemic deficiencies in the vessels owned and operated by the Virtu Maritime Group. Such circumstances may not be covered by the contractual warranties and representations given by the vessels' builders, and may therefore result in arbitration or court proceedings. All dispute resolution and litigation is expensive, time consuming and may divert management's attention away from the operation of the business. In addition, the Virtu Maritime Group cannot be certain that its insurance coverage will be sufficient to cover one or more substantial claims. Furthermore, it is possible that if complaints, claims or legal proceedings were to be brought against a direct competitor of the Group, the latter could also be affected due to the adverse publicity brought against and concerns raised in respect of the industry in general. No assurance can be given that disputes which could have a significant effect on the Virtu Maritime Group's financial position or operational performance will not arise. Exposure to litigation or fines imposed by regulatory authorities may affect the Virtu Maritime Group's reputation even though the monetary consequences may be insignificant.

### *Changes to Laws and Regulations*

The Virtu Maritime Group is subject to a variety of laws and regulations both in and out of Malta, including maritime and shipping, taxation, environmental and health and safety regulations. The Virtu Maritime Group is at risk in relation to changes in any applicable laws and regulations, including changes to the interpretation thereof, which cannot be predicted. No assurance can be given as to the impact of any possible judicial decision, change in law, regulation or administrative practice, after the date of this Prospectus, on the business and operations of the Virtu Maritime Group. In addition, the Virtu Maritime Group's activities are subject to licensing and regulation by a number of local and foreign governmental authorities. Difficulties in obtaining or maintaining the required licenses or approvals, or the loss thereof, could adversely affect the Virtu Maritime Group's business and results of its operations

### iii. Risks relating to the Virtu Maritime Group: the Ferry and Shipping Services industry

The Virtu Maritime Group's ferry service operations are subject to external factors, many of which are common to the ferry operating industry and beyond the Virtu Maritime Group's control, including: (i) changes in travel patterns and evolving consumer trends and preferences and the ability of the Virtu Maritime Group to swiftly anticipate, identify and capitalise thereon; (ii) susceptibility to local and global competition influenced by a variety of factors including price differences, packages, quality, availability, reliability and ancillary services such as accommodation and logistics; (iii) increase in the price of fuel or port facilities charges, or the imposition of new taxes or charges on sea or even air travel; (iv) changes in laws and regulations on employment, health and safety, environmental and marine protection concerns and the related costs of compliance; (v) the impact of increased threats of terrorism, impediments to means of transportation, extreme weather conditions, natural disasters, travel-related accidents, and outbreaks of health concerns; (vi) increases in operating costs; and (vii) the arrest or detainment of the vessels owned by the Virtu Maritime Group by maritime claimants or other authorities, or the requisitioning of any vessel during a period of war or emergency. In particular, a relative decline in the competitive strength of the Virtu Maritime Group could adversely affect its results of the ferry service operations and the Virtu Maritime Group may be compelled, by the strength of its competitors, to reduce its own prices. The ability of the Virtu Maritime Group to maintain or increase its profitability will be dependent on its ability to offset such decreases in prices and margins of its ferry services. Furthermore, the Virtu Maritime Group is not limited to competition from other ferry service operators but also from substitute means of transportation, including air travel operators. These factors may adversely impact the Virtu Maritime Group's tariffs rates and occupancy levels on its ferry services, or reduce its revenue, which could have a material adverse effect on the Virtu Maritime Group's financial condition and results of operations.

### *Downtime of Vessels*

With respect to the Malta – Sicily operations of the Virtu Maritime Group, the Virtu Maritime Group currently operates one high speed craft, which number will increase to two vessels upon the delivery of the Vessel. The charter operation relative to the *Maria Dolores* described in the Prospectus is entirely dependent on that particular vessel. If any vessel of the Virtu Maritime Group is unable to generate revenues for any significant period of time, whether for early termination of charter agreements or any other cause, whether anticipated or unanticipated, the business of the Virtu Maritime Group, its financial condition and the results of its operations could be materially adversely affected. The Virtu Maritime Group may evaluate its opportunities to acquire vessels, and/or to dispose or retire existing ones, with or without replacement. The Virtu Maritime Group's ability to acquire new vessels and/or replace old vessels on favourable terms and in a timely manner could significantly impact the business of the Virtu Maritime Group, its financial condition and the results of its operations. Similarly, the risk of insufficient and unprofitable occupancy levels for its new vessels may materialise, and a decline in occupancy levels on its older vessels, could have a material adverse effect on the Virtu Maritime Group's financial position and performance.

### *Continuity of Terminal and Port Facilities*

The continuity of the ferry services of the Virtu Maritime Group depends in part on the continuity of the operations of the terminal and port facilities provided by the various ports of destination servicing the Virtu Maritime Group's vessels. Any disruptions in the terminal and port facilities, caused by any cause whatsoever, could have a material adverse effect on the business of the Virtu Maritime Group, its financial condition and the results of its operations.

### *Fluctuations in the Value of Vessels*

The market value of the Virtu Maritime Group's vessels, current or future, is subject to market fluctuations and is dependent on a number of factors including general economic and market conditions, the supply of similar vessels, government regulation and policy, substitute means of transportation and technological advancements. Any impairment in the market value of its vessels could have a material adverse effect on the business of the Virtu Maritime Group and its financial position.

### *Fluctuations in the Cost of Fuel and Fuel Hedging Agreements*

Bunker fuel constitutes one of the major operating costs of the Virtu Maritime Group's fleet of vessels and an increase in the price of bunker fuel could have a material adverse effect on the business of the Virtu Maritime Group, its financial condition and the results of its operations.

### *Regulatory Risk*

The Virtu Maritime Group provides ferry operations and ship management services in different jurisdictions and is subject to extensive and various international conventions, legislation, regulation and standards including, but not limited to, rules concerning ship safety and design requirements, equipment and operations of ships, discharge of fuel or hazardous substances, marine pollution and spills, recycling of ships, emission control, ballast water handling and treatment, and other environmental protection requirements. The ability of the Virtu Maritime Group to comply with

these requirements, and to adapt in a timely manner to changes thereto, including the ability to make modifications to its vessels as required, could impact the reputation of the Virtu Maritime Group and could have a materially adverse impact on the business of the Virtu Maritime Group, its financial condition and the results of its operations. In addition, regulatory requirements and changes thereto may: impact the resale value or useful lives of the Virtu Maritime Group's vessels; require a reduction or alteration to cargo type and capacity; or necessitate vessel modifications or operational changes, including denial of access to certain jurisdictional waters or ports. Delays in obtaining any governmental or other authoritative approval, or rejection thereof, could materially and adversely affect the business of the Virtu Maritime Group.

#### *Safety and Environmental Damage Risk*

The ferry service operations of the Virtu Maritime Group carry inherent risks, including the risk of marine disasters, collisions, mechanical failure, human error, piracy, political or industrial disruptions, and explosions and fires on its vessels. The occurrence of any such events could result in: liability for personal injury or death; damage to or loss of property or cargo; delays; loss of revenue; marine clean-up costs; governmental fines or penalties; litigation; higher insurance premiums and damage to reputation and customer relationships, the effects of which may adversely impact the business of the Virtu Maritime Group, its financial condition and the results of its operations. The Virtu Maritime Group carries blue card war insurance and protection and indemnity, hull and machinery and freight, demurrage and defence insurance covering its owned ships consistent with industry standards, however it can give no assurance that it is adequately insured against all risks that may materialise or that its insurers will pay a particular claim. The Virtu Maritime Group also may be unable to procure adequate insurance coverage at commercially reasonable rates in the future. Any uninsured or underinsured loss could harm the Virtu Maritime Group's business, financial condition, results of operations and cash flows. Furthermore, even if its insurance coverage is adequate to cover its losses, the Virtu Maritime Group may not be able to obtain a timely replacement vessel in the event of a loss of a vessel.

#### *Natural Disasters*

The Virtu Maritime Group's ferry service and shipping operations are susceptible to adverse weather conditions and the Virtu Maritime Group's fleet is at risk of being damaged, abandoned or lost as a result of such adverse weather conditions. Adverse weather conditions are, by their nature, not within the control of the Virtu Maritime Group and, if not predicted and appropriately catered for (such as cancellation of voyages in cases of adverse weather conditions), could have a material adverse effect on the business of the Virtu Maritime Group, its financial condition and the results of its operations.

#### *Repairs and Maintenance of the Virtu Maritime Group's Vessels*

Repairs and maintenance of the vessels of the Virtu Maritime Group, and any other unexpected issues which may arise in this regard, may require significant capital expenditure and result in a loss of revenue while its vessels are in downtime. This could have a material adverse effect on the business of the Virtu Maritime Group, its financial condition and the results of its operations, which effects may be exacerbated where more than one vessel of the Virtu Maritime Group is experiencing downtime at the same time.

#### *Charters*

The Virtu Maritime Group's charter operations depend on its ability to continue existing relationships with charterers and establish new relationships with other charterers, at attractive rates, in respect of which the Virtu Maritime Group will face substantial competition from its competitors and may be subject to factors beyond the control of the Virtu Maritime Group. Such competitors may have greater name recognition, larger customer bases and greater financial and other resources.

#### *Reliance and Reliability of Suppliers*

The Virtu Maritime Group is reliant upon its suppliers for the availability of and timely supply of consumables, spare parts and operational equipment which is not held in stock from time to time, in order to maintain the operations of its fleet of vessels. Delays in delivery or the unavailability of supplies could have a material adverse effect on the operations of the Virtu Maritime Group and results of its operations.

#### *Privileged Maritime Claims and Possessory Liens*

Under the provisions of the Merchant Shipping Act (Cap. 234 of the laws of Malta), certain debts specified therein are secured by a special privilege upon the relevant vessel, including: wages and other sums due to the master, officers and other members of the vessel in respect of their employment on the vessel; tonnage dues; moneys due to creditors for labour, work and repairs; and moneys due to creditors for provisions, outfit and apparel. The potential risk associated with the privileged debts attaching to the vessels of the Virtu Maritime Group arises out of the fact that the obligations under the Bonds are subordinated to these privileged debts. Consequently, in the event that there are insufficient funds to cover all the claims of the creditors of the Virtu Maritime Group, if any and whether secured or otherwise, the Bondholders' claims would be subordinated to these privileged debts and the ability of the Issuer to fulfil its obligations under the Bonds may be materially adversely affected.

In addition, any ship repairer, shipbuilder or other creditor into whose care and authority a vessel has been placed for the execution of works or other purposes shall have a possessory lien over the vessel. This possessory lien entitles such creditor to retain possession over the vessel on which he has worked or carried out activity until such creditor has been paid the debts due to him for such building, repairs or activity. The risk associated with the exercise of this possessory lien includes the risk of suspension of operations, loss of revenue and profits, circumstances constituting an event of default under any agreement, risks which could materially adversely affect the business of the Virtu Maritime Group, its financial condition and the results of its operations.



*Exercise of Mortgagee's Rights*

Under the provisions of the Merchant Shipping Act, in the event of default of any term or condition of a registered mortgage, or cross-default referred to therein, the mortgagee has the option, upon giving notice in writing to the mortgagor, to exercise the following rights: (i) to take possession of the vessel, or any share therein, in respect of which he is the mortgagee or (ii) to sell the ship, or any share therein, with respect to which he is registered as mortgagee (provided that where more than one person is registered as a mortgagee of the same vessel, this right of sale may only be exercised with the concurrency of every prior mortgagee or under the order of the competent court).

*Requisition or Forfeiture of Vessels*

Governments could requisition for title or hire, or seize, any number of the Virtu Maritime Group's vessels during a period of war or emergency, which requisition would have a negative impact on its business, results of operations, cash flow and financial condition. In addition, the Merchant Shipping Act makes provision for a number of instances in which a vessel, or any share therein, could be forfeited, in consequence of which such vessel will be seized and detained and brought for adjudication before the court of competent jurisdiction, which instances include: the improper use of a certificate of registration by the master or owner of a vessel; the undue assumption of Maltese character in relation to a foreign vessel; and the concealment of Maltese character or the assumption of foreign character in relation to a vessel. Where such forfeiture is ordered by the court of competent jurisdiction, such forfeiture will be made in favour of the Government of Malta and could be subject to further orders and conditions as the court deems just to hand down. In the event that any of the vessels of the Virtu Maritime Group is forfeited, the business of the Virtu Maritime Group, its financial conditions and the results of its operations may be materially adversely affected thereby.

*Ageing Vessels*

In general, the cost of maintaining a vessel in good operating condition increases with the age of the vessel. Older vessels are typically less fuel efficient and more costly to maintain than more recently constructed vessels due to improvements in engine technology. Insurance rates may increase with the age of a vessel, making older vessels more costly to operate and therefore less attractive to operators and charterers. Government regulations and safety and/or other equipment standards related to the age of vessels may also require expenditures on alterations or new equipment for the Virtu Maritime Group's vessels and may restrict the type of activities in which the Virtu Maritime Group's vessels may engage. Each of these factors may negatively impact on the Virtu Maritime Group's future results of operations.

*Class Restrictions*

The vessels operated by the Virtu Maritime Group are subject to a programme of periodic surveys as established by the International Association of Classification Societies (IACS) and certified for international voyages by an international Classification Society, DNVGL. There remains the possibility that class restrictions may be imposed upon the vessels by DNVGL should any material or significant faults in the vessels be identified. The occurrence of such an event could result in a loss of revenue for the Virtu Maritime Group throughout the risk period as well as during the vessel's downtime, particularly in the case of significant deficiencies.

*Risks Associated with the Food and Beverage Industry*

The Virtu Maritime Group's hospitality and catering operations on board its vessels and within its port facilities are subject to a number of risk factors that may affect the food and beverage industry in general, including the risk of claims by customers in connection with the consumption of contaminated or expired goods. Furthermore, various authorities have the power to conduct inspections of, and possibly to close down, any hospitality or catering outlet operated by the Virtu Maritime Group which fails to comply with applicable regulations and standards.

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

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

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

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

- i. There can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Nor can there be any assurance that an investor will be able to sell or otherwise trade in the Bonds at or above the Bond Issue Price or at all.
- ii. Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.
- iii. A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference, if different.



- iv. No prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time.
- v. The Issuer may incur further borrowing or indebtedness and may create or permit to subsist other security interests upon the whole or any part of its present or future undertakings, assets or revenues (including uncalled capital).
- vi. The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer, guaranteed by the Guarantor, and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured obligations of each of the Issuer and the Guarantor. The Bonds will, however, rank subordinate to the present and future secured creditors of the Issuer and the Guarantor. Furthermore, subject to the negative pledge clause (in section 5.7 of the Securities Note), third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer or the Guarantor and its Subsidiaries as the case may be, for so long as such security interests remain in effect. In essence, this means that for so long as the Issuer or the Guarantor and its Subsidiaries as the case may be, may have secured, privileged or other higher-ranking creditors, in the event of insolvency of the Issuer (and recourse to the Guarantor in terms of the Guarantee), the Bondholders would rank after such creditors but equally between themselves and with other unsecured creditors (if any) of the Issuer (and/or Guarantor, as applicable).
- vii. Repayment of interest and capital on the Bonds is being guaranteed by the Guarantor, and therefore Bondholders are entitled to request the Guarantor to pay the full amounts due under the Bonds if the Issuer fails to meet any amount, when due. The strength of this undertaking on the part of the Guarantor and, therefore, the level of recoverability by the Bondholders from the Guarantor of any amounts due under any of the Bonds, is dependent upon and directly linked to, the financial position and solvency of the Guarantor, and in the case of insolvency of the Guarantor, such level of recoverability is further dependent upon the existence or otherwise of any prior ranking claims over the assets of the Guarantor.
- viii. In the event that the Issuer wishes to amend any of the Terms and Conditions of Issue of the Bonds it shall call a meeting of Bondholders. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority. Furthermore, the Guarantor has the power to veto any changes to the Terms and Conditions of the Bonds which are issued with the benefit of its Guarantee. Were the Guarantor to exercise such right of veto, any proposed amendments to the Terms and Conditions of the Bonds would not be put into effect.
- ix. The Terms and Conditions of the Bond Issue are based on the requirements of the Listing Rules of the Listing Authority, the Act and the Prospectus Regulation in effect as at the date of the Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Maltese law or administrative practice after the date of the Prospectus.
- x. Even after the Bonds are admitted to trading on the MSE, the Issuer is required to remain in compliance with certain requirements relating to, *inter alia*, the free transferability, clearance, and settlement of the Bonds in order to remain a listed company in good standing. Moreover, the Listing Authority has the power to suspend trading or listing of the Bonds if, *inter alia*, it comes to believe that such a suspension is required for the protection of investors or the integrity or reputation of the market. The Listing Authority may discontinue the listing of the Bonds on the MSE. Any such trading suspensions or listing revocations/discontinuations described above could have a material adverse effect on the liquidity and value of the Bonds.
- xi. The Issuer has not sought, nor does it intend to seek, the credit rating of an independent rating agency, and there has been no assessment by any independent rating agency of the Bonds.
- xii. An investment in the Bonds may not be suitable for all recipients of the Prospectus, and Authorised Financial Intermediaries are to determine the suitability or otherwise of prospective investors' investment in the Bonds before making an investment decision. In particular, Authorised Financial Intermediaries should determine whether each prospective investor:
  - a. has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in the Prospectus or any applicable supplement;
  - b. has sufficient financial resources and liquidity to bear all the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the prospective investor's reference currency;
  - c. understands thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
  - d. is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

## Section E – Offer

E.2b The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €24,550,000, will be used by the Issuer for the purpose of part-financing the acquisition and commission of the Vessel by Virtu Wavepiercer, by way of payments to be effected to: Incat Tasmania Pty; or, in respect of bridge financing which may be required for this purpose pending receipt of the Bond proceeds by the Issuer, to the provider(s) of such bridge financing, including Virtu Ferries Limited for the amount of €7,500,000.

For this purpose, back-to-back loan agreements dated 21 August 2017 have been entered into between, on the one part, the Issuer (as lender) and the Guarantor (as borrower), and, on the other part, between the Guarantor (as lender) and Virtu Wavepiercer (as borrower). The loan agreement between the Issuer and Guarantor is conditional upon the Bond Issue being approved by the Listing Authority and the Bonds being subscribed for in the amount of at least €15,000,000, whereas the loan agreement between the Guarantor and Virtu Wavepiercer is conditional upon the Guarantor receiving the loan proceeds from the aforesaid agreement between the Issuer and Guarantor.

In addition to the application of proceeds of the Bond Issue on-lent to it in the manner indicated in the preceding paragraph, Virtu Wavepiercer shall finance the remaining costs required for the acquisition and commissioning of the Vessel (total costs amounting to €75,000,000) as follows:

- i. bank financing in the amount of €40,000,000;
- ii. loan in the amount of €7,000,000 granted by the Guarantor to Virtu Wavepiercer in terms of a loan agreement dated 1 July 2017; and
- iii. the balance to be funded by own funds.

E.3 The Bonds are open for subscription by Authorised Financial Intermediaries, either for their own account or for the account of the underlying customers, including retail customers. The Issuer has reserved a maximum amount of €25,000,000 in value of Bonds for subscription by Authorised Financial Intermediaries through conditional placement agreements which may be submitted by Authorised Financial Intermediaries by latest 12:00 hours on 15 November 2017. Pursuant to these placement agreements, Authorised Financial Intermediaries (either in their own names or in the names of the underlying customers, including retail customers) are to submit Application Forms, representing the amount they have been bound to subscribe to, by not later than 12:00 hours on 23 November 2017. The following is a synopsis of the general terms and conditions applicable to the Bonds. A Bondholder is deemed to have invested only after having received, read and understood the contents of the Prospectus, including the full terms and conditions contained in the annexes thereto:

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

The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD. The Bonds will be issued without interest coupons, in denominations of any integral multiple of €100 per Bond provided that on subscription the Bonds will be issued for a minimum of €2,000 per individual Bondholder. Authorised Financial Intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €2,000 to each underlying client. Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments) as the absolute owner of such Bond. Title to the Bonds may be transferred as provided in the Securities Note.

### 2. *Interest*

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

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

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

### 4. *Payments*

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

### 5. *Redemption*

Unless previously re-purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 30 November 2027.

### 6. *Events of Default*

The Bonds shall become immediately due and repayable, at their principal amount together with accrued interest, if any of the following events (Events of Default) occur: (i) the Issuer fails to pay any interest on any Bond when due and such failure shall continue for 30 days after written notice thereof shall have been given to the Issuer by any Bondholder; or (ii) the Issuer is in breach of any material obligation contained in the Terms and Conditions of the Bonds and such failure shall continue for 60 days after written notice thereof has been given to the Issuer by any Bondholder; or (iii) the Issuer is, *inter alia*, dissolved, liquidated or bankrupt; or (iv) the Issuer stops or suspends payments, or announces to do so, to all or any class of its debts or

ceases or threatens to cease to carry on its business or a substantial part thereof; or (v) the Issuer is unable to pay its debts; or (vi) a final judgment by a court is made against the Issuer and/or the Guarantor for the payment in excess of €5 million and 90 days shall have passed since the date of the judgment without it being satisfied; or (vii) any default occurs relating to any financial indebtedness of the Issuer and/or the Guarantor in excess of €5 million, which default continues for 90 days.

*7. Transferability of the Bonds*

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

*8. Register of Bondholders*

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

*9. Further Issues*

Subject to the negative pledge clause (section 5.7 of the Securities Note), the Issuer may, from time to time, without the consent of the Bondholders, create and issue further debentures, debenture stock, bonds, loan notes, or any other debt securities either having the same terms and conditions as any outstanding debt securities of any series (including the Bonds) and so that such further issue shall be consolidated and form a single series with the outstanding debt securities of the relevant series (including the Bonds) or upon such terms as the Issuer may determine at the time of their issue.

*10. Meetings of Bondholders*

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

*11. Governing Law and Jurisdiction*

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

- E.4 Save for the subscription for Bonds by Bank of Valletta p.l.c. and Rizzo, Farrugia & Co. (Stockbrokers) Ltd, and any fees payable in connection with the Bond Issue to Rizzo, Farrugia & Co. (Stockbrokers) Ltd. as Sponsor and to Bank of Valletta p.l.c. as Manager and Registrar, so far as the Issuer is aware, no person involved in the Issue has an interest material to the Issue.
- E.7 *Not Applicable:* No expenses will be charged to investors by the Issuer.

## Time-Table

1. Placement date	15 November 2017
2. Closing date for submission of Application Forms	23 November 2017
3. Commencement of interest on the Bonds	30 November 2017
4. Expected date of notification of registration	7 December 2017
5. Expected date of admission of the Bonds to listing	7 December 2017
6. Expected date of commencement of trading in the Bonds	11 December 2017



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