

This document comprises an admission document, required by the rules of Prospects MTF (the market regulated as a multilateral trading facility operated by the Malta Stock Exchange (the “Exchange”) and has been drawn up in compliance with the rules of Prospects MTF issued by the Exchange for the purpose of giving information with regards to the issue of the Bonds (as defined herein). Prospects MTF is not a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments. This document does not comprise a document drawn up in terms of the EU Prospectus Directive (2003/71/EC) or for the purposes of the Listing Rules of the Listing Authority, or a prospectus as defined under Article 2(1) of the Companies Act (Chapter 386 of the Laws of Malta). The Bond Issue (as defined herein) does not constitute an offer of securities to the public under Article 2(3)(b)(v) of the said Companies Act.



Busy Bee

Company Admission Document

Dated 17th June 2019

In respect of an issue of €5,000,000 5% Unsecured Bonds 2029 of a nominal value of €100 per Bond issued at par by

BUSY BEE FINANCE PLC

A public limited liability company registered in Malta
with company registration number C 87631

ISIN: MT0002281203

THE EXCHANGE HAS AUTHORISED THE ISSUE OF THIS DOCUMENT. THE EXCHANGE DOES NOT GIVE ANY CERTIFICATION, REPRESENTATION, WARRANTY OR GUARANTEE REGARDING THE POTENTIAL RISKS INVOLVED IN INVESTING IN THE SAID SECURITIES OR THE SAFETY OF INVESTING IN SUCH SECURITIES. THE EXCHANGE ACCEPTS NO RESPONSIBILITY FOR THE COMPLETENESS OR ACCURACY OF THIS ADMISSION DOCUMENT AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ADMISSION DOCUMENT. THE DIRECTORS OF THE ISSUER, WHOSE NAMES APPEAR UNDER THE HEADING “IDENTITY OF DIRECTORS AND SENIOR MANAGEMENT OF THE ISSUER”, ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS DOCUMENT. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS (WHO HAVE ALL TAKEN REASONABLE CARE TO ENSURE SUCH IS THE CASE), THE INFORMATION CONTAINED IN THIS DOCUMENT IS IN ACCORDANCE WITH FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORTANCE OF SUCH INFORMATION. THE DIRECTORS ASSUME FULL RESPONSIBILITY FOR ITS CONTENTS ACCORDINGLY.

THE EXCHANGE HAS AUTHORISED THE ADMISSION OF THESE SECURITIES ON PROSPECTS MTF, A MULTILATERAL TRADING FACILITY OPERATED BY THE EXCHANGE. THIS MEANS THAT THE SAID INSTRUMENTS ARE IN COMPLIANCE WITH THE ADMISSION REQUIREMENTS SET OUT IN THE PROSPECTS MTF RULES. IN PROVIDING THIS AUTHORISATION, THE EXCHANGE DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS IN INVESTING IN THE SAID INSTRUMENTS AND SUCH AUTHORISATION SHOULD NOT BE DEEMED OR CONSTRUED AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN SUCH INSTRUMENTS.

INVESTING IN COMPANIES ADMITTED TO PROSPECTS MTF MAY PUT AN INVESTOR’S CASH PARTLY OR WHOLLY AT RISK. SECURITIES ISSUED BY SMALL AND MEDIUM SIZED ENTERPRISES TEND TO BE ILLIQUID AND CARRY HIGHER RISKS. INVESTORS SHOULD THUS SEEK APPROPRIATE ADVICE AND READ THE WHOLE DOCUMENT BEFORE MAKING ANY INVESTMENT DECISIONS. THE VALUE OF INVESTMENTS CAN RISE OR FALL AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. IF YOU NEED ADVICE OR ARE REQUIRED UNDER APPLICABLE LEGISLATION TO SEEK ADVICE WITH RESPECT TO THIS SECURITIES ISSUE, YOU SHOULD CONSULT A DULY LICENSED INVESTMENT ADVISOR.


Brian Friggieri

Corporate Advisor

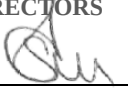


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IMPORTANT INFORMATION

THIS DOCUMENT CONTAINS INFORMATION ON BUSY BEE FINANCE PLC IN ITS CAPACITY AS ISSUER, IN COMPLIANCE WITH THE PROSPECTS MTF RULES ISSUED BY THE MALTA STOCK EXCHANGE.

APPLICATION HAS BEEN MADE TO THE EXCHANGE FOR THE BONDS TO BE ADMITTED TO TRADING ON PROSPECTS MTF. PROSPECTS IS A MARKET DESIGNED PRIMARILY FOR EMERGING AND SMALLER COMPANIES TO WHICH A HIGHER INVESTMENT RISK TENDS TO BE ATTACHED. PROSPECTS MTF SECURITIES ARE NOT ADMITTED TO THE OFFICIAL LIST OF THE EXCHANGE.

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THE EXCHANGE ACCEPTS NO RESPONSIBILITY FOR THE COMPLETENESS OR ACCURACY OF THIS ADMISSION DOCUMENT AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ADMISSION DOCUMENT.

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

THE BONDS HAVE NOT BEEN NOR WILL THEY BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT, 1933 AS AMENDED, OR UNDER ANY FEDERAL OR STATE SECURITIES LAW AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OF AMERICA, ITS TERRITORIES OR POSSESSIONS, OR ANY AREA SUBJECT TO ITS JURISDICTION (THE "U.S.") OR TO OR FOR THE BENEFIT OF, DIRECTLY OR INDIRECTLY, ANY U.S. PERSON (AS DEFINED IN REGULATION "S" OF THE SAID ACT). FURTHERMORE THE ISSUER WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT, 1940 AS AMENDED AND INVESTORS WILL NOT BE ENTITLED TO THE BENEFITS SET OUT THEREIN.

A COPY OF THE ADMISSION DOCUMENT HAS BEEN SUBMITTED TO THE EXCHANGE IN THE CONTEXT OF AN APPLICATION FOR ADMISSION OF THE COMPANY'S SECURITIES TO PROSPECTS MTF. THE EXCHANGE HAS AUTHORISED THE ISSUE OF THIS DOCUMENT. BY SO DOING, THE EXCHANGE DOES NOT GIVE ANY CERTIFICATION, REPRESENTATION, WARRANTY OR GUARANTEE REGARDING THE POTENTIAL RISKS INVOLVED IN INVESTING IN THE SAID SECURITIES OR THE SAFETY OF INVESTING IN SUCH SECURITIES.

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

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

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

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

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1. DEFINITIONS

In this Admission Document, the following words and expressions shall bear the following meaning whenever such words and expressions are used in their capitalised form, except where the context otherwise requires:

Act or Companies Act	the Companies Act, 1995 (Cap. 386 of the Laws of Malta);
Admission Document or Company Admission Document or Document	this document in its entirety;
Applicant/s	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
Application/s	the application to subscribe for Bonds made by an Applicant/s by completing an Application Form and delivering same to the Placement Agent and Manager in accordance with the terms of this Admission Document;
Application Form	the form of Application for subscription, a specimen of which is contained in Annex A of this Admission Document;
Articles of Association	the articles of association of the Issuer, in force at the time of publication of the Admission Document;
BB Intellectual Property	shall include: (i) any and all intellectual property and proprietary rights title, and interest in the Busy Bee trademark registered with the Maltese Commerce Department under class number sixteen (16), twenty nine (29), thirty five (35) and forty three (43), and any and all rights relating thereto, including but not limited to all recipes used for the manufacturing of bakery and confectionary products; and (ii) any trade secrets, inventions, ideas, discoveries, developments, methods, processes, compositions, works, concepts and ideas (whether or not patentable or copyrightable or constituting trade secrets) conceived, made, created, or developed by the Busy Bee Group or any of the entities forming part thereof, whether alone or with others, including the recipes developed by the Busy Bee Group or any of the entities forming part thereof for the purposes of manufacturing or producing products for the business trading under the name “Busy Bee”;
BB Properties	all such immovable property that is owned by BBP as of the date of this Document, as specified in Section 8 of this Document;
BBF Group	the Issuer and all subsidiaries of the Issuer;
BBIP Loan	the loan payable by BBIP to BBL representing the outstanding amount of the consideration for the BB Intellectual Property in terms of the Transfer of Intellectual Property Rights Agreement;
BBIP or Busy Bee IP	Busy Bee IP Limited, a private limited liability company registered and incorporated under the laws of Malta with company registration number C 89878 and having its registered office situated at Busy Bee Group, Zone 4, Central Business District, Mdina Road, Mriehel, Birkirkara BKR3000, Malta;
BBIP Loan Agreements	the loan agreements entered into on or about the date of this Document between, on the one hand, the Issuer and BBIP wherein the Issuer advanced by way of loan, nine hundred and forty four thousand, four hundred and ninety Euro (€944,490) for the part repayment of the debt due by BBIP to BBL which BBIP incurred in the acquisition of the BB Intellectual Property, and on the other hand, BBIP and BBL wherein the amount of five hundred and fifty five thousand, five hundred and ten Euro (€555,510), representing the balance of the consideration for the acquisition of the BB Intellectual Property, has been converted into a loan payable by BBIP to BBL;
BBL or Busy Bee Limited	Busy Bee Limited, a private limited liability company registered and incorporated under the laws of Malta with company registration number C 6186 and having its registered office situated at Busy Bee Group, Zone 4, Central Business District, Mdina Road, Mriehel, Malta;

BBM or Busy Bee Manufacturing	Busy Bee Manufacturing Limited, a private limited liability company registered and incorporated under the laws of Malta with company registration number C 64292 and having its registered office situated at Busy Bee Group, Zone 4, Central Business District, Mdina Road, Mriehel, Malta;
BBM Loan Agreement	the loan agreement entered into on or around the date of this Document between the Issuer and BBM wherein the Issuer advanced by way of loan, two million, one hundred and ninety five thousand, five hundred and ten Euro (€2,195,510) for the repayment by BBM of a bank facility amounting to two million Euro (€2,000,000) with the balance of one hundred and ninety five thousand, five hundred and ten Euro (€195,510) being retained by BBM for further investment in fixed asset additions;
BBP or Busy Bee Properties	Busy Bee Properties Limited, a private limited liability company registered and incorporated under the laws of Malta with company registration number C 87632 and having its registered office situated at Busy Bee Group, Zone 4, Central Business District, Mdina Road, Mriehel, Malta;
BBP Loan Agreement	the loan agreement entered into on or about the date of this Document between the Issuer and BBP wherein the Issuer advanced by way of loan, one million seven hundred and twenty thousand Euro (€1,720,000) for the repayment of the loan incurred by BBP towards BBL for the acquisition by BBP of the BB Properties and for the refurbishment of the Msida flagship cafeteria;
BBR or Busy Bee Retail	Busy Bee (Retail) Limited, a private limited liability company registered and incorporated under the laws of Malta with company registration number C 87629 and having its registered office situated at Busy Bee Group, Zone 4, Mdina Road, Mriehel, Malta;
BBTI or Busy Bee Training Institute	Busy Bee Training Institute Limited, a private limited liability company registered and incorporated under the laws of Malta with company registration number C 87634 and having its registered office situated at Busy Bee Group, Zone 4, Mdina Road, Mriehel, Malta;
Bond(s)	five million Euro (€5,000,000) unsecured bonds due in 2029 of a nominal value of one hundred Euro (€100) per bond bearing an interest rate of five percent (5%) per annum;
Bondholder	a holder of Bonds;
Bond Issue	the issue of the Bonds;
Bond Issue Price	the price of one hundred Euro (€100) per Bond
Business Day	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
Busy Bee	the Busy Bee brand;
Busy Bee Group	Busy Bee Limited and its subsidiary companies as at the date of this Admission Document;
CET	Central European Time;
Company or Issuer or BBF	Busy Bee Finance plc, a public limited liability company registered under the laws of Malta with company registration number C 87631, having its registered office at Busy Bee Group, Zone 4, Central Business District, Mdina Road, Mriehel, Malta;
Corporate Advisor	DF Consultancy Services Limited, a private limited liability company registered and incorporated under the laws of Malta with company registration number C 54692 and having its registered office situated at Il Piazzetta A, Suite 52, Level 5, Tower Road, Sliema;
CSD	the Central Securities Depository of the Exchange authorised in terms of Part IV of the Financial Markets Act (Chapter 345 of the laws of Malta), having its address at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
Deeds of Sale	the deed for the sale and transfer entered into on or about the date of this Document by BBL and BBP, for the purposes of transferring the BB Properties to BBP;
Directors or Board of Directors	the Directors of the Issuer as set out in Section 7.1;
Euro or €	the lawful currency, as at the date of the Document, of the Republic of Malta and of the Eurozone;
Exchange, Malta Stock Exchange or MSE	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Chapter 345 of the laws of Malta) with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
Financial Markets Act	the Financial Markets Act, Chapter 345 of the Laws of Malta;

GDPR	Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data;
Interest	the interest that shall be borne by the Bonds from and including 28th June 2019 at the rate of five percent (5%) per annum payable annually in arrears on the Interest Payment Dates;
Interest Payment Dates	annually, on the 28 th June of each year commencing on the 28 th June 2020 and ending with and including the Redemption Date, provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day;
Issue Period	the period between the 17 th June 2019 and 25 th June 2019 (or such earlier date as may be determined by the Issuer) during which the Bonds are available for subscription;
Lease Agreement	the agreement entered into on or about the date of this Document between BBP and BBR, for the lease of the Msida flagship cafeteria to BBR;
Licensing of Intellectual Property Rights Agreements	the agreements entered into on or about the date of this Document by BBIP with BBF, BBM, BBP, BBR and BBTI, for the use and exploitation of the Busy Bee trademark;
Listing Authority	the Malta Financial Services Authority, appointed as Listing Authority for the purposes of the Financial Markets Act by virtue of Legal Notice 1 of 2003;
Listing Rules	the listing rules issued by the Listing Authority, as may be amended from time to time;
Memorandum and Articles of Association or M&A's	the Memorandum of Association and the Articles of Association;
Memorandum of Association	the memorandum of association of the Issuer, in force at the time of publication of the Admission Document;
MFSA	the Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act (Chapter 330 of the Laws of Malta);
Official List	the list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws;
Placement Agent and Manager	Curmi & Partners Ltd, a private limited liability company registered and incorporated under the laws of Malta with company registration number C 3909 and having its registered office situated at Finance House, Princess Elizabeth Street, Ta' Xbiex XBX1102, Malta;
Prospects MTF	the market regulated as a multilateral trading facility operated by the MSE providing a venue for start-up and growth of small to medium-sized enterprises to float their capital (including equity or debt) on the market;
Prospects MTF List	the list prepared and published by the Malta Stock Exchange as the list indicating the companies admitted to Prospects MTF in accordance with the Malta Stock Exchange Bye-Laws;
Prospects MTF Rules or Rules	the rules issued by the Board of Directors of the Malta Stock Exchange, in exercise of the powers conferred on it by the Financial Markets Act regulating the Prospects MTF market;
Prospectus Directive	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, as may be amended from time to time;
Redemption Date	28 th June 2029;
Redemption Value	the value of redemption of the Bonds on the Redemption Date, which shall be at par;
Services Agreements	the agreements entered into on or about the date of this Document by BBF with BBIP, BBM and BBP, for the provision of general administrative, back-office and accounting services by BBF;
Small and medium-sized enterprises or SMEs	an enterprise as defined in section 2 (1) of the Companies Act, Chapter 386 of the laws of Malta, that is, companies which, according to their last annual or consolidated accounts, meet at least two of the following three criteria: (i) an average number of employees, during the financial year, of less than two hundred and fifty (250);

	(ii) a total balance sheet not exceeding forty-three million Euro (€43,000,000); (iii) an annual net turnover not exceeding fifty million Euro (€50,000,000);
Subsidiaries	means the subsidiary companies of the Issuer as at the date of this Admission Document, namely BBM, BBP and BBIP;
Suitability Test	shall have the meaning assigned to it under Section 17.2 of the Document;
Summary	a summary of the salient features of the Document, as contained in the section entitled “Summary”;
Supply Agreements	the agreements entered into on or about the date of this Document by BBM with BBR and BBTI, for the supply and purchase of Busy Bee products from BBM;
Terms and Conditions	the terms and conditions of the Bonds contained in this Document under the heading “Terms and Conditions of the Bonds”.
Transfer of Business Agreement	the agreement entered into on or about the date of this Document by and between BBL and BBM, for the transfer of business to BBM;
Transfer of Intellectual Property Rights Agreement	the agreement entered into on or about the date of this Document between BBIP and BBL for the purchase by BBIP of the BB Intellectual Property.

All references in the Document to “Malta” are to the “Republic of Malta”.

Unless it appears otherwise from the context:

- a) words importing the singular shall include the plural and vice-versa;
- b) words importing the masculine gender shall include the feminine gender and vice-versa;
- c) the word “may” shall be construed as permissive and the word “shall” shall be construed as imperative.
- d) any reference to a person includes natural persons, firms, partnerships, companies, corporations, associations, organisations, governments, states, foundations or trusts;
- e) any reference to a person includes that person’s legal personal representatives, successors and assigns;
- f) any phrase introduced by the terms “including”, “include”, “in particular” or any similar expression is illustrative only and does not limit the sense of the words preceding those terms;
- g) any reference to a law, legislative act, and/or other legislation shall mean that particular law, legislative act and/or legislation as in force at the time of issue of this Company Admission Document.

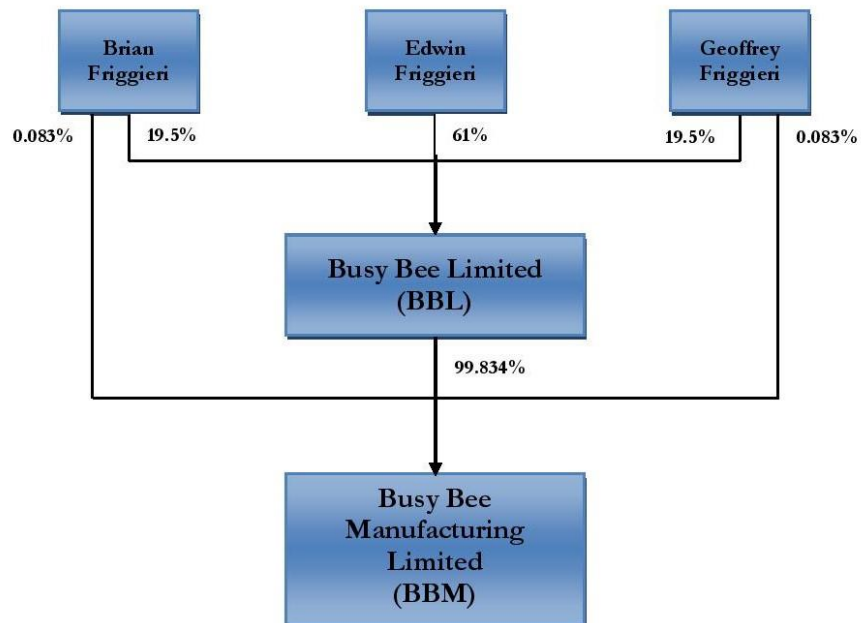
2. SUMMARY

This Summary should be read as an introduction to the Admission Document. Prospective investors are hereby warned that this Summary is being provided to convey the essential characteristics and risks associated with the Issuer and the securities being offered pursuant to the Admission Document. It is not and does not purport to be exhaustive and investors are warned that they should not rely on the information contained in this Summary in making a decision as to whether to invest in the securities described in this Document. Any decision to invest in the securities should be based on consideration of the Admission Document as a whole by the investor.

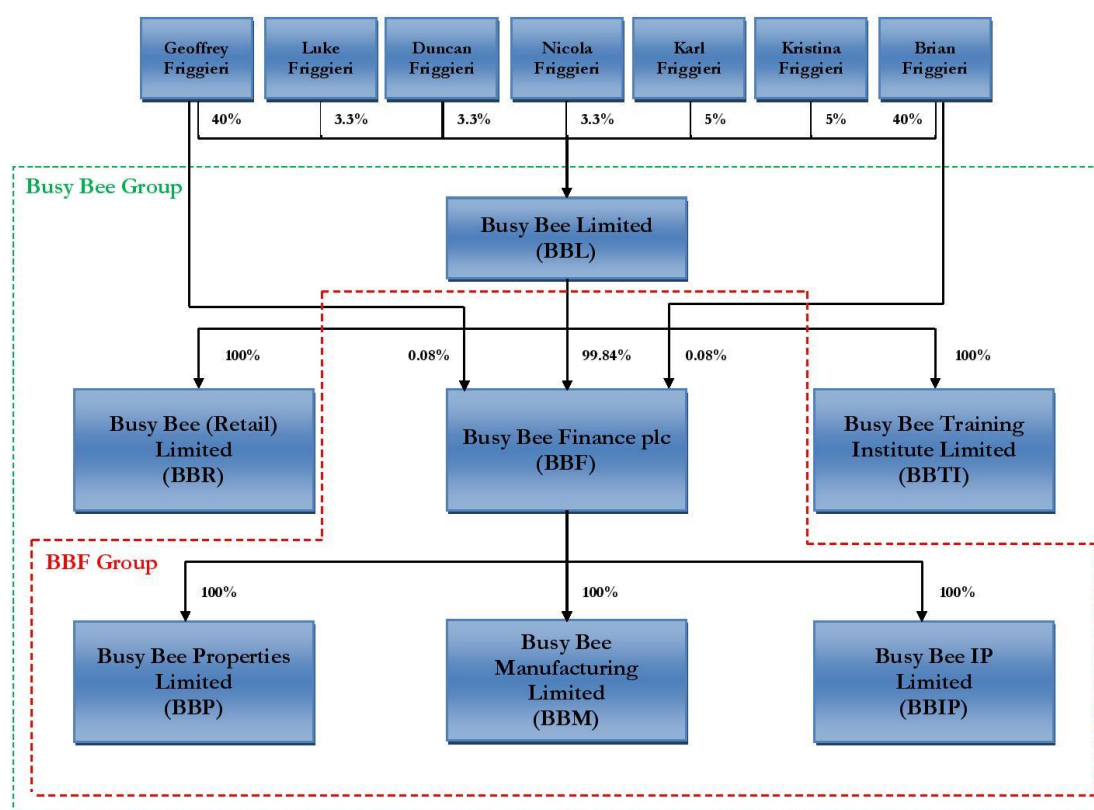
Section A – Information regarding the Issuer

- A.1 **Legal and commercial name of the Issuer** – The legal and commercial name of the Issuer is Busy Bee Finance plc (registration number C87631).
- A.2 **Domicile and legal form of the Issuer** – The Issuer was incorporated in Malta on the 31st July 2018, and is currently registered as a public limited liability company. The Issuer is domiciled in Malta.
- A.3 **Nature of the Issuer's current operations and its principal activities** – The principal object of the Issuer is to carry on the business of a finance and holding company, by virtue of a number of powers conferred upon it in terms of the Memorandum and Articles of Association. The issue of the Bonds falls within the objects of the Issuer.
- A.4 **Shareholding structure** – The Issuer's current authorised share capital is fifty thousand Euro (€50,000) divided into fifty thousand (50,000) Ordinary Shares of one Euro (€1.00) each. The Issuer's issued share capital is fifty thousand Euro (€50,000) divided into fifty thousand (50,000) Ordinary Shares, all having a nominal value of one Euro (€1.00) each, fully paid up. Busy Bee Limited is the holder of forty nine thousand, nine hundred and twenty (49,920) Ordinary Shares, whilst Mr Brian Friggieri and Mr Geoffrey Friggieri each own forty (40) Ordinary Shares.
- A.5 **Organisational Structure** – The organisational structure of the Busy Bee Group prior to and following the restructuring process referred to in Section 10.3 of the Document is illustrated in the diagrams below:

Pre-Restructuring



Post-Restructuring



- A.6 **Summary of Financial Information** – The Issuer was set up on the 31st July 2018 and since its incorporation and up to the date of this Admission Document, no financial statements have been prepared. There has not been any significant change in the financial or trading position of the Issuer, which has occurred since the company's date of incorporation.

Section B – The Securities

- B.1 **Type and class of securities** – The Issuer shall issue an aggregate of five million Euro (€5,000,000) in Bonds having a face value of one hundred Euro (€100) per Bond, subject to a minimum subscription of one thousand Euro (€1,000) in Bonds and in multiples of one hundred Euro (€100) thereafter. 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 on Prospects MTF, the Bonds will have the following ISIN: MT0002281203. The Bonds shall bear Interest at the rate of five percent (5%) per annum. The Bonds shall be repayable in full upon maturity on the 28th June 2029 (together with Interest accrued to the date fixed for redemption) unless previously re-purchased and cancelled.
- B.2 **Currency** – The Bonds are denominated in Euro (€).
- B.3 **Transferability** – The Bonds are freely transferable and, once admitted to the Prospects MTF, shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time.
- B.4 **Rights attached to the Bonds** – There are no special rights attached to the Bonds other than the right of the Bondholders to:
- the payment of interest;

- the payment of capital as and when due;
- ranking with respect to other indebtedness of the Issuer in accordance with the provisions of sub-section 17.3 of this Document;
- attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and
- enjoy all such other rights attached to the Bonds emanating from the Admission Document.

B.5 Interest – The Bonds shall bear interest from and including 28th June 2019 at the rate of five percent (5%) per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date, the first Interest Payment Date being 28th June 2020, provided that any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds at Redemption Date is five percent (5%).

Redemption shall take place on the 28th June 2029.

Section C – Risks

C. 1 Essential information on the key risks specific to the Issuer, the BBF Group and its business

- Liquidity Risk** – The Issuer's and BBF Group's ability to meet its financial commitments may be adversely affected by risks arising from the inability or difficulty to liquidate assets or the inability to obtain adequate funding.
- Interest Rate Risk** – The Issuer and BBF Group may be adversely affected by a mismatch between the interest rates of its assets and liabilities as may arise in the conduct of its business.
- Exchange Rate Risk** – The Issuer's and BBF Group's operations are in part exposed, in the case of transactions not denominated in Euro, to foreign currency risk on transactions, receivables and borrowings that are denominated in a currency other than the Euro.
- Concentration Risk** – The Issuer acts as an intra-group financing company and its ability to meet its obligations towards the Bondholders rests on the payment of the relevant income flows due from its subsidiaries. Failure to retain, or find alternative income streams could adversely affect the Issuer's business.
- Operational Risk** – The Issuer's and BBF Group's financial performance may be adversely affected by inadequate or failed internal processes, people and information technology systems or unforeseen external events.
- Reputational Risk** – The Issuer's and BBF Group's operations and performance may be adversely affected by risks arising from negative publicity regarding its business practices, operational failures, and/or regulatory breaches, whether true or otherwise.
- Market and Competition Factors** – The Issuer and the BBF Group generally may be adversely affected by risks arising from changes in economic conditions and increased competitive pressure in the catering and property market sectors.
- Strategic and Business Risk** – The Issuer's operations and business may be adversely affected by risks arising from improper strategic choices, and their relative implementation, which risks may be unique to the Issuer;
- Dependence on Key Personnel** – The Issuer and BBF Group may be adversely affected if one or more of its key personnel are unable or unwilling to continue in their employment;
- The Issuer is dependent on the business of the BBF Group and consequently, the operating results of the BBF Group will directly influence the Issuer's financial position;

- xi. Limited trading record – The Issuer has a limited trading record and history of operations. It was set up on the 31st July 2018 to carry on the business of a finance and holding company, and is substantially a start-up operation with all the attendant risks that start-ups normally entail, including lack of financial stability;
- xii. Competition - The BBF Group operates in the catering industry which is highly competitive in nature and is steeped in a considerable amount of competition with various market participants offering similar products and/or services to those offered by the BBF Group;
- xiii. Consumer trends – The catering industry is affected by several additional trends including particular changes in consumer demands, tastes, preferences, dietary habits, demographic trends, social media, widespread diseases, weather effects, attitudes towards sugar consumption, and considerations related to health;
- xiv. Interruption of supply chains – The BBF Group depends on the effectiveness of its supply chain management to ensure reliable and sufficient product production, packaging and supply. This may consequently increase BBF Group's reliance on existing or additional suppliers;
- xv. Food health and safety concerns - BBF Group's ability to increase sales and profits depends, in part, on its ability to meet expectations for safe food and on BBF Group's ability to manage the potential impact of food-borne illnesses and food or product safety issues that may arise in the future;
- xvi. Insurance coverage – The BBF Group should be covered by the relevant insurance policies, however, it may take time to recover any losses which may be incurred from insurers and the BBF Group may not recover the full amount;
- xvii. Talent management – Failure to effectively identify, develop and retain key personnel, recruit high-quality candidates and ensure smooth management and personnel transitions could disrupt the BBF Group's business and adversely affect its results;
- xviii. Dependence on plant, equipment, components and machinery – The BBF Group depends on key pieces of plant, equipment, components and machinery and if these were to break down or cease to operate and a replacement is not readily available and/or operational difficulties occur in the supply chain, the BBF Group's production and ability to fulfil contractual commitments would be adversely impacted, having a negative impact on the business, its reputation and financial and operational results;
- xix. Risks relating to BBF Group's assets and property market – The property portfolio accounts for a relatively substantial part of the asset base of the BBF Group. Therefore, the BBF Group is exposed to fluctuations in the property and real estate markets. The valuations of the property portfolio may also be adversely affected as a result of other factors outside the BBF Group's control, such as changes in regulatory requirements and applicable laws. The BBF Group could also be affected by a decline in capital values of the property assets, particularly resulting in potential impairments in asset values. The value of the BBF Group's assets such as machinery and equipment may also fluctuate as a result of the operating and financial performance of the catering businesses;
- xx. Indebtedness – The BBF Group has a material amount of debt and may continue to fund new projects by incurring additional debt in connection with its future growth. Borrowings under bank credit facilities may be at variable interest rates, which causes the BBF Group to be vulnerable to increases in interest rates;
- xxi. Risks associated with valuation of intellectual property – The valuation of intangible assets such as intellectual property, proprietary rights and trademarks is inherently subjective due to, *inter alia*, the individual nature of certain assumptions upon which such valuations are carried out. Therefore, there can be no assurances that such valuations will reflect actual market values. A decline in capital values of such assets could result in potential impairments in asset values;
- x. Risks Relating to Taxation – The amount of taxation charged on the Issuer's activities is subject to changes in tax laws and their practical application;

xi. **Regulatory Risk** – The Issuer’s ability to successfully pursue their business, and their profits may be adversely affected by an increase in regulation both on a national, and/or regional level. The Issuer may also be adversely affected as a result of changes in regulatory requirements and applicable laws relating to permits connected with the catering industry;

xii. **Legal Risk** – The Issuer is subject to various forms of legal risk. Legal risks arise from the possibility that unenforceable contracts, lawsuits, or adverse judgements can disrupt or otherwise negatively affect the operations or condition of the Issuer;

xiii. **Forward-looking statements** – Forward-looking statements can be identified by the use of terms such as “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will”, or “should”. These forward-looking statements relate to matters that are not historical facts. Forward-looking statements are not guarantees of future performance and should therefore not be construed as such. The Issuer’s actual results of operations, financial condition, liquidity, dividend policy and the development of its strategy may differ materially from the impression created by the forward-looking statements contained in this Document;

xiv. **Additional Indebtedness and Security** – the Issuer may incur further borrowings and 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).

C.2 Essential information on the key risks specific to the Bonds

- i. **No Assurance of an active Secondary Market in the Bonds** - Only upon successful admission, the Bonds will be traded on a multilateral trading facility but will NOT be traded on any regulated market. Hence, the market for the Bonds may be less liquid than a regulated market and a Bondholder may find it more difficult to identify willing buyers for their Bonds. The existence of an orderly and liquid market depends on a number of factors. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or if it develops, that it will continue. Furthermore, there can be no assurance that an Investor will be able to sell or otherwise trade in the Bonds at all.
- ii. **Prior to the Bond Issue, there has been no public market nor trading record of the Bonds within or outside Malta.** Due to the absence of any prior market for the Bonds, there can be no assurance that the Bond Issue Price will correspond to the price at which the Bonds will trade in the market subsequent to the Bond Issue.
- iii. **Fluctuations in exchange rate** – A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of the Bonds (€) and the Bondholder’s currency of reference, if different.
- iv. **Additional Indebtedness and Security** – The Issuer may incur further borrowings 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).
- v. **Effect of Future Public Offerings/Takeover/Merger Activity** - 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 any of the Bonds prevailing from time to time.
- vi. **Fixed Rate Bonds** - The Issuer is entitled to issue Bonds bearing a fixed rate of interest which involves the risk that subsequent changes in market interest rates may adversely affect the market value of the said Bonds. Investors should also be aware that the price of the fixed rate Bonds moves adversely to changes in interest rates.
- vii. **Discontinuation of Trading on Prospects MTF** - Even after the Bonds are admitted to trading on Prospects MTF, the Issuer is required to remain in compliance with certain requirements of the Prospects MTF Rules issued by the Exchange as amended from time to time. Moreover, the MSE has the authority to suspend trading of the Bonds if it comes to believe that such a suspension is required for the protection of investors or the integrity or reputation of the market. The MSE may discontinue the trading of the Bonds on Prospects MTF. Such trading suspensions could have a material adverse effect on the liquidity and value of the Bonds.

- viii. **Value of the Bonds** – The value of investments can rise or fall, and past performance is not necessarily indicative of future performance.
- ix. **Credit Rating** –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.
- x. **Ranking** – The Bonds, as and when issued, shall constitute the general, direct, unconditional, unsecured and unguaranteed obligations of the Issuer and shall at all times rank *paripassu*, without any priority or preference among themselves. Furthermore, subject to the negative pledge clause (section 17.4 of this Admissions Document), third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect.
- xi. **Changes to Terms and Conditions** - In the event that the Issuer wishes to amend any of the Terms and Conditions of issue of the Bonds, which amendment shall require the prior written approval of the Exchange until such time as the Bonds remain admitted on any of its markets, the Issuer shall call a meeting of Bondholders in accordance with the provisions of section 17.15. These provisions permit defined majorities to bind all Bondholders, including Bondholders who do not attend and vote at the relevant meeting and Bondholders who vote in a manner contrary to the majority.
- xii. **Terms and Conditions** - The Terms and Conditions of the Bonds are based on Maltese law in effect as at the date of this Document and a change in Maltese law may have an effect on the terms of the Bonds.

Section D – Offer

D.1 Use of Proceeds – The net proceeds from the Bond Issue are expected to amount to approximately four million eight hundred and sixty thousand (€4,860,000), and shall be used for the following purposes:

- (i) Two million, one hundred and ninety five thousand, five hundred and ten Euro (€2,195,510) shall be advanced to BBM by way of loan for the repayment by BBM of a two million Euro (€2,000,000) bank facility with the balance of one hundred and ninety five thousand, five hundred and ten Euro (€195,510) being invested by BBM in fixed asset additions in terms of the BBM Loan Agreement;
- (ii) One million seven hundred and twenty thousand Euro (€1,720,000) will be advanced by way of loan to BBP for the repayment of the loan incurred by it towards BBL for the acquisition by BBP from BBL of the BB Properties and for the refurbishment of the Msida flagship cafeteria in terms of the BBP Loan Agreement;
- (iii) Nine hundred and forty four thousand, four hundred and ninety Euro (€944,490) will be advanced by way of loan to BBIP in terms of the BBIP Loan Agreements for part repayment of the debt due by it to BBL incurred in the acquisition of the BB Intellectual Property with the balance being retained as an interest free shareholders' loan in terms of the Transfer of Intellectual Property Rights Agreement.

D.2 Issue Statistics:

Issuer	Busy Bee Finance plc, a public limited liability company incorporated and registered in Malta with company registration number C 87631 and registered office at Busy Bee Group, Zone 4, Central Business District, Mdina Road, Mriehel, Malta.
Amount	five million Euro (€5,000,000)
Application Forms Made Available	17 th June 2019;
Bond Issue Price	at par – one hundred Euro (€100) per Bond;
Closing date for Applications to be received	25 th June 2019 at 12:00 hours (CET);
Denomination	Euro (€);
Events of Default	the events listed in section 17.12 of this Admission Document;

Form	the Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by an appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD;
Governing Law	the Bonds are governed by and shall be construed in accordance with Maltese Law;
Jurisdiction	the Maltese courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds and/or the Admission Document;
Interest	the Bonds shall bear interest from and including 28 th June 2019 at the rate of five percent (5%) per annum payable annually in arrears on the Interest Payment Dates;
Interest Payment Dates	annually on the 28 th June between and including each of the years 2020 and 2029, as from the 28 th June 2020 (the first Interest Payment Date);
ISIN	MT0002281203;
Issue	Bonds denominated in Euro having a nominal value of one hundred Euro (€100) each, which will be issued at par and shall bear interest at the rate of five percent per annum;
Issue Period	the period between 9:00 hours (CET) on 17 th June 2019 and 12:00 hours (CET) on 25 th June 2019 (or such earlier date as may be determined by the Issuer) during which the Bonds are available for subscription;
Admission	Application has been made to the MSE for the Bond Issue to be considered admitted and traded on Prospects MTF;
Minimum Subscription Amount per subscription	one thousand Euro (€1,000) and multiples of one hundred Euro (€100) thereafter;
Redemption Date	28 th June 2029;
Redemption Value	at par – one hundred Euro (€100) per Bond;
Status of the Bonds	the Bonds shall constitute the general, direct, unconditional, unsecured obligations of the Issuer, and shall at all times rank <i>paripassu</i> , without any priority or preference among themselves;
Subscription	multiples of one hundred Euro (€100);

D.3 Subscription – The Issuer has appointed Curmi & Partners Limited as Placement Agent and Manager for the purposes of this Bond Issue and interested investors may contact the Placement Agent and Manager for the purposes of subscribing to Bonds during the Issue Period. Applications for subscriptions to the Bonds will be processed on a first-come-first-served basis and the Issue Period shall close immediately upon attaining full subscription or on the last day of the Issue Period, whichever is the earliest.

The Bonds are open for subscription to all categories of investors. Unless the Placement Agent and Manager or other authorised financial intermediary provides advice in respect of a purchase of the Bonds by the Applicant, the Placement Agent and Manager or authorised financial intermediary will owe the Applicant no duties or responsibilities concerning the price of the Bonds or their suitability for the Applicant. To the extent that the Placement Agent and Manager or any other authorised financial intermediary is providing advice in respect of a purchase of the Bonds by an Applicant, the Placement Agent and Manager or the authorised financial intermediary shall also be required to conduct a Suitability Test in respect of the Applicant and, based on the results of such test, be satisfied that an investment in the Bonds may be considered suitable for the Applicant. Prospective investors should be aware of the potential risks in investing in the Bonds after careful evaluation of all the risk factors involved, and should consider making the decision to invest after consideration with his/her own independent financial advisor. The Placement Agent and Manager or authorised financial intermediary, as the case may be, shall ensure that subscribers to the Bonds are duly warned about the risk factors involved with investing in the Bonds and subscribers shall confirm that they have been so warned, in terms of the Prospects MTF Rules.

The Bond Issue is not underwritten. Should subscriptions for a total of at least four million Euro (€4,000,000) (the “Minimum Amount”) not be received, no allotment of the Bonds shall be made, the Applications for Bonds shall be deemed not to have been accepted by the Issuer and all money received from Applicants for Bonds shall be refunded accordingly. In the event that the Minimum Amount is reached but the Bond Issue is still not fully subscribed, the Issuer will proceed with the allotment of the amount of Bonds subscribed.

The total amount of five million Euro (€5,000,000) of Bonds is being reserved for subscription by the Placement Agent and Manager participating in the Placement Offer as detailed in Section 17.2 of this Document. The Issuer

shall enter into a conditional subscription agreement with the Placement Agent and Manager for the subscription of Bonds, whereby it will bind itself to allocate Bonds thereto up to the total amount of five million Euro (€5,000,000) as aforesaid.

In terms of said subscription agreement entered into with the Placement Agent and Manager, the Issuer will be conditionally bound to issue, and the Placement Agent and Manager will be conditionally bound to subscribe to, up to the total amount of five million Euro (€5,000,000) of Bonds as indicated therein, subject to the Minimum Amount of four million Euro (€4,000,000) being subscribed.

In terms of the said subscription agreement, the Placement Agent and Manager may subscribe for Bonds for the account of underlying customers, including retail customers.

- D.4 Governing Law and Jurisdiction** – The Bonds have been created, and the Bond Issue relating thereto is being made, in terms of the Companies Act. From their inception, the Bonds, and all contractual arrangements arising therefrom, shall be governed by and shall be construed in accordance with Maltese law. Any legal action, suit, action or proceeding against the Issuer arising out of or in connection with 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.
- D.5 Fees** – Professional fees and costs related to printing, fees relating to the admission to trading on Prospects MTF, registration, Corporate Advisor, management, selling commission and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed one hundred and forty thousand Euro (€140,000) and shall be borne by the Issuer.
- D.6 Interest of natural and legal persons involved in the Issue**—Save for the subscription for Bonds by the Placement Agent and Manager and any fees payable to the Placement Agent and Manager in connection with the Bond Issue, to the best of the Issuer's knowledge no person involved in the Issue has an interest material to the Bond Issue.
- D.7 Expected Timetable of Principal Events:**

1. Application Forms Available	17 th June 2019
2. Issue Period	17 th June 2019 to 25 th June 2019
3. Subscription of the Bonds	26 th June 2019
4. Announcement of basis of acceptance	26 th June 2019
5. Expected dispatch of allotment advices and refunds of unallocated monies (if any)	26 th June 2019
6. Issuance of Bonds	28 th June 2019
7. Commencement of interest on Bonds	28 th June 2019
8. Expected date of Admission of the Bonds to Prospects MTF	1 st July 2019
9. Expected date of commencement of trading in the Bonds	2 nd July 2019

The Issuer reserves the right to close the offer of the Bonds before the 25th June 2019 at 12:00 CET in the event that the Bonds are fully subscribed prior to the said date and time. In such an eventuality, the events set out in steps three (3) to nine (9) above shall be brought forward although the number of working days between the respective events shall not also be altered.

3. RISK FACTORS

THE VALUE OF INVESTMENTS, INCLUDING THE BONDS, 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. THE ISSUER SHALL REDEEM THE BONDS ON THE REDEMPTION DATE. AN INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS, INCLUDING THOSE DESCRIBED BELOW.

PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER, WITH THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS, AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THIS ADMISSION DOCUMENT, BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS. SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND THE ISSUER IS NOT IN A POSITION TO EXPRESS ANY VIEWS ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING. THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS NOT INTENDED TO BE INDICATIVE OF ANY ORDER OF PRIORITY OR OF THE EXTENT OF THEIR CONSEQUENCES. IF ANY OF THE RISKS DESCRIBED BELOW WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE ISSUER'S FINANCIAL RESULTS AND TRADING PROSPECTS AND THE ABILITY OF THE ISSUER TO FULFIL THEIR RESPECTIVE OBLIGATIONS UNDER THE SECURITIES ISSUED BY THE ISSUER FROM TIME TO TIME.

THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AS SUCH BY THE DIRECTORS OF THE ISSUER, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER FACES. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE ISSUER'S DIRECTORS ARE NOT CURRENTLY AWARE OF, MAY WELL RESULT IN A MATERIAL IMPACT ON THE FINANCIAL CONDITION AND OPERATIONAL PERFORMANCE OF THE ISSUER THAT COULD LEAD TO A DECLINE IN VALUE OF THE SECURITIES.

NEITHER THIS ADMISSION DOCUMENT NOR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE BONDS: (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION, NOR (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER, THE SPONSOR, THE PLACEMENT AGENT & MANAGER THAT ANY RECIPIENT OF THIS DOCUMENT OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE ADMISSION DOCUMENT OR ANY BONDS, SHOULD PURCHASE ANY BONDS ISSUED BY THE ISSUER.

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

3.1. Forward – Looking Statements

The Admission Document contains forward-looking statements that include, among others, statements concerning the Issuer's strategies and plans relating to the attainment of its respective objectives, capital requirements and other statements of expectations, beliefs, future plans and strategies, anticipated developments and other matters that are not historical facts and which may, accordingly, involve predictions of future circumstances. Prospective investors can generally identify forward-looking statements by the use of terminology such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", or similar phrases. Such forward-looking statements are inherently subject to a number of risks, uncertainties and assumptions, a few of which are beyond the Issuer's control.

Important factors that could cause actual results to differ materially from the expectations of the Issuer's Directors include those risks identified under this heading "*Risk Factors*" and elsewhere in the Admission Document. If any of the risks described were to materialise, they could have a serious effect on the Issuer's financial results, trading prospects and the ability of the Issuer to fulfil their respective obligations under the securities to be issued.

Accordingly, the Issuer cautions prospective investors that these forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ materially from those expressed or implied by such statements, that such statements do not bind the Issuer with respect to future results and no assurance is given that the projected future results or expectations covered by such forward-looking statements will be achieved.

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

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

3.2. General

Prospective investors in the Bonds must determine the suitability of that investment in the light of their own circumstances. In particular, each prospective investor should:

- (i) have 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 to the Document or any applicable supplement;
- (ii) have sufficient financial resources and liquidity to bear all the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the prospective investor’s currency;
- (iii) understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- (iv) be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

3.3. Risks relating to the Issuer’s reliance on the BBF Group and the Busy Bee Group

The Issuer is dependent on the business of the BBF Group and consequently, the operating results of the BBF Group will directly influence the Issuer’s financial position. Therefore, the risks associated with the business operations of the BBF Group will have a direct impact on the financial position of the Issuer as well as its ability to meet its obligations in connection with the payment of interest on the Bonds and repayment of principal when due. Furthermore, by reason of the fact that part of the income of the entities falling within the BBF Group is derived from BBR and BBTI, the operating results of the Issuer and the BBF Group will also be partly dependent on the Busy Bee Group as a whole.

3.4. Risks relating to the Issuer, the BBF Group and its business

3.4.1. The Issuer has a brief history of operations

The Issuer has a limited trading record and history of operations. It was set up on the 31st July 2018 and is registered as a public limited liability company, whose principal object is to carry on the business of a finance and holding company, by virtue of a number of powers conferred upon it in terms of the Memorandum and Articles of Association. The Issuer is substantially a start-up operation with all the attendant risks that start-ups normally entail. These risks include, but are not limited to, a lack of financial stability. Furthermore, the Issuer’s operations and the results of its operations are subject to a number of factors that could adversely affect the BBF Group’s business. In the event that these risks were to materialise they could have a significant impact on the financial position of the Issuer.

3.4.2. Risks relating to the BBF Group

The Issuer is largely dependent on receipt of income flows due from the Subsidiaries, and is therefore dependent on the profitability or otherwise of the Subsidiaries. Furthermore, the Issuer's fixed income consists of repayments of loans advanced to its subsidiary companies, and the Issuer is therefore largely dependent on receipt of interest and loan repayments from such subsidiaries. More specifically, the ability of the subsidiaries 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.

3.4.3. Competitiveness

The BBF Group operates in the catering industry which is highly competitive in nature and is steeped in a considerable amount of competition with various market participants offering similar products and/or services to those offered by the BBF Group. Barriers to entry in the catering industry are considered to be limited. Other event and outside caterers, cafeterias (including multinational cafeteria franchises), food importers and food manufacturers may improve their competitive position by introducing new products, improving manufacturing processes, making their product offering more exclusive or artisanal or expanding manufacturing facilities capacity individually or through joint ventures. This may reduce sales volumes and require the BBF Group to lower prices as a response to such competitive pressures. The Busy Bee Group, and the BBF Group in particular, produces a number of branded products which are recognisable by customers. BBF Group's competitive positioning is highly dependent on its continued ability to offer products which have a strong appeal to customers.

3.4.4. Consumer Trends

Further to general economic conditions, the catering industry is affected by several additional trends including particular changes in consumer demands, tastes, preferences, dietary habits, demographic trends, social media, widespread diseases, weather effects, attitudes towards sugar consumption, and considerations related to health. The BBF Group may not be able to anticipate or respond to these changes successfully or as efficiently as other competitors. Shifts in the aspects mentioned above could increase volatility and cyclicalities, potentially having an adverse effect on the market positioning of the BBF Group, its operations, business trends and financial performance.

3.4.5. Supply chain interruptions may increase costs or reduce revenues

The BBF Group depends on the effectiveness of its supply chain management to ensure reliable and sufficient product production, packaging and supply. Although many of the ingredients used for BBF Group's products are sourced from a variety of suppliers, certain products have limited suppliers, whilst others depend highly or exclusively on BBF Group itself. This may consequently increase BBF Group's reliance on existing or additional suppliers. Supply chain interruptions, including shortages and transportation issues, as well as price increases or other contingencies relating to the new factory, can also adversely affect the BBF Group as well as the suppliers whose performance may have a significant impact on the BBF Group's results. Such shortages or disruptions could be caused by factors beyond the control of the BBF Group or its suppliers. If the BBF Group experiences interruptions in its supply or production chains, its costs could increase and it could limit the availability of products critical to Busy Bee Group's operations.

The profitability of the BBF Group's catering activities partially depends on the ability to anticipate and react to changes in the cost of its supplies. Any deterioration in the BBF Group's relationships with its suppliers could have an adverse effect on the BBF Group. Other factors, such as interruptions in supply caused by adverse weather conditions, could have a material adverse impact on the availability and costs of its products.

Moreover, some of the raw materials used in the production process of the BBF Group's products are predominantly commodities that are subject to price volatility in international markets due to cyclicalities and to changes in demand and supply for these products. Such changes may increase the cost of inputs for the BBF Group, having an impact on the BBF Group's profitability unless it can be passed on to consumers. Increased utility and personnel costs may also have a negative impact on the BBF Group's results.

3.4.6. Food health and safety concerns may have an impact on the BBF Group's business

BBF Group's ability to increase sales and profits depends, in part, on its ability to meet expectations for safe food and on BBF Group's ability to manage the potential impact of food-borne illnesses and food or product safety issues that may arise in the future. Food safety is a top priority, and BBF Group dedicates substantial resources to ensure that its customers enjoy safe food products. However, food safety events, including instances of food-borne illness, may occur. Instances of food tampering, food contamination or food-borne illness, whether actual or perceived, could adversely affect Busy Bee Group's brand and reputation as well as the Busy Bee Group's revenues and profits.

The nature of BBF Group's business also necessitates that adequate importance is given to maintaining compliance with international health and safety standards. The failure to comply with such standards could expose BBF Group and the Busy Bee Group as a whole to third party claims which could in turn have a material adverse effect on its business and profitability.

3.4.7. Insurance Coverage

The BBF Group has maintained insurance at appropriate levels in the light of the cost of cover and the risk profiles of the business in which it operates. The BBF Group should be covered by the relevant insurance policies, however, it may take time to recover from insurers any losses which may be incurred and the BBF Group may not recover the full amount. No assurance can be given that the BBF Group's current insurance coverage is sufficient to cover all potential losses or that it will always be available at acceptable commercial rates.

3.4.8. Challenges with respect to talent management could harm the BBF Group's business

Effective succession planning is important to the BBF Group's long-term success. Failure to effectively identify, develop and retain key personnel, recruit high-quality candidates and ensure smooth management and personnel transitions could disrupt the BBF Group's business and adversely affect its results.

The BBF Group's success depends in part on its ability to recruit, motivate and retain a qualified workforce to work in its outlets in an intensely competitive environment. As the Maltese economy continues to expand and diversify, the local workforce is faced with expanding employment options and the catering sector is not considered to provide attractive career opportunities compared to other sectors. As a result, it has become increasingly difficult to engage personnel when and as required. Additionally, personnel costs have continued to increase, resulting in hampered growth and a negative impact on profits. Increased costs associated with recruiting, motivating and retaining qualified employees to work in its company-operated outlets could have a negative impact on its company-operated margins. Through the creation of BBTI, the Busy Bee Group envisages to mitigate this issue, however, BBTI does not have any established track record which could be utilised to evaluate its future success.

3.4.9. Dependence on plant, equipment, components and machinery

The BBF Group depends on key pieces of plant, equipment, components and machinery and if these were to break down or cease to operate and a replacement is not readily available and/or operational difficulties occur in the supply chain, the BBF Group's production and ability to fulfil contractual commitments would be adversely impacted, having a negative impact on the business, its reputation and financial and operational results.

3.4.10. Risks relating to BBF Group's assets and property market

3.4.10.1. Property and Real Estate market trends

The property portfolio accounts for a relatively substantial part of the asset base of the BBF Group. Therefore, the BBF Group is exposed to fluctuations in the property and real estate markets. Property investments are subject to various risks. Property and real estate values are affected by shifts in demand and supply, general economic conditions, and the attractiveness of real estate relative to other investment choices *inter alia*.

The valuations of the property portfolio may also be adversely affected as a result of other factors outside the BBF Group's control, including changes in regulatory requirements and applicable laws (including taxation and planning permits), political conditions, the conditions of the financial markets, interest and inflation rate fluctuations.

3.4.10.2. Net realisable values and risks associated with valuations

The BBF Group could be affected by a decline in capital values of the property assets, particularly resulting in potential impairments in asset values. The valuation of property is inherently subjective due to, inter alia, the individual nature of each property and the assumptions upon which valuations are carried out. When estimating a property's market value, the independent architects engaged by the BBF Group for this purpose made certain assumptions as a result of which actual values may be materially different from any values that may be expressed or implied on the basis of such assumptions or any historical trends or forward-looking statements which may not match reality. There can be no assurances that such valuations will reflect actual market values.

3.4.10.3. Risks relating to property rental market

The Issuer indirectly relies on a rental income stream as one of its sources of income. Additionally, it is possible that in future periods, the proportion of income accounted for by property rental income increases, should the BBF Group opt to develop certain property assets it currently holds. The property rental market in Malta, including both the commercial and residential properties, is very competitive. Increases in supply of and declines in demand for commercial and residential property to be leased may put downward pressure on the leases which the BBF Group will be able to achieve, or even make it more difficult to lease the properties. This may have an adverse impact on the financial performance and condition of the BBF Group.

3.4.10.4. Development Risks

It is possible that in future periods, the BBF Group may opt to develop certain property assets that are held. Any future developments, construction activities, capital improvements or refurbishments that may be undertaken by the BBF Group in the future may give rise to certain risks including the following:

- Delays in obtaining, or not obtaining, applications for planning permits and other approvals;
- Inability to obtain financing on favourable terms or at all for such activities;
- Potential disruption to current business operations;
- Inability to complete development projects on schedule;
- Cost overruns;
- Reliance on counterparties including contractors, suppliers, architects, and/or consultants that may fail on their obligations or that may give rise to disputes;
- Potential structural and environmental issues and/or uncertainties;
- Uncertainty related to conditions within relevant markets after completion of projects;
- Acts of nature, such as severe weather conditions, that may damage the property assets under development or cause delays;
- Claims by third parties for personal injury owing to design and/or construction defects.

3.4.10.5. Property Assets

The value of the BBF Group's assets such as machinery and equipment may also fluctuate as a result of the operating and financial performance of the catering businesses.

3.4.11. Risks associated with the BBF Group's indebtedness

The BBF Group has a material amount of debt and may continue to fund new projects by incurring additional debt in connection with its future growth. Borrowings under bank credit facilities may be at variable interest rates, which causes the BBF Group to be vulnerable to increases in interest rates. The agreements regulating the

borrowings may impose certain operating restrictions and financial covenants on the BBF Group. These restrictions and covenants could limit the BBF Group's ability to obtain future financing, implement capital expenditures, withstand a future downturn in business or economic conditions generally or otherwise inhibit the ability to conduct necessary corporate activities. A portion of the cash flow generated from operations is utilised to repay the BBF Group's debt obligations. This gives rise to a reduction in the amount of cash flows which would otherwise be available for funding of the BBF Group's working capital, capital expenditure, development costs, and other general corporate purposes.

The use of borrowings presents the risk that the BBF Group may be unable to service interest payments and principal repayments or comply with other requirements of its facility agreements. A substantial deterioration in operating cash flows and profitability could make it difficult for the BBF Group to service interest payments and principal repayments on its borrowings. The BBF Group could be at risk of default on the occurrence of certain unexpected events. Any failure to satisfy debt obligations could result in a default under the terms of current and future financing arrangements, thereby having a materially adverse effect on the BBF Group's financial profile. In such an event, the BBF Group may be obliged to sell some of its assets to meet such obligations or seek alternative finance to repay such borrowings. Defaults may also lead to the enforcement of security over certain assets. Borrowings may not be able to be refinanced or the terms of any refinancing may be less favourable than the existing terms of borrowing.

3.4.12. Risks associated with valuation of intellectual property

The valuation of intangible assets such as intellectual property, proprietary rights and trademarks is inherently subjective due to, *inter alia*, the individual nature of certain assumptions upon which such valuations are carried out. Therefore, whilst management has taken all reasonable steps to ensure that a fair value of such assets is calculated, *inter alia*, by seeking professional advice thereon, when estimating the value of assets such as intellectual property, management made certain assumptions as a result of which actual values may be materially different from any values that may be expressed or implied on the basis of such assumptions or any historical trends or forward-looking statements which may not match reality. There can be no assurances that such valuations will reflect actual market values. A decline in capital values of such assets could result in potential impairments in asset values.

3.4.13. Exposure to general market conditions

The health of the market in which the BBF Group operates may be affected by a number of factors such as national economy, political developments, government regulations, changes in planning or tax laws, interest rate fluctuations, inflation, and the availability of financing and yields of alternative investments.

3.4.14. Reputational and Contamination risk

Reputational risk is usually associated with conflicts of interest, regulatory compliance, remuneration systems, professional behaviour of the human resources, reputation and financial soundness of major shareholders, corporate culture, leadership and corporate strategy and its implementation. Reputational risk could materially and adversely affect the BBF Group's ability to retain or attract customers, particularly institutional and retail customers, whose loss could adversely affect BBF Group's operations, financial condition and prospects. More specifically, reputational harm may result in the loss of market share and revenue, increased compliance costs and higher financing costs, reflecting the perceived increased risks.

To carry forward its success, the Issuer and BBF Group believe it must preserve, enhance and leverage the value of its brand. Brand value is based in part on consumer perceptions. Those perceptions are affected by a variety of factors, including the business practices and the manner in which BBF Group produces and retails its food products. Consumer acceptance of the Issuer's offerings is subject to change for a variety of reasons, and some changes can occur rapidly. Consumer perceptions may also be affected by third parties presenting or promoting adverse commentary or portrayals of BBF Group's brand and/or its operations. If BBF Group is unsuccessful in addressing such adverse commentary or portrayals, BBF Group's brand and its financial results may suffer.

The BBF Group relies heavily on the reputation of its branded products. An event, or series of events, that materially damage/s the reputation of one or more of BBF Group's brands could have an adverse effect on the value of the brand and subsequent revenues from that business.

Additionally, although BBF Group may not have had any material problems in the past with contamination of any of its products, in the event of contamination occurring in the future, this may lead to business interruption, product recalls or liability, each of which could have an adverse effect on the BBF Group's business, reputation, prospects, financial condition and results of operations. Although BBF Group may maintain insurance policies against these risks, it may not be able to enforce its rights in respect of these policies and, in the event that contamination occurs, ensure that they are sufficient to offset any damage it may suffer.

Companies in the food and beverage sector are occasionally exposed to litigation relating to health consequences, complaints or litigation from customers alleging food related illnesses, injuries suffered on BBF Group's premises or other food quality/health concerns. If such complaints/litigation result in fines or damage to BBF Group's reputation, BBF Group's business could also be impacted.

3.4.15. Litigation risk

All industries, including the industry in which the BBF Group operates are subject to legal claims, with and without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation and dispute resolution process, there can be no assurance that the resolution of any particular legal proceeding or dispute will not have a material adverse effect on the Busy Bee Group's future cash flow, results of operations or financial condition.

3.4.16. Concentration Risk

Concentration risk may also arise because of lack of diversification in business that may lead to excessive exposure or concentration in a group of connected counterparties. Furthermore, concentration risk may also arise in terms of geographies, regions, countries and industries. Business activities of the BBF Group are predominantly concentrated in and aimed at the Maltese market, exposing the BBF Group to negative economic facts and trends in Malta generally.

3.4.17. Risks relative to changes in laws

The Issuer is subject to, *inter alia*, taxation, environmental and health and safety laws and regulations. The Issuer is at risk in relation to changes in laws and regulations and the timing and effects of changes in the laws and regulations to which it is subject, including changes in the interpretation thereof which cannot be predicted. No assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice after the date of the Admission Document upon the business and operations of the Issuer. The Issuer may also be adversely affected as a result of changes in regulatory requirements and applicable laws relating to permits connected with the catering industry.

3.4.18. Risks related to human resources and reliance on key senior personnel and management

The BBF Group is mainly dependent on Mr Geoffrey Friggieri and Mr Brian Friggieri as the main driving force behind BBF Group's business plan and its implementation. As such, the Issuer faces the following key risks in relation to personnel:

- loss of key management personnel;
- loss of other key employees;
- delay in finding suitable replacements for lost personnel; and
- inability to find suitably qualified personnel to meet BBF Group's business needs as it grows.

If any of these risks were to materialise, they could have a material adverse impact on BBF Group's business, financial performance and financial condition.

Indeed, Busy Bee Group's growth since inception is, in part, attributable to the efforts and abilities of key personnel. If one or more of these individuals were unable or unwilling to continue in their present position, they may not be replaceable within the short term, which could have an adverse effect on Busy Bee Group's business, financial condition and results of operations.

In common with many businesses, BBF Group will be relying heavily on the contacts and expertise of its senior management teams and other key personnel. Although no single person is solely instrumental in fulfilling BBF Group's business objectives, there is no guarantee that these objectives will be achieved to the degree expected following the possible loss of key personnel.

3.5. Risks Relating to the Bonds

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

3.5.1. No Assurance of Active Secondary Market in the Bonds

Only upon successful admission, the Bonds will be traded on a multilateral trading facility but will NOT be traded on any regulated market. Hence the market for the Bonds may be less liquid than a regulated market and a Bondholder may find it more difficult to identify willing buyers for their Bonds. The existence of an orderly and liquid market for the Bonds depends on a number of factors, including the presence of willing buyers and sellers of the Issuer's Bonds 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 Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that Bondholders will be able to sell the Bonds at or above the price at which the Issuer issued the Bonds or at all.

Prior to the Bond Issue, there has been no public market nor trading record of the Bonds within or outside Malta. Due to the absence of any prior market for the Bonds, there can be no assurance that the Bond Issue Price will correspond to the price at which the Bonds will trade in the market subsequent to the Bond Issue.

3.5.2. Fluctuations in exchange rate

A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of the Bonds (€) and the Bondholder's currency of reference, if different.

3.5.3. Additional Indebtedness and Security

Saving the negative pledge set out in Section 17.4 of this Admission Document, the Issuer or the Busy Bee Group may incur further borrowings 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).

3.5.4. Effect of Future Public Offerings/Takeover/Merger Activity

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 any of the Bonds prevailing from time to time.

3.5.5. Fixed Rate Bonds

The Issuer is entitled to issue Bonds bearing a fixed rate of interest. Investment in such fixed rate Bonds involves the risk that subsequent changes in market interest rates may adversely affect the market value of the said Bonds. Investors should also be aware that the price of the fixed rate Bonds moves adversely to changes in interest rates. When prevailing market interest rates are rising, the price of fixed rate Bonds decline. Conversely, if market

interest rates are declining, the price of fixed rate Bonds rises. This is called market risk since it arises only if a Bondholder decides to sell the Bonds before maturity on the secondary market.

3.5.6. Discontinuation of Trading on Prospects MTF

Even after the Bonds are admitted to trading on Prospects MTF, the Issuer is required to remain in compliance with certain requirements relating inter alia to the free transferability, clearance and settlement of the Bonds in order to remain eligible to trade on Prospects MTF in terms of the Prospects MTF Rules issued by the Exchange as amended from time to time. Moreover, the MSE has the authority to suspend trading 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 MSE may discontinue the trading of the Bonds on Prospects MTF. Any such trading suspensions described above could have a material adverse effect on the liquidity and value of the Bonds.

3.5.7. Value of the Bonds

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

3.5.8. Credit Rating

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.

3.5.9. Ranking

The Bonds, as and when issued, shall constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *paripassu*, without any priority or preference among themselves. Furthermore, subject to the negative pledge clause (section 17.4 of this Admissions Document), third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect.

3.5.10. Terms and Conditions

In the event that the Issuer wishes to amend any of the Terms and Conditions of issue of the Bonds, which amendment shall require the prior written approval of the Exchange until such time as the Bonds remain admitted to any of its markets, the Issuer shall call a meeting of Bondholders in accordance with the provisions of section 17.15. These provisions permit defined majorities to bind all Bondholders, including Bondholders who do not attend and vote at the relevant meeting and Bondholders who vote in a manner contrary to the majority.

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

4. PERSONS RESPONSIBLE

Each and all of the Directors of the Issuer whose names appear in Section 7.1 hereunder, are the persons responsible for the information contained in this Admission Document. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Document is in accordance with the facts and contains no omission likely to affect its import. The Directors accept responsibility accordingly.

As at the date of this Document there are no other facts or matters omitted from the Admission Document which were or are necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Bonds.

5. ADVISORS AND STATUTORY AUDITORS

5.1. Advisors to the Issuer

Corporate Advisor



DF Consultancy Services Limited (C 54692)

Il Piazzetta A, Suite 52, Level 5, Tower Road, Sliema, Malta

DF Consultancy Services Limited is authorised to provide corporate advisory services under the Prospects MTF Rules, and is also licensed and regulated by the MFSA to act as a corporate service provider under the Company Service Providers Act (Chapter 529 of the Laws of Malta).

Placement Agent and Manager



Curmi & Partners Limited (C 3909)

Finance House, Princess Elizabeth Street, Ta' Xbiex XBX1102, Malta

Curmi & Partners Limited is licensed and regulated by the MFSA to provide investment services in terms of a Category 2 Investment Services Licence under the Investment Services Act (Chapter 370 of the Laws of Malta).

Financial Advisors



Deloitte Services Limited (C 51320)

Deloitte Place, Mriehel Bypass, Mriehel Bypass, Mriehel, Birkirkara, BKR 3000

Deloitte Services Limited is a firm of certified public accountants, holding a warrant to practice the profession of accountant and a practicing certificate to act as auditors in terms of the Accountancy Profession Act (Chapter 281 of the laws of Malta).

Legal Advisors



DF Advocates

Il Piazzetta A, Suite 52, Level 5, Tower Road, Sliema SLM1607, Malta.

DF Advocates is a Malta based law firm servicing local and international clients in setting up and operating their business activities as well as advising on local and cross border transactions involving complex issues spanning various industries, with a specific focus on corporate law and financial services.

5.2. Statutory Auditors to the Issuer



Nexia BT Limited (C 46322)

The Penthouse, Suite 2, Capital Business Centre, Entrance C, Triq taż-Żwejt, San Ġwann SGN3000, Malta

Nexia BT Limited is a firm of certified public accountants, holding a warrant to practice the profession of accountant and a practising certificate to act as auditors in terms of the Accountancy Profession Act (Chapter 281 of the laws of Malta).

6. INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for the subscription for Bonds by the Placement Agent and Manager and any fees payable to the Placement Agent and Manager in connection with the Bond Issue, to the best of the Issuer's knowledge no person involved in the Issue has an interest material to the Bond Issue.

7. IDENTITY OF DIRECTORS AND SENIOR MANAGEMENT OF THE ISSUER

7.1. Directors of the Issuer

As at the date of this Admission Document, the Board of Directors of the Issuer is constituted by the following persons:

Charles Scerri	Chairman and non-executive independent director
Brian Friggieri	Executive Director
Geoffrey Friggieri	Executive Director
Robert Ancilleri	Non-executive independent director

Charles Scerri and Robert Ancilleri are considered as independent Directors since they are free of any business, family or other relationship with the Issuer, its controlling shareholders or the management of either, that could create a conflict of interest such as to impair their judgement.

The business address of the Directors is Busy Bee Group, Zone 4, Central Business District, Mdina Road, Mriehel, Malta.

The company secretary of the Issuer is Dr Jean C. Farrugia.

The Issuer's compliance officer in terms of the Rules is Dr Jean C. Farrugia.

The Chairman of the Board of Directors shall be Mr Charles Scerri.

The following are the respective curriculum vitae of the Directors:

Brian Friggieri – Executive Director

Brian has had an early induction to the family business and having spent the last 35 years at Busy Bee, he is no stranger to the catering industry. Brian began his journey in the confectionery section and throughout the years he has gone through all the production departments gaining valuable hands-on experience. To date Brian is still directly involved in the day to day administration and management of the production area driving performance and instilling a drive for excellence. Apart from being a front-line team member, Brian is also an Executive Director and follows a management by example philosophy.

Geoffrey Friggieri – Executive Director

At a young age, Geoffrey Friggieri was introduced to the Busy Bee family business where he learned the skills of pâtissier, and gained valuable experience going through all the jobs in the kitchen. To this day Geoffrey still prides himself in producing seasonal confectioneries and fine chocolates. Geoffrey is one of the managing directors of the Busy Bee Group who oversee operations on a day-to-day basis, ensuring high-level quality in the products, whilst driving the Busy Bee Group to reach new heights. A great believer in transformational leadership, Geoffrey motivates people by communicating a shared vision of the future, sets clear goals, delegates, and motivates his team members to thrive in a rewarding environment.

Charles Scerri – Chairman and Non-Executive Independent Director

Charles Scerri is a Certified Public Accountant by profession (Fellow of the Institute of Accountants) with a long career in finance and management at senior executive positions. He has worked in various industry sectors including banking and finance, auditing, leisure and hospitality. In 1995 he set up his own accountancy and audit practice, Charles Scerri & Associates, with the firm currently employing more than 45 employees and being the exclusive representative of IAPA in Malta.

Robert Ancilleri - Non-Executive Independent Director

Robert has recently set up his own practice providing accounting and business and regulatory advisory services. He serves as a member of the Supervisory Council of a locally based foundation. He holds a Bachelor of Accountancy (Honours) degree from the University of Malta and is a Certified Public Accountant with a practising Certificate in Auditing.

Up to July 2018, he served as Chief Accounting Officer at HSBC Bank Malta p.l.c. Prior to that, he occupied senior management positions, responsible for finance at Banif Bank (Malta) p.l.c. and Volksbank Malta Group. Prior to moving into banking in 2003, Robert worked in audit and business advisory at MSD & Co. (used to represent Arthur Andersen in Malta) and Ernst & Young.

The following is the curriculum vitae of the Compliance Officer and Company Secretary:

Dr Jean C. Farrugia

A lawyer by profession, Dr Farrugia has advised and still acts on an ongoing basis for major local and international companies including banks, insurance companies, private equity firms, funds, investment advisors and fund/asset managers, in the setting up and licensing of their business as well as on their regulatory and compliance needs. He also advises on an ongoing basis various entities on corporate related issues. Dr Farrugia is a Senior Partner at DF Advocates, a Malta based multidisciplinary law firm, and a director of DF Consultancy Services Limited. He also acts as non-executive director for a number of regulated entities operating in the financial services sector, including funds and fund management companies with a particular focus on the legal and regulatory aspects of the various operations carried out by such companies, corporate governance, regulatory compliance and AML occasionally accepting appointments also as company secretary, MLRO and Compliance Officer thereby acting as liaison between such licensed entities and the regulator (the Malta Financial Services Authority).

8. INFORMATION ABOUT THE ISSUER AND THE BUSY BEE GROUP

8.1. Historical development of the Issuer

Full legal and commercial name of the Issuer:	Busy Bee Finance plc
Registered address:	Busy Bee Group, Zone 4, Central Business District, Mdina Road, Mriehel
Place of registration and domicile:	Malta
Registration number:	C 87631
Date of registration:	31 st July 2018
Legal form	The Issuer is lawfully existing and registered as a public limited liability company in terms of the Companies Act
Telephone number:	+356 2334 4000
E-mail address:	info@busybee.com.mt
Website:	www.busybee.com.mt

The Issuer was incorporated on the 31st July 2018 and is registered as a public limited liability company in terms of the Companies Act with company registration number C 87631 and is domiciled in Malta, having its registered office at Busy Bee Group, Zone 4, Central Business District, Mdina Road, Mriehel, Malta. The principal object of the Issuer is to carry on the business of a finance and holding company, by virtue of a number of powers conferred upon it in terms of the Memorandum and Articles of Association. The issue of the Bonds falls within the objects of the Issuer. As at the date of the Document, the Issuer's authorised share capital is fifty thousand Euro (€50,000) divided into fifty thousand (50,000) Ordinary Shares of one Euro (€1.00) each. The Issuer's issued share capital is fifty thousand Euro (€50,000) divided into fifty thousand (50,000) Ordinary Shares, all having a nominal value of one Euro (€1.00) each, fully paid up. Busy Bee Limited is the holder of forty nine thousand, nine hundred and twenty (49,920) Ordinary Shares, whilst Mr Brian Friggieri and Mr Geoffrey Friggieri each own forty (40) Ordinary Shares. The Company does not have any other issued debt capital.

The Issuer operates exclusively in and from Malta.

The Issuer has set up a website with URL [www.busybee.com.mt] which includes an “Investor Information” section from which investors can obtain current information on the Issuer. This section shall include all electronic communication for all information required to be disclosed under the Rules and / or applicable law to all holders of admitted securities.

8.2. Historical information on Busy Bee

Busy Bee Confectionary was established in 1933 by Ċensu Friggieri, and served traditional Maltese confectionaries.

Over the decades, the business incorporated traditional Italian delicacies into its menu, converted the confectionery shop into a cafeteria, and started providing outside catering services. As its business production requirements grew, Busy Bee acquired various properties neighbouring the Msida flagship cafeteria to increase its production area to cater for the increased demand.

The business and demand for the products of Busy Bee continued to grow over the years, and despite the increase in production, logistical deficiencies and the location, situated in a residential area, were posing new challenges on the operation, and management started to consider the possibility of constructing a new factory to cater the needs of the Busy Bee Group. Following a careful analysis of supply and demand factors, projected business and possible construction sites, management decided to embark on an ambitious project to construct a state of the art factory in Mriehel.

8.3. The Mriehel Project

Construction of the new factory commenced in October 2016 and was completed on time and on budget, with operations migrating from Msida to the new factory in July 2018.

The eight thousand square meters (8,000 sq.m) facility was designed in tandem with leading food technology and logistics experts. The state of the art factory will enable the Busy Bee Group to create the required spare production capacity whilst maintaining the quality which is synonymous with the brand.

The factory forms part of a three-storey commercial building which also houses a cafeteria, an underground parking, administration offices and staff facilities, eight (8) different production areas, dry goods stores, multiple docking bays and three hundred and thirty square meters (330 sq.m) of cold rooms. It has the ability to double the manufacturing capacity of the Busy Bee Group, whilst leading to a significant reduction to the unit cost of production due to economies of scale.

In December 2018, both the new cafeteria and an in-house training centre for staff were inaugurated as part of the same project. The training centre aims to provide theoretical knowledge to aspiring trainees, whilst the cafeteria provides trainees with the possibility to gain experience from practical sessions.

To this end, pursuant to the Mrieħel project, the Busy Bee Group has achieved:

- ✓ Better logistics and material flows;
- ✓ Economies of scale and increased efficiency;
- ✓ The creation of spare production capacity to service more outlets and create new revenue streams;
- ✓ Attract better talent by creating a more attractive working environment.

8.3.1. The Emphyteutis

The site on which the new premises in Mrieħel have been constructed has been acquired by BBM from Malta Industrial Parks Limited under a title of temporary emphyteusis for a period of sixty five (65) years commencing from the 19th September 2016, in terms of an emphyteutical deed entered into by the said parties on that date. Such title grants BBM rights similar to those of ownership, and is therefore entitled to construct on or make alterations to the site, always in accordance with the provisions of the emphyteutical deed.

8.4. Busy Bee Intellectual Property Loan

As outlined in Section 16 of this Document, a portion of the proceeds of the Issue will be used to repay part of the debt incurred by BBIP to BBL for the acquisition of the BB Intellectual Property. The balance of the debt will be retained as a shareholders' loan payable to BBL, which shall have the following characteristics:

- (i) Interest Free – the loan shall not bear any interest payable to the lender;
- (ii) Repayment – the loan shall be repaid at the request of the borrower (BBIP) only. The lender shall not have any right to request the repayment of the loan;
- (iii) Subordination – the rights of the lender in respect of the loan shall be subordinate in all respects to all other unsubordinated creditors of BBIP in respect of amounts outstanding to them payable by BBIP and *pari passu* with other subordinated creditors.

8.5. Busy Bee Properties

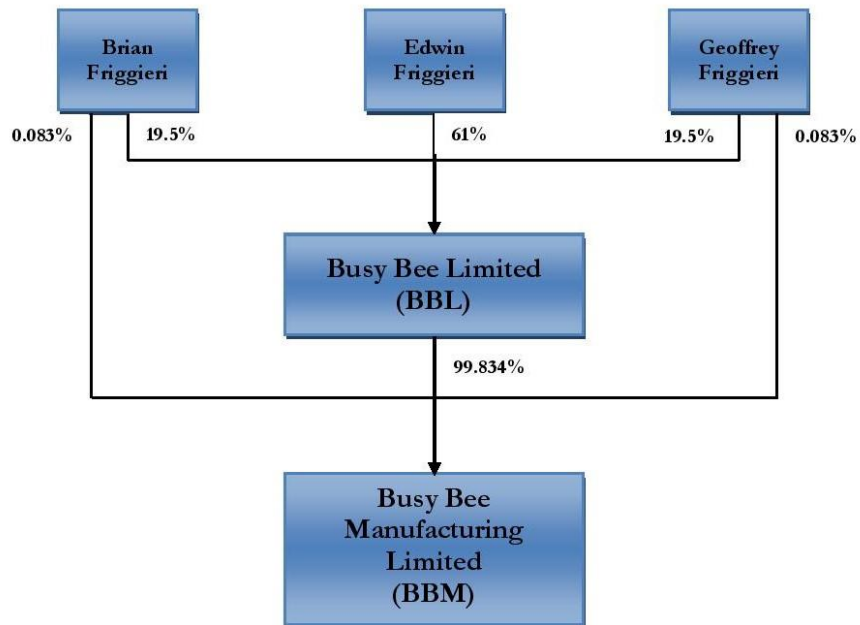
In terms of the Deeds of Sale, BBP acquired a number of properties from BBL. As of the date of this Document, BBP holds title over the following properties (the “**BB Properties**”):

1. Garage, 5, Triq Mons. D' Andria, Msida
2. Garage, 2, Triq Mons. D' Andria, Msida (loading bay)
3. Residential apartment, 1, Beatrice Flats, Triq Mons. D' Andria, Msida
4. Garage, 69, Antonio Bosio Street, Msida (formerly used as a chocolate room)
5. Retail outlet, 33, Ta' Xbiex Seafront, Msida
6. Msida cafeteria, 30, Ta' Xbiex Seafront, Ta' Xbiex
7. Residential property, 29, Ta' Xbiex Seafront, Msida
8. Residential unit and gymnasium, 27/28, Ta' Xbiex Seafront, Msida.

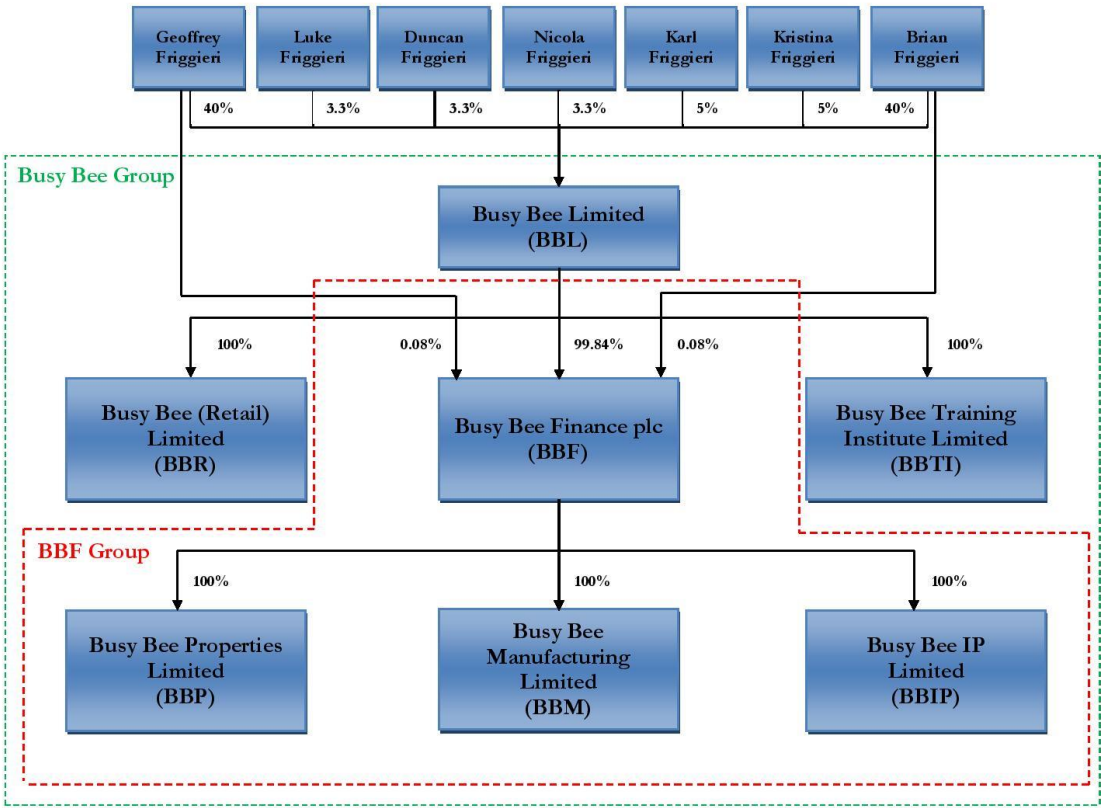
9. BUSY BEE GROUP ORGANISATIONAL STRUCTURE

The organisational structure of the Busy Bee Group prior to and following the restructuring process referred to in Section 10.3 of the Document is illustrated in the diagrams below:

Pre-Restructuring



Post-Restructuring



10. TREND INFORMATION

10.1. Trend information of the Issuer

The Issuer has been set up to act as a holding, management and financing company. Accordingly, the Issuer's business is limited to acting as a holding company and to the raising of capital for the financing of capital projects, and the loaning of such capital to the entities forming part of the BBF Group.

The Issuer was registered and incorporated in Malta on the 31st July 2018 as a subsidiary of Busy Bee Limited. In this regard, the Issuer has no financial information to report in view of the fact that it has not been in existence for long enough to prepare its financial statements. There has been no material adverse change in the prospects of the Issuer since the date of its incorporation.

The Issuer is dependent on the business prospects of the BBF Group, and therefore, the trend information of the members of the BBF Group as explained below, has a material effect on its financial position and prospects.

10.2. Overview of the industry

Busy Bee is a renowned name in the catering industry in Malta. The Busy Bee Group operates cafeterias in Msida and Mriehel, and provides outside catering services during private functions and events. The demand for the Busy Bee Group's products and services is on the rise and due to this, the management felt the need to invest in larger premises and new technological equipment to meet the increase in the demand for its products. In fact, the Busy Bee Group embarked on an ambitious project to construct a state of the art factory in Mriehel, with constructions commencing in October 2016 and operations migrating to the new factory in July 2018.

The Busy Bee Group operates within the catering and entertainment industry in Malta and is largely effected by the results of this sector. Malta has experienced an increase in the number of tourists over the past recent years. In fact, as per NSO News release 017/2019¹, the number of inbound tourist trips during 2018 has increased by fourteen point three percent (14.3%) over 2017, with a total tourist expenditure estimated at around two point one billion Euro (€2.1 billion) during the same year i.e. an increase of eight percent (8%) when compared to 2017.

The positive results in the tourism industry have a positive effect over the revenue generated by the Busy Bee Group since this creates a higher demand for the products of the Issuer, both within the establishment of its cafeteria and also demand for outside catering services due to an increase in the number of private functions and corporate events being held in Malta. The industry is also being positively effected by changes in the lifestyle of people since this creates a demand for various different products. Technological improvement is also helping this industry to grow since more efficient technology results in businesses being more efficient in the production of their products. The Busy Bee Group operates in a competitive environment which is exposed to both the domestic and international markets.

10.3. Busy Bee Group Restructuring

Busy Bee Limited was incorporated on the 27th December 1982 to take over the confectionery business from Ċensu Friggieri. Over the years, all trading activity has been performed through this company, however, prior to the issuance of the Bonds, the Busy Bee Group has gone through a corporate restructuring exercise aimed at maximising work flows and income streams. As part of the restructuring exercise, several of the activities performed by Busy Bee Limited have been assigned to the various companies forming part of the Busy Bee Group, whereby:

10.3.1 Busy Bee Manufacturing has taken over the manufacturing activity of the Busy Bee Group. This company will be engaged in the manufacturing of all the confectionery items and food for the outside catering activity, which will subsequently be sold to the retail arm of the Busy Bee Group.

10.3.2 Busy Bee Properties has acquired the BB Properties and will be leasing such properties to its related parties for their trading activity.

¹ National Statistics Office, News Release 017/2019 "Inbound Tourism: December 2018", 5 February 2019

10.3.3 Busy Bee IP has acquired the trade name of the business and charges a royalty fee to client facing companies making use of the trade name within the Busy Bee Group.

10.3.4 Busy Bee Retail has taken over the retail business of the Busy Bee Group. It will be acquiring the products produced by Busy Bee Manufacturing and sell the items to the end customer.

10.3.5 Busy Bee Training Institute will be operating the training institute within the cafeteria on the premises of the factory in Mrieהל.

An overview of the trends expected in the key areas of operation of the Busy Bee Group in the foreseeable future is presented below:

- i. Event Catering Business – Busy Bee Group shall continue to seek additional unique venues for weddings and events whilst maintaining its highly respected name in this area in relation to food, service and people.
- ii. Retail Catering Business – the Busy Bee Group, as mentioned above, intends to develop further the retail business with the recent opening of the cafeteria in Mrieהל, further boosting the sale of its unique confectionary products. Furthermore the Busy Bee Group foresees an increase in the retail business through the signing of third party contracts for the sale of its products.
- iii. Corporate Functions – the Busy Bee Group intends to penetrate the market of corporate functions and events and foresees an increase in revenue generated in this area in view of the Busy Bee brand which is renowned in this industry.

11. KEY FINANCIAL INFORMATION AND FUTURE INVESTMENTS

The Issuer was incorporated on the 31st July 2018 and is registered as a public limited liability company whose principal object is to carry on the business of a finance and holding company, by virtue of a number of powers conferred upon it in terms of the Memorandum and Articles of Association. The issue of the Bonds falls within the objects of the Issuer. As at the date of this Admission Document, the Issuer has not conducted any business and has no trading record. Since incorporation to the date of this Document, no financial statements have been prepared in respect of the Issuer.

11.1 Historical Financial information

Since the BBF Group has been in existence only since the 31st July 2018, a set of consolidated financial statements for the entire group (including the Issuer) is not yet available. In this regard, an overview of historical financial statements of the group is being provided based on the financial information on the Busy Bee Group prior to the restructuring exercise. It is management's considered view that such information provides a clear indication of the historical financial situation of the Busy Bee Group in view that the BBF Group will be mainly performing the activities previously performed by Busy Bee Limited.

Prior to the restructuring, Busy Bee Limited prepared consolidated financial statements which incorporated the financial statements of Busy Bee Limited and Busy Bee Manufacturing Limited. The latter has not been engaged in trade during the financial periods under review, as the Mriehel factory was still under construction during the relevant period. Historical financial information provided in this section is based on the audited consolidated financial statements of Busy Bee Limited for the financial periods ending 30th November 2017, 2016 and 2015 and on unaudited management consolidated accounts for the financial year ending 30th November 2018. Set out below are summarised extracts from the consolidated audited financial statements of Busy Bee Limited for the aforementioned financial years ending 30th November 2017, 2016 and 2015 and unaudited management consolidated accounts for the financial year ending 30th November 2018².

BUSY BEE LIMITED

Consolidated Income Statement

for the year ended 30th November

	2015	2016	2017	2018*
	€	€	€	€
Revenue	4,173,498	4,160,366	4,296,984	4,353,743
Cost of sales	(3,062,380)	(3,162,091)	(3,149,398)	(3,245,013)
Gross Profit	1,111,118	998,275	1,147,586	1,108,730
Administrative expenses	(1,034,440)	(1,090,307)	(1,438,939)	(1,221,003)
Other operating income	101,810	854,323	544,946	53,963
Gains on revaluation	-	-	-	601,499
Operating profit	178,488	762,291	253,593	543,189
Interest receivable and similar income	985	10,972	475	4,721
Finance costs	(1,152)	(543)	(3,406)	(93,465)
Profit before tax	178,321	772,720	250,662	454,445
Taxation	(75,966)	(168,926)	(112,053)	(1,905)
Profit for the year	102,355	603,794	138,609	452,540

*2018 financial information is based on unaudited management consolidated financial statements

Revenue

The revenue of Busy Bee Limited over the four (4) years under review has been constant. During the years, Busy Bee Limited experienced a slight increase in the level of turnover mainly due to the introduction of agreements with third party

² 2018 financial information is based on unaudited management consolidated financial statements.

businesses to sell Busy Bee Limited's products. This increase in revenue is projected for FY2019 as can be seen in the projected financial information in Annex C.

Gross profit

Busy Bee Limited has seen an improvement to its gross profit margin during FY2017, whilst experiencing a decrease in its gross profit margin during FY2016, mainly due to an increase in wage costs. However, whilst maintaining an equivalent level of wage costs for FY2017, Busy Bee Limited's gross profit margin increased once again as a result of an increase in turnover. The same or improved level of gross profit margin obtained in FY2017 is being projected for subsequent years as per projected financial information in Annex C.

Other operating income

During FY2016, BBL disposed of an immovable property, hence the one-off spike in other operating income. The trend of the company is for other operating income to increase over the years. In fact, the company has experienced an increase in operating income due to an annual increase in income from ground rent.

Depreciation

The cost of depreciation has remained stable over the three (3) years under review. Depreciation is calculated on property, plant and equipment which belonged to Busy Bee Limited during the same period

Profit before tax

Profit before tax margin increased significantly during FY2016 due to a gain from the sale of an immovable property. Profit generated from operating activities in the same year decreased when compared to FY2015 due to the fact that BBL did not generate any revenue from the rental of Villa Mdina for approximately two (2) months, since the premises underwent refurbishment. Villa Mdina was fully operational during FY2017. In fact profit before tax margin is comparable to that of FY2015 with a slight increase due to a marginal increase in revenue, whereas operational expenditure remained stable. Unaudited profit before tax for FY2018 is significantly higher than prior years due to a revaluation of the factory premises of BBM.³

³ 2018 financial information is based on consolidated unaudited management financial statements

BUSY BEE LIMITED
Consolidated Statement of Financial Position

for the year ended 30th November

	2015	2016	2017	2018*
	€	€	€	€
ASSETS				
Non-Current Assets				
Investment property	454,912	448,955	442,998	0
Property, plant and equipment	1,375,281	1,903,887	4,420,693	9,151,349
	<u>1,830,193</u>	<u>2,352,842</u>	<u>4,863,691</u>	<u>9,151,349</u>
Current Assets				
Inventories	291,342	301,372	364,170	370,967
Non-current assets held for sale	344,000			
Trade and other receivables	289,478	471,782	467,349	131,241
Current tax recoverable	26,122	66,210	25,486	129,277
Cash at bank and in hand	103,173	1,086,571	309,102	129,803
	<u>1,054,115</u>	<u>1,925,935</u>	<u>1,166,107</u>	<u>761,288</u>
Total Assets	<u>2,884,308</u>	<u>4,278,777</u>	<u>6,029,798</u>	<u>9,912,637</u>
Non-current liabilities				
Long-term borrowings	36,410	535,697	1,295,635	4,285,262
Deferred taxation	28,717	27,428	22,920	22,920
Long-term deferred income	154,600	158,659	143,690	0
	<u>219,727</u>	<u>721,784</u>	<u>1,462,245</u>	<u>4,308,182</u>
Current liabilities				
Short-term borrowings	675,975	701,175	1,248,140	729,131
Trade and other payables	317,216	480,634	805,456	1,800,147
	<u>993,191</u>	<u>1,181,809</u>	<u>2,053,596</u>	<u>2,529,278</u>
Total liabilities	<u>1,212,918</u>	<u>1,903,593</u>	<u>3,515,841</u>	<u>6,837,460</u>
Net assets	<u>1,671,390</u>	<u>2,375,184</u>	<u>2,513,957</u>	<u>3,075,177</u>
EQUITY				
Capital and reserves				
Called up issued share capital	11,647	111,647	111,647	111,647
Retained earnings	1,659,743	2,263,537	2,401,919	2,963,364
	<u>1,671,390</u>	<u>2,375,184</u>	<u>2,513,566</u>	<u>3,075,011</u>
Non-Controlling interest	-	-	391	166
Total equity	<u>1,671,390</u>	<u>2,375,184</u>	<u>2,513,957</u>	<u>3,075,177</u>

**2018 financial information is based on unaudited management consolidated financial statements*

The net asset position of Busy Bee Limited improved over the four (4) years under review, mainly due to an increase in its asset base, through the acquisition of new plant, property and equipment as part of the investments made for the acquisition and development of the Mriehel factory.

BUSY BEE LIMITED

Consolidated Cash Flow Statement for the year ended 30th November

	2015	2016	2017	2018*
	€	€	€	€
Net cash from operating activities	179,425	72,575	1,524,612	319,835
Net cash from investing activities	(151,705)	414,926	(3,019,312)	(3,724,589)
Net cash from financing activities	(117,232)	(6,602)	798,340	2,951,389
Net movement in cash and cash equivalents	(89,512)	480,899	(696,360)	(453,365)
Cash and cash equivalents at beginning of year	159,009	69,497	550,396	(145,964)
Cash and cash equivalents at end of year	69,497	550,396	(145,964)	(599,329)

**2018 financial information is based on unaudited management consolidated financial statements*

Net movement in cashflow was positive for FY2016 due to the disposal of immovable property forming part of the property, plant and equipment of BBL during the same year. The net cashflow position of BBL deteriorated during FY2017 and FY2018 due to the fact that BBL financed a considerable portion of the investment in the Mriehel factory from internal sources. The management of the BBF Group expect the net cashflow position to be restored during FY2019 in view that the development of the Mriehel factory has been finalised and the Busy Bee Group is fully operational as projected.

11.2 Projected financial information

A brief overview of the projected financial information relating to the Issuer is being provided in this Section . More detail relating to the projected financial information can be found in Annex C.

Following the restructuring exercise, the BBF Group has taken over the business from Busy Bee Limited, with each group company performing the specific operations allocated to it as part of the restructuring exercise. The aim of the BBF Group is to increase productivity in order to meet the increase in the demand for Busy Bee products, and penetrate the corporate functions market. In the future, the BBF Group may also consider franchising the Busy Bee name to third parties.

Income Statement of the BBF Group

Revenue

In view of the ability to expand operations brought about by the new factory premises, BBF Group is expected to experience an increase in revenue in the coming years. Moreover, as of December 2018, the BBF Group has started generating revenue from the new cafeteria in Mriehel, which is expected to have a level of revenue similar to that experienced during the past years through the Msida cafeteria. BBF Group will also focus on penetrating into the corporate

functions market, as well as a refurbishment project on the Msida flagship cafeteria, which is also expected to contribute towards the increase in revenue.

Cost of Sales

The main components of the cost of sales are direct wages and material costs. During FY2018, direct material costs amounted to thirty seven point five percent (37.5%) on sales (based on unaudited management accounts and budget), whilst management has projected that such costs would amount to forty one percent (41%) of sales throughout the projection period. The buffer is designed to allow a minor price reduction in order to assist the expansion strategy. Direct wages are expected to increase by four hundred and eighty six thousand Euro (€486,000) from FY2018 to FY2019 as a result of the new employees in the Mriehel development. The gross profit margin is also expected to grow as a result of the economies of scale.

Administrative and selling expenses

Administrative expenses are mainly made up of administrative salaries, professional service costs, repairs, maintenance and utilities. All costs are based on prior years figures and adjusted for inflation of two percent (2%) per annum.

Earnings Before Interest, Tax, Depreciation and Amortisation

EBITDA increased slightly to nine point three percent (9.3%) by closing of FY2018. In comparison, the increased volumes and associated economies of scale are anticipated to result in an EBITDA margin of fourteen point one percent (14.1%) by FY2019 and to eighteen point five percent (18.5%) by FY2028.

Income Statement at BBF Group Level

The gross profit margin of the BBF Group is expected to increase over the term of the Bond Issue due to the expected increase in BBF Group's turnover, whereas the cost of sales is expected to increase at a lower rate than that of the increase in revenue.

Statement of Financial Position at BBF Group level

Intangible Assets

Intangible assets comprise the BB Intellectual Property acquired from BBL and recognised at its fair value of one million, five hundred thousand Euro (€1,500,000) as stated in Annex C.

Investment property

Investment property comprises of the BB Properties acquired by BBP from BBL. Properties will initially be recognised at the consideration paid but will subsequently be valued at their market value and tested for impairment annually.

Working capital

Working capital is projected on days receivable outstanding of twelve (12) days, days inventory outstanding of twenty seven (27) days and days payable outstanding of eleven (11) days.

Other equity

Part of the equity of BBM consists of shareholder loans that are interest free and repayable at the discretion of BBM. Moreover, the BB Intellectual Property has been transferred from BBL to BBIP in exchange for an interest free loan of one million, five hundred thousand Euro (€1,500,000) payable at the discretion of the borrower. Nine hundred and forty four thousand, four hundred and ninety Euro (€944,490) of the said amount will be repaid via proceeds of the Bonds, whilst the remainder will be retained as another equity balance. Throughout FY2019, BBL will inject four hundred and seventy six thousand, nine hundred and ninety Euro (€476,990) back into BBM via an interest free shareholder loan, repayable at the discretion of the borrower, in order to finance additional fixed assets.

Statement of Cashflow at BBF Group level

The interest cover ratio and the debt service cover ratio are expected to improve over the term of the Bond Issue due to an increase in the EBITDA of BBF Group.

12. MANAGEMENT AND ADMINISTRATION

12.1. The Issuer

12.1.1. The Board of Directors of the Issuer

The management and administration of the Issuer is vested in the Board, which is responsible for the overall management and direction of the Issuer, establishing policies and guidelines for the management of the Issuer, appoint all executive officers and other key members of management and staff. Inter alia, the Board of Directors:

- (a) Sets business objectives, financial plans and general parameters within which the Board, the Board Committees and management are to function;
- (b) Ensures that systems and procedures are in place to identify and manage significant business risks and exposures;
- (c) Ensures that adequate and effective systems of internal control are in place, and that compliance therewith is monitored on a regular basis; and
- (d) Sets appropriate business standards and codes of corporate governance and ethical behaviour for all Directors, members of board committees and employees, and monitors their performance.

The meetings of the Board of Directors will be held on a quarterly basis. The Board of Directors might also request that other employees or professional advisors attend such meetings.

Situations of potential conflicts of interest amongst members of the Board of Directors are specifically regulated in the Issuer's Articles of Association. In terms of the Articles of Association, whenever a conflict of interest situation arises, whether real or potential, the conflict is to be declared. The Articles of Association of the Issuer also provide that in the event that one of the Directors has a material interest, either directly or indirectly, in any contract or arrangement with the Issuer, such Director shall not be entitled to vote on any decisions taken in connection therewith.

The members of the Board of Directors bring to the Issuer a variety of backgrounds, experiences and expertise.

In terms of the Memorandum of Association, the Board shall be composed of at least two (2) Directors and not more than eight (8) Directors. As at the date of this Document, the Board is composed of four (4) Directors who are responsible for the overall direction and management of the Company.

As at the date hereof, the Board of the Issuer is composed of the individuals listed in Section 7.1 of this Company Admission Document. None of the Directors have been:

- (i) convicted in relation to fraud or fraudulent conduct in the last five (5) years;
- (ii) made bankrupt or associated with any liquidation or insolvency caused by action of creditors;
- (iii) the subject of any official public incrimination or sanction by any statutory or regulatory authority; or
- (iv) disqualified by a court from acting as director or manager in the last five (5) years.

The Directors believe that the Issuer's current organisational structure is adequate for its present activities. The Directors will maintain this structure under continuous review to ensure that it meets the changing demands of the business and to strengthen the checks and balances necessary for better corporate governance.

12.1.2. Directors' service contracts

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

12.1.3. Conflicts of Interest

To the extent known or potentially known to the Issuer as at the date of this Document, there are no potential conflicts of interest between any duties of the Directors and Senior Management of the Issuer and their private interests and/or their duties which require disclosure in terms of law. Situations of potential conflicts of interest amongst members of the Board of Directors are specifically regulated in the Issuer's Articles of Association. In terms of the Articles of Association, whenever a conflict of interest situation arises, whether real or potential, the conflict is to be declared. The Articles of Association of the Issuer also provide that in the event that one of the Directors has a material interest, either directly or

indirectly, in any contract or arrangement with the Issuer, such Director shall not be entitled to vote on any decisions taken in connection therewith.

The Audit Committee of the Issuer has the task of ensuring that any potential conflicts of interest that may arise at any moment are handled in the best interest of the Issuer, and the Busy Bee Group as a whole according to law. The fact that the Audit Committee is constituted with a majority of Non-Executive Independent Directors (vide composition of the Audit Committee in Section 14 hereunder), provides an effective measure to ensure that transactions vetted by the Audit Committee are determined at an arm's-length basis. In the event that the Chairperson of the Audit Committee is conflicted on any matter being discussed by the Audit Committee, the said committee shall be chaired by another non-executive independent director.

Furthermore, the Audit Committee has the role and function of considering and evaluating the arm's length nature of any proposed transactions to be entered into in order to ensure that the execution of any such transaction is, indeed, at arm's length and on a sound commercial basis and, ultimately, in the best interests of the Issuer. In this regard, the Audit Committee has the task of ensuring that any potential abuse which may arise is immediately identified and resolved. The Audit Committee is entrusted with the review of the financial position of the Issuer at least on a quarterly basis.

Additionally, the Audit Committee has, pursuant to the relative terms of reference, been granted express powers to be given access to the financial position of the Issuer and the underlying BBF Group companies. To this effect, the Issuer is to submit to the Audit Committee quarterly accounts, as well as at least quarterly comparisons of actuals against projections on all BBF Group Companies. Further information on the Audit Committee may be found in Section 14 on Board Committees.

12.1.4. Loans to Directors

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

12.1.5. Removal of Directors

A director may, unless he resigns, be removed by an ordinary resolution of the shareholders as provided by Article 140 of the Act.

12.1.6. Powers of Directors

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

12.1.7. Aggregate emoluments of the Issuer's Directors

Pursuant to the Issuer's Articles of Association, the maximum annual aggregate emoluments that may be paid to the Directors are approved by the shareholders in a general meeting.

The remuneration of Directors consists of a fixed annual fee which is currently paid out of the assets of the Issuer, and such fee does not have a variable component and is not performance related.

For the current financial year ending on the 30th November 2019, it is expected that the Issuer will pay an aggregate of fourteen thousand Euro (€14,000) by way of emoluments to its Directors.

12.1.8. Employees

The Issuer has, as of the date of this Document, employed a finance manager and an additional clerk which, together, form the finance team of the Issuer, thereby strengthening the scalability of the Issuer.

12.1.9. Working capital

As at the date of the Document, the Directors of the Issuer are of the opinion that working capital available to the Issuer, is sufficient for the attainment of their objects and the carrying out of their respective business for the next twelve (12) months of operations.

12.1.10. Dividend Policy

The Directors currently do not have a fixed dividend policy in place. The decision on whether the BBF Group will declare a dividend will be determined by the Directors on an annual basis.

13. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

13.1.1. Major shareholders of the Issuer

The Issuer's current authorised share capital is fifty thousand Euro (€50,000) divided into fifty thousand (50,000) Ordinary Shares of one Euro (€1.00) each. The Issuer's issued share capital is fifty thousand Euro (€50,000) divided into fifty thousand (50,000) Ordinary Shares, all having a nominal value of one Euro (€1.00) each and fully paid up.

<i>Name of Shareholder</i>	<i>Number of shares held</i>
Busy Bee Limited	49,920 Ordinary Shares
Mr Brian Friggieri	40 Ordinary Shares
Mr Geoffrey Friggieri	40 Ordinary Shares

To the best of the Issuer's knowledge there are no arrangements in place as at the date of the Admission Document the operation of which may at a subsequent date result in a change in control of the Issuer.

14. BOARD COMMITTEES

The Issuer has set up an Audit Committee on the 8th May 2019. The Board of Directors of the Issuer delegates certain responsibilities to the Audit Committee, the charter of which reflects the requirements stipulated in the Prospects MTF Rules.

The Audit Committee's primary objective is to assist the Board of Directors in dealing with issues of risk, control and governance and in reviewing the Issuer's reporting processes, financial policies and internal control structures. The Audit Committee also oversees the conduct of the external audit and facilitates communication between the Issuer's Board, management and external auditors.

The Audit Committee is a sub-committee of the Board of Directors and is directly responsible and accountable to it. In respect of the Issuer and the BBF Group companies the terms of reference of the Audit Committee include:

- a. Monitoring of the financial reporting process;
- b. Monitoring of the audit and the annual and consolidated accounts;
- c. Maintenance of communication between the Board, management and the external auditor on the above-mentioned matters;
- d. Making of recommendations to the Board of Directors in relation to the appointment of the external auditor, and the approval of the remuneration and terms of engagement of the external auditor following appointment by the shareholders in general meeting;
- e. Monitoring and reviewing the external auditor's independence, and in particular the provision of additional services to the Issuer;
- f. Development and implementation of a policy on the engagement of the external auditor to supply non-audit services;
- g. Monitoring and reviewing of proposed transactions by the Issuer with related parties;
- h. Making recommendations to the Board of Directors as it deems fit; and
- i. Conducting or directing any investigation required to fulfil its responsibilities.

The terms of reference can only be amended by means of a resolution of the Board of Directors adopted in accordance with the Memorandum and Articles of Association of the Issuer, subject to the prior notification to the MSE.

The Audit Committee shall at all times be composed of at least three (3) Directors, the majority of which shall be non-executive independent Directors. The Audit Committee of the Issuer is presently composed of Mr Brian Friggieri, Mr Charles Scerri and Mr Robert Ancilleri. Mr Robert Ancilleri has been appointed as the Chairman of the Audit Committee. The quorum necessary for the transaction of business at meetings of the Audit Committee shall be two (2) voting Audit Committee members. In cases of deadlock, the Chairman is entitled to a casting vote. The Chairperson role shall be occupied by an independent non-executive Director at all times, and in the event that the Chairperson of the Audit Committee is conflicted on any matter being discussed by the Audit Committee, the said committee shall be chaired by another non-executive independent director.

Dr Jean C. Farrugia (bearer of Maltese Identity Card numbered 244176M) has been appointed as secretary to the Audit Committee. Dr Farrugia's CV can be found in Section 7.1 above.

All Related Party transactions shall require the prior approval of the Audit Committee unless such approval is exempted in terms of the Prospects MTF Rules. The Audit Committee has the role and function of considering and evaluating the arm's length nature of any proposed transactions to be entered into in order to ensure that the execution of any such transaction is, indeed, at arm's length and on a sound commercial basis and, ultimately, in the best interests of the Issuer. In this regard, the Audit Committee has the task of ensuring that any potential abuse which may arise is immediately identified and resolved. The Audit Committee is entrusted with the review of the financial position of the Issuer and the consolidated financial position of the BBF Group at least on a quarterly basis.

Following the admission of the Bonds to the Prospects MTF List, the Audit Committee shall start meeting as often as required to undertake its role effectively, but not less than on a quarterly basis.

The Directors believe that the current set-up is sufficient to enable the Issuer in fulfilling the objectives of the Prospects MTF Rules' terms of reference in this regard.

15. COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

The Company supports the Rules in their entirety and the stipulations of the said rules in relation to dealing restrictions. The Issuer complies with the Code of Principles of Good Corporate Governance forming part of the Listing Rules of the Listing Authority (the “Code”) with the exceptions mentioned below, and is confident that the adoption of the Code shall result in positive effects accruing to it. The Issuer adopts measures in line with the Code of Principles with a view to ensuring that all the transactions are carried out at arm’s length.

The Board of Directors sets the strategy and direction of the Issuer and retains direct responsibility for appraising and monitoring the Issuer’s financial statements and annual report. The activities of the Board are exercised in a manner designed to ensure that it can effectively supervise the operations of the Issuer so as to protect the interests of bondholders, amongst other stakeholders. The Board is also responsible for making relevant public announcements and for the Issuer’s compliance with its continuing obligations in terms of the Prospects MTF Rules.

As required by the Companies Act, the Issuer’s financial statements are to be subject to annual audit by the Issuer’s external auditors. Moreover, the non-executive Directors will have direct access to the external auditors of the Issuer who attend at Board meetings at which the Company’s financial statements are approved. In ensuring compliance with other statutory requirements and with continuing admission obligations, the Board is advised directly, as appropriate, by its appointed corporate advisor, legal advisor and the external auditors. Directors are entitled to seek independent professional advice at any time on any aspect of their duties and responsibilities, at the Issuer’s expense.

As at the date hereof, the Board considers the Issuer to comply with the Code save for the following exceptions:

Principle 7: Under the present circumstances, the Board does not consider it necessary to appoint a committee to carry out a performance evaluation of its role, as the Board’s performance is always under the scrutiny of the shareholders of the Company.

Principle 8: The Board of Directors considers that the size and operation of the Issuer does not warrant the setting up of nomination and remuneration committee. In addition, the Issuer will not be incorporating a nomination committee. Appointments to the Board of Directors are determined by the shareholders of the Issuer in accordance with the company’s Memorandum and Articles of Association. The Issuer considers that the members of the Board possess the level of skill, knowledge and experience expected in terms of the Code.

16. USE OF PROCEEDS

The net proceeds from the Bond Issue are expected to amount to approximately four million eight hundred and sixty thousand (€4,860,000), and shall be used for the following purposes:

- (i) Two million, one hundred and ninety five thousand, five hundred and ten Euro (€2,195,510) shall be advanced to BBM by way of loan for the repayment by BBM of a two million Euro (€2,000,000) bank facility with the balance of one hundred and ninety five thousand, five hundred and ten Euro (€195,510) being invested by BBM in fixed asset additions in terms of the BBM Loan Agreement;
- (ii) One million seven hundred and twenty thousand Euro (€1,720,000) will be advanced by way of loan to BBP for the repayment of the loan incurred by it towards BBL for the acquisition by BBP from BBL of the BB Properties and for the refurbishment of the Msida flagship cafeteria in terms of the BBP Loan Agreement;
- (iii) Nine hundred and forty four thousand, four hundred and ninety Euro (€944,490) will be advanced by way of loan to BBIP in terms of the BBIP Loan Agreements for part repayment of the debt due by it to BBL incurred in the acquisition of the BB Intellectual Property with the balance being retained as an interest free shareholders' loan in terms of the Transfer of Intellectual Property Rights Agreement.

Should subscriptions for a total of at least €4,000,000 ("Minimum Amount") not be received, no allotment of Bonds shall be made, the Applications for Bonds shall be deemed not to have been accepted by the Issuer and all money received from Applicants for Bonds shall be refunded accordingly. In the event that the Minimum Amount is reached but the Bond Issue is still not fully subscribed, the Issuer will proceed with the allotment of the amount of Bonds subscribed.

17. INFORMATION CONCERNING THE BONDS

Each Bond shall be issued on the Terms and Conditions set out in this Document and, by subscribing to or otherwise acquiring the Bonds, the Bondholders are deemed to have knowledge of all the Terms and Conditions of the Bonds hereafter described and to accept and be bound by the said Terms and Conditions.

17.1. General

- 17.1.1.** Each Bond forms part of a duly authorised issue of five percent (5%) unsecured bonds 2029 of a nominal value of one hundred Euro (€100) per Bond issued by the Issuer at par up to the principal amount of five million Euro (€5,000,000) (except as otherwise provided under sub-section 17.14 “Further Issues” below). The issue date of the Bonds is expected to be the 28th June 2019.
- 17.1.2.** The currency of the Bonds is Euro (€).
- 17.1.3.** Subject to admission to trading of the Bonds to the Prospects MTF, the Bonds are expected to be assigned the following ISIN: MT0002281203.
- 17.1.4.** All outstanding Bonds shall be redeemed by the Issuer at par on the Redemption Date unless previously repurchased and cancelled.
- 17.1.5.** The issue of the Bonds is made in accordance with the requirements of the Prospects MTF Rules.
- 17.1.6.** The Issue Period of the Bonds is between the 17th June 2019 and the 25th June 2019, both days included.
- 17.1.7.** The Bond Issue is not underwritten. Should subscriptions for a total of at least €4,000,000 (the “Minimum Amount”) not be received, no allotment of the Bonds shall be made, the Applications for Bonds shall be deemed not to have been accepted by the Issuer and all money received from Applicants for Bonds shall be refunded accordingly. In the event that the Minimum Amount is reached but the Bond Issue is still not fully subscribed, the Issuer will proceed with the allotment of the amount of Bonds subscribed.
- 17.1.8.** The Bonds will not be listed on the Official List or the Alternative Companies list of the Malta Stock Exchange or on any other regulated market.

17.2. Subscription

The Issuer has appointed Curmi & Partners as Placement Agent and Manager for the purposes of this Bond Issue and interested investors may contact the Placement Agent and Manager for the purposes of subscribing to Bonds during the Issue Period. Applications for subscriptions to the Bonds will be processed on a first-come-first-served basis and the Issue Period shall close immediately upon attaining full subscription or on the last day of the Issue Period, whichever is the earliest.

The Bonds are open for subscription to all categories of investors. Prospective investors in the Bonds must determine the suitability of that investment in the light of their own circumstances. Unless the Placement Agent and Manager or other authorised financial intermediary provides advice in respect of a purchase of the Bonds by the Applicant, the Placement Agent and Manager or authorised financial intermediary will owe the Applicant no duties or responsibilities concerning the price of the Bonds or their suitability for the Applicant. To the extent that the Placement Agent and Manager or any other authorised financial intermediary is providing advice in respect of a purchase of the Bonds by an Applicant, the Placement Agent and Manager or the authorised financial intermediary shall also be required to conduct a Suitability Test in respect of the Applicant and, based on the results of such test, be satisfied that an investment in the Bonds may be considered suitable for the Applicant. Prospective investors should be aware of the potential risks in investing in the Bonds after careful evaluation of all the risk factors involved, and should consider making the decision to invest after consideration with his/her own independent financial advisor. The Placement Agent and Manager or authorised financial intermediary, as the case may be, shall ensure that subscribers to the Bonds are duly warned about the risk factors involved with investing in the Bonds and subscribers shall confirm that they have been so warned, in terms of the Prospects MTF Rules.

The Bond Issue is not underwritten. Should subscriptions for a total of at least €4,000,000 (the “Minimum Amount”) not be received, no allotment of the Bonds shall be made, the Applications for Bonds shall be deemed not to have been accepted by the Issuer and all money received from Applicants for Bonds shall be refunded accordingly. In the event that the Minimum Amount is reached but the Bond Issue is still not fully subscribed, the Issuer will proceed with the allotment of the amount of Bonds subscribed.

The total amount of five million Euro (€5,000,000) of Bonds is being reserved for subscription by the Placement Agent and Manager participating in the Placement Offer. The Issuer shall enter into a conditional subscription agreement with the Placement Agent and Manager for the subscription of Bonds, whereby it will bind itself to allocate Bonds thereto up to the total amount of five million Euro (€5,000,000) as aforesaid.

In terms of said subscription agreement entered into with the Placement Agent and Manager, the Issuer will be conditionally bound to issue, and the Placement Agent and Manager will be conditionally bound to subscribe to, up to the total amount of five million Euro (€5,000,000) of Bonds as indicated therein, each subject to the Minimum Amount of €4,000,000 being subscribed.

For the purpose of this Company Admission Document, the term “Suitability Test” means the process through which a licensed financial intermediary providing investment advice or portfolio management services in relation to the subscription for and trading of Bonds, obtains such information from the Applicant or prospective transferee, as is necessary, to enable the licensed financial intermediary to recommend to or, in the case of portfolio management, to effect for, the Applicant or prospective transferee, the investment service and trading in Bonds that are considered suitable for him/her, in accordance with Part BI of the Investment Services Rules for Investment Services Providers issued by MFSA. The information obtained pursuant to this test must be such as to enable the licensed financial intermediary to understand the essential facts about the Applicant or prospective transferee and to have a reasonable basis for believing, giving due consideration to the nature and extent of the service provided, that the specific transaction to be recommended, or to be entered into in the course of providing a portfolio management service, satisfies the following criteria:

- it meets the investment objectives of the Applicant or prospective transferee in question;
- it is such that the Applicant or prospective transferee is able financially to bear any related investment risks consistent with the investment objectives of such Applicant or prospective transferee; and
- it is such that the Applicant or prospective transferee has the necessary experience and knowledge in order to understand the risks involved in the transaction or in the management of his portfolio.

17.3. Ranking of the Bonds

The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer, and shall at all times rank *paripassu*, without any priority or preference among themselves. Furthermore, subject to the Negative Pledge clause (Section 17.4 of this Document), third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect.

The following sets out a summary of the BBF Group’s indebtedness which as at the issue date of the Bonds amounts to not more than €700,000, and includes bank loans, corporate bonds and other borrowings from related companies. The bank borrowings listed below are secured by privileges and hypothecs, and therefore the indebtedness being created by the Bonds, together with the other issued bonds, ranks after all these bank borrowings. 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:

Bank borrowing facilities as at 30/11/2018

Facility held	Borrower	Lender	Description of facility	Amounts outstanding [as at issue date of the Bonds]	Security held
Overdraft	BBM	Bank of Valletta plc	Overdraft	€700,000	None

Further details on the aforesaid indebtedness, particularly the secured bank borrowings, including, inter alia, respective term, security and repayment schedule, shall be available in the audited consolidated financial statements of the BBF Group for the financial year ended 30th November 2018, which shall be placed on the Issuer's website (www.busybee.com,mt) and available at its registered office during office hours for the term of the Bonds, once the audit has been finalised.

17.4. Negative Pledge

Unless permitted to do so under the Debt Incurrence Test, the Issuer shall not, and shall procure that the Subsidiaries do not, for as long as any principal or interest under the Bonds or any of the Bonds remains outstanding:

- (a) Incur or guarantee any Financial Indebtedness (as defined below);
- (b) Create or permit to subsist any Security Interest (as defined below), other than a Permitted Security Interest (as defined below), upon the whole or any part of its present or future assets or revenues to secure any Financial Indebtedness (as defined below) of the Issuer;
- (c) Make any Restricted Payment;
- (d) Repay or procure the repayment, whether in whole or in part, of the BBIP Loan.

For the purposes hereof:

“Debt Incurrence Test” is satisfied if:

- (i) The Interest Cover Ratio calculated on the basis of BBF Group's consolidated financial statements as at the most recent financial period and taking into consideration the impact of the proposed increase in Financial Indebtedness is not below 2x; and
- (ii) The Debt-to-Total Capital Ratio calculated on the basis of BBF Group's consolidated financial statements as at the most recent financial period and taking into consideration the impact of the proposed increase in Financial Indebtedness does not exceed fifty five percent (55%);

where:

- (a) “Debt-to-Total Capital Ratio” means the ratio of Financial Indebtedness to total equity (issued share capital plus reserves) plus Financial Indebtedness; and
- (b) “Interest Cover Ratio” means the ratio of EBITDA to total interest costs for the given period;

“Financial Indebtedness” means any indebtedness in respect of:

- (i) monies borrowed;
- (ii) any debenture, bond, note, loan, stock or other security;
- (iii) any acceptance credit;
- (iv) the acquisition cost of any asset to the extent payable before or after the time of acquisition or possession by the party liable where the advance or deferred payment is arranged primarily as a method of raising finance for the acquisition of that asset;
- (v) leases entered into primarily as a method of raising finance for the acquisition of the asset leased;
- (vi) amounts raised under any other transaction having the commercial effect of borrowing or raising of money;
- (vii) any guarantee, indemnity or similar assurance against financial loss of any person;

“Permitted Security Interest” means:

- (i) any Security Interest arising by operation of law;
- (ii) any Security Interest securing temporary bank loans or overdrafts in the ordinary course of business;
- (iii) any other Security Interest (in addition to (i) and (ii) above) securing Financial Indebtedness of the Issuer, in an aggregate outstanding amount not exceeding eighty percent (80%) of the difference between the value of the unencumbered assets of the Issuer and the aggregate principal amount of Bonds outstanding at the time.

Provided that the aggregate Security Interests referred to in (ii) and (iii) above do not result in the unencumbered assets of the Issuer being less than the aggregate principal amount of the Bonds still outstanding together with one (1) year's interest thereon;

“Restricted Payment” means:

- (i) To declare or pay any dividend or make any other distribution of a dividend nature to its immediate or ultimate shareholders; and/or
- (ii) To make repayments towards any outstanding shareholder loans; and/or
- (iii) To purchase, redeem or acquire (including in the course of a reduction of share capital) any of its own shares except out of the proceeds of an issue of new equity share capital made for such purpose;

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

“unencumbered assets” means assets which are not subject to a Security Interest.

17.5. Rights attached to the Bonds

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

- i. the payment of interest;
- ii. the payment of capital as and when due;
- iii. ranking with respect to other indebtedness of the Issuer in accordance with the provisions of sub-section 17.3 hereof;
- iv. attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issues; and
- v. enjoy all such other rights attached to the Bonds emanating from the Admission Document.

17.6. Interest

The Bonds shall bear interest from and including the 28th June 2019 at the rate of five (5%) per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on the 28th June 2020. Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. Each Bond will cease to bear interest from and including its due date for redemption, unless payment of the principal in respect of the Bond is improperly withheld or refused or unless default is otherwise made in respect of payment, in any of which events interest shall continue to accrue at the highest rate applicable by Maltese law. In terms of article 2156 of the Civil Code (Chapter 16 of the laws of Malta), the right of Bondholders to bring claims for payment of interest and repayment of the principal on the Bonds is barred by the lapse of five (5) years. When interest is required to be calculated for any period of less than a full year, it shall be calculated on the basis of a three hundred and sixty (360) day year consisting of twelve (12) months of thirty (30) days each and, in the case of an incomplete month, the number of days elapsed.

17.7. Yield

For Bonds issued at the Bond Issue Price, the gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds at Redemption Date is five percent (5%).

17.8. Form, Denomination and Title

17.8.1 Certificates will not be delivered to Bondholders in respect of the Bonds in virtue of the fact that the entitlement to Bonds will be represented in an uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD. There will be entered in such electronic register the names, addresses, identity card numbers (in the case of natural persons), registration numbers (in the case of companies), legal entity identifiers (LEI) 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.

17.8.2 The CSD will issue, upon a request by a Bondholder, a statement of holdings to such Bondholder evidencing his/her/its entitlement to Bonds held in the register kept by the CSD in accordance with the MSE's applicable terms and conditions.

17.8.3 Upon submission of an Application Form, Bondholders who do not have an online e-portfolio account will be registered by the CSD for the online e-portfolio facility and will receive by mail at their registered address a handle code to activate the new e-portfolio login. The Bondholder's statement of holdings evidencing entitlement to the Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on www.eportfolio.borzamalta.com.mt/. Those Bondholders who opt not to avail themselves of this facility should indicate such on the Application Form. Further detail on the e-portfolio is found on www.eportfolio.borzamalta.com.mt/Help.

17.8.4 The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of one hundred Euro (€100) provided that on subscription the Bonds will be issued for a minimum of one thousand Euro (€1,000) per individual Bondholder. Authorised intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of one thousand Euro (€1,000) to each underlying client.

17.8.5 Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Bond. Title to the Bonds may be transferred as provided below under the heading "Transferability of the Bonds" as per the stipulations of the Admission Document.

17.9. Pricing

The Bonds are being issued at par, that is, at one hundred Euro (€100) per Bond.

17.10. Payments

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

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

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

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

17.10.5 No commissions or expenses shall be charged by the Issuer to Bondholders in respect of payments made in terms of sub-section 17.10. The Issuer shall not be liable for charges, expenses and commissions levied by parties other than the Issuer.

17.11. Redemption and purchase

17.11.1 The Bonds shall be repayable in full upon maturity on the 28th June 2029 unless previously re-purchased and cancelled.

17.11.2 Unless previously re-purchased and cancelled, the Issuer irrevocably covenants in favour of each Bondholder that the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on the 28th June 2029.

17.12. Events of Default

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

- the Issuer shall fail to pay any interest on any Bond when due and such failure shall continue for thirty (30) days after written notice thereof shall have been given to the Issuer, by any Bondholder; or
- the Issuer shall fail duly to perform or shall otherwise be in breach of any other material obligation contained in the Terms and Conditions of the Bonds and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer; or
- the Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or ceases or threatens to cease to carry on its business or a substantial part of its business; or
- the Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or
- there shall have been entered against the Issuer a final judgment by a court of competent jurisdiction from which no appeal may be or is made for the payment of money in excess of one million Euro (€1,000,000) or its equivalent and ninety (90) days shall have passed since the date of entry of such judgment without its having been satisfied or stayed; or
- any default occurs and continues for ninety (90) days under any contract or document relating to any Financial Indebtedness (as defined above) of the Issuer in excess of one million Euro (€1,000,000) or its equivalent at any time.

17.13. Transferability of the Bonds

17.13.1 The Bonds are freely transferable and, once admitted to the Prospects MTF List, shall be transferable only in whole (in multiples of one hundred Euro (€100)) in accordance with the Rules and regulations of the MSE applicable from time to time. If Bonds are transferred in part, the transferee thereof will not be registered as a Bondholder.

17.13.2 Any person becoming entitled to a Bond in consequence of the death or bankruptcy of a Bondholder may, upon such evidence being produced as may, from time to time, properly be required by the Issuer or the CSD, elect either to be registered himself as holder of the Bond or to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the CSD any and all documentation required in furtherance to his election in accordance with CSD rules and procedures. If he shall elect to have another person registered he shall testify his election by transferring the Bond, or procuring the transfer of the Bond, in favour of that person. Provided always that if a Bond is transmitted in furtherance of this paragraph, a person will not be registered as a Bondholder unless such transmission is made in multiples of one hundred Euro (€100).

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

17.13.4 The cost and expenses of effecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Issuer shall so require, the payment of a sum sufficient to

cover any tax, duty or other governmental charge that may be imposed in relation thereto, will be borne by the person to whom the transfer / transmission has been made.

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

17.14. Further Issues

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

17.15. Meetings of Bondholders

17.15.1 The Issuer may, from time to time, call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of any of the following: (i) considering and approving any matter affecting their interest, including the amendment, modification, waiver, abrogation or substitution of any of the Terms and Conditions of the Bonds and the rights of the Bondholders, whether or not those rights arise under the Admission Document, subject to the prior approval of the Exchange until such time as the Bonds remain admitted on any of its markets; (ii) considering and approving the exchange or substitution of the Bonds by, or the conversion of the Bonds into, shares, debentures or other obligations or securities of the Issuer; and (iii) obtaining the consent of Bondholders on other matters which in terms of the Admission Document require the approval of a Bondholders' meeting in accordance with the below.

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

17.15.3 The amendment of any of the Terms and Conditions of issue of the Bonds may only be made with the approval of Bondholders at a meeting called and held for that purpose in accordance with the terms hereof, and subject to the prior written approval of the Exchange until such time as the Bonds remain admitted on any of its markets.

17.15.4 A meeting of Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose at least two (2) Bondholders present, in person or by proxy, representing not less than seventy-five percent (75%) in nominal value of the Bonds then outstanding, shall constitute a quorum. If a quorum is not present within thirty (30) minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Directors to Bondholders present at that meeting. The Issuer shall within two (2) days from the date of the original meeting publish by way of a company announcement the date, time and place where the adjourned meeting is to be held, together with a warning of the new quorum required for such meeting as adjourned. An adjourned meeting shall be held not earlier than seven (7) days, and not later than fifteen (15) days, following the original meeting. At an adjourned meeting the number of Bondholders present at the commencement of the meeting, in person or by proxy, shall constitute a quorum; and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at and decided upon during, the adjourned meeting.

17.15.5 Any person who in accordance with the Memorandum and Articles of Association of the Issuer is to chair the annual general meetings of shareholders shall also chair meetings of Bondholders.

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

17.15.7 The voting process shall be managed by the Issuer's company secretary under the supervision and scrutiny of the auditors of the Issuer.

17.15.8 The proposal placed before a meeting of Bondholders shall only be considered approved if at least sixty percent (60%) in nominal value of the Bondholders present at the meeting at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal.

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

17.16. Authorisations and approvals

The Directors authorised the Bond Issue and the publication of the Admission Document pursuant to a Board of Directors' resolution passed on 8th May 2019.

17.17. Admission to trading

Application has been made to the Malta Stock Exchange for the Bonds being issued pursuant to the Admission Document to be traded on its Prospects MTF. The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 1st July 2019 and trading is expected to commence on the 2nd July 2019. Dealing may commence prior to notification of the amount allotted being issued to Applicants.

17.18. Representations and warranties

17.18.1 The Issuer represents and warrants to Bondholders, that shall be entitled to rely on such representations and warranties, that:

- i. it is duly incorporated and validly existing under the laws of Malta and has the power to carry on its business as it is now being conducted and to hold its property and other assets under legal title;
- ii. it has the power to execute, deliver and perform its obligations under the Document and that all necessary corporate, shareholder and other actions have been duly taken to authorise the execution, delivery and performance of the same, and further that no limitation on its power to borrow or guarantee shall be exceeded as a result of the Terms and Conditions or the Document; and
- iii. no litigation, arbitration or administrative proceedings are taking place, pending or, to the knowledge of the officers of the Issuer, threatened against the Issuer which could have a material adverse effect on the business, assets or financial condition of the Issuer.

17.18.2 The Admission Document contains all relevant material information with respect to the Issuer and all information contained in the Document is in every material respect true and accurate and not misleading, and there are no other facts in relation to the Issuer, its businesses and financial position, the omission of which would, in the context of issue of the Bonds, make any statement in the Admission Document misleading or inaccurate in any material respect.

17.19. Bonds held jointly

In respect of any Bonds held jointly by several persons (including spouses), the joint holders shall nominate one (1) of their number as their representative and his/her name will be entered in the register with such designation. The person whose name shall be inserted in the field entitled "Applicant" on the Application Form, or the first named in the register

of Bondholders shall, for all intents and purposes, be deemed to be such nominated person by all those joint holders. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond/s so held.

17.20. Bonds held subject to usufruct

In respect of a Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. The usufructuary shall, for all intents and purposes, be deemed vis-a-vis the Issuer to be the holder of the Bond/s so held and shall have the right to receive interest on the Bond/s and to vote at meetings of the Bondholders but shall not, during the continuance of the Bond/s, have the right to dispose of the Bond/s so held without the consent of the bare owner, and shall not be entitled to the repayment of principal on the Bond (which shall be due to the bare owner, subject to the right of any usufructuary).

18. TERMS AND CONDITIONS OF THE BOND ISSUE

18.1 The issue and allotment of the Bonds is conditional upon the Bonds being admitted to the Prospects MTF List. In the event that the Bonds are not admitted to the Prospects MTF List any Application monies received by the Issuer will be returned without interest by direct credit into the Applicant's bank account indicated by the Applicant on the relative Application Form. If no such bank account number is provided, or in the event that bank account details on the Application Form are incorrect or inaccurate, such returns will be made by means of a cheque mailed to the Applicant's address (or, in the case of joint Applications, the address of the first named Applicant) indicated in the Application Form.

18.2 The Issuer has established a minimum subscription level of least four million Euro (€4,000,000) for the Bond Issue (the 'Minimum Amount').

18.3 It is the responsibility of investors wishing to apply for the Bonds to inform themselves as to the legal requirements of so applying, including any requirements relating to external transaction requirements in Malta and any exchange control in the countries of their nationality, residence or domicile.

18.4 The contract created by the Issuer's acceptance of an Application filed by a prospective Bondholder shall be subject to all the Terms and Conditions set out in this Document and the Memorandum and Articles of Association of the Issuer.

18.5 Any person, whether natural or legal, shall be eligible to submit an Application and any one (1) person, whether directly or indirectly, should not submit more than one (1) Application Form. If an Application Form is signed on behalf of another party or on behalf of a corporation or corporate entity or association of persons, the person signing will be deemed to have duly bound his principal, or the relative corporation, corporate entity, or association of persons, and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions on their behalf. Such representative shall be requested to submit the relative power of attorney/resolution or a copy thereof duly certified by a lawyer or notary public unless already known to the Placement Agent & Manager.

18.6 In the case of joint Applications, reference to the Applicant in these Terms and Conditions is a reference to each of the joint Applicants, and liability therefore is joint and several.

18.7 Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents / legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.

18.8 The Bonds have not been and will not be registered under the Securities Act of 1933 of the United States of America and, accordingly, may not be offered or sold within the United States or to or for the account or benefit of a U.S. person.

18.9 No person receiving a copy of the Document or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to such person nor should such person in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or such Application Form could lawfully be used without contravention of any registration or other legal requirements.

18.10 It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself/herself/itself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.

18.11 Subject to all other Terms and Conditions set out in the Document, the Issuer reserves the right to reject, in whole or in part, or to scale down, any Application, including multiple or suspected multiple Applications, and to present any cheques and/or drafts for payment upon receipt. The right is also reserved to refuse any Application which in the opinion of the Issuer is not properly completed in all respects in accordance with the instructions or is not accompanied by the

required documents. Only original Application Forms will be accepted and photocopies/facsimile copies will not be accepted.

18.12 Save where the context requires otherwise or where otherwise defined therein, terms defined in the Document bear the same meaning when used in these Terms and Conditions, in the Application Forms, in any of the Annexes and in any other document issued pursuant to the Admission Document.

18.13 The Issuer has not sought assessment of the Bonds by any independent credit rating agency.

18.14 Subject to all other Terms and Conditions set out in the Document, the Issuer reserves the right to revoke the Issue at any time before the closing of the Issue Period. The circumstances in which such revocation might occur are expected to be exceptional, for example where a significant change in market conditions occurs.

18.15 The Bonds will be issued in multiples of one hundred Euro (€100). The minimum subscription amount of Bonds that can be subscribed for by all Applicants is one thousand Euro (€1,000).

18.16 The completed Application Forms are to be lodged with the Placement Agent and Manager. Prospective investors in the Bonds must determine the suitability of that investment in the light of their own circumstances. In particular, each prospective investor should:

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

18.17

For the purposes of the Prevention of Money Laundering and Funding of Terrorism (PMLFT) Regulations, issued under the Prevention of Money Laundering Act (Chapter 373 of the laws of Malta), as amended from time to time, all appointed authorised financial intermediaries are under a duty to communicate to the CSD, all information including customer due diligence data about clients as is required under the Implementing Procedures issued by the Financial Intelligence and Analysis Unit in view of its placing of reliance on the said intermediaries under the said Regulations and Articles 1.2(d) and 2.4 of the "Code of Conduct for Members of the Malta Stock Exchange" appended as Appendix 3.6 to Chapter 3 of the Malta Stock Exchange Bye-Laws, irrespective of whether the said appointed authorised financial intermediaries are Malta Stock Exchange members or not. Such information shall be held, recorded and controlled by the Malta Stock Exchange in terms of the said PMLFT Regulations, the GDPR and the Data Protection Act (Chapter 586 of the laws of Malta) for the purposes and within the terms of the Malta Stock Exchange Data Protection Policy as published from time to time.

18.18 By completing and delivering an Application Form, the Applicant:

- agrees and acknowledges to have had the opportunity to read the Admission Document and to be deemed to have had notice of all information and representations concerning the Issuer and the issue of the Bonds contained therein;
- warrants that the information submitted by the Applicant in the Application Form is true and correct in all respects and in the case where an MSE account number is indicated in the Application Form, such MSE account number is the correct account of the Applicant;
- authorises the Placement Agent and Manager and the Directors of the Issuer to include his/her/its name or, in the case of joint Applications the first named Applicant, in the register of debentures of the Issuer in respect of the

Bonds allocated to such Applicant and further authorises the Issuer and the MSE to process the personal data that the Applicant provides in the Application Form, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the GDPR and Data Protection Act (Chapter 586 of the laws of Malta). The Applicant has the right to request access to and rectification of the personal data relating to him/her/it as processed by the Issuer and/or the MSE. Any such requests must be made in writing and sent to the Issuer at the address indicated in the Admission Document. The requests must further be signed by the Applicant to whom the personal data relates;

- confirms that in making such Application no reliance was placed on any information or representation in relation to the Issuer or the issue of the Bonds other than what is contained in the Admission Document and, accordingly, agree/s that no person responsible solely or jointly for the Document or any part thereof will have any liability for any such other information or representation;
- agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his/her/its remittance and any verification of identity as required by the Prevention of Money Laundering Act (Chapter 373 of the laws of Malta) and regulations made thereunder, and that such monies will not bear interest;
- agrees to provide the Placement Agent and Manager and/or the Issuer, as the case may be, with any information which it/they may request in connection with the Application;
- warrants, in connection with the Application, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with his/her/its Application in any territory, and that the Applicant has not taken any action which will or may result in the Issuer or the Corporate Advisor acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bonds or his/her/its Application;
- warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- represents that the Applicant is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) and that he/she/it is not accepting the invitation set out in the Admission Document from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the “United States”) or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;
- agrees that all documents in connection with the issue of the Bonds and any returned monies, including refunds of all unapplied Application monies, if any, will be sent at the Applicant’s own risk and may be sent, in the case of documents, by post at the address (or, in the case of joint Applications, the address of the first named Applicant) as set out in the Application Form and in the case of monies by direct credit into the Applicant’s bank account as indicated by the Applicant on the Application Form;
- renounces to any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Issuer against any amount due under the terms of these Bonds;
- irrevocably offers to purchase the number of Bonds specified in his/her/its Application Form (or any smaller number for which the Application is accepted) at the Bond Issue Price subject to the Admission Document, the Terms and Conditions thereof and the Memorandum and Articles of Association of the Issuer;
- warrants that his/her/its remittance will be honoured on first presentation and agrees that if such remittance is not so honoured he/she/it will not be entitled to receive a registration advice, or to be registered in the register of debentures or to enjoy or receive any rights in respect of such Bonds unless and until payment in cleared funds for such Bonds is received and accepted by the Issuer and/or the Corporate Advisor (which acceptance shall be made in the absolute discretion of the Issuer and/or the Corporate Advisor and may be on the basis that the Issuer and/or the Corporate Advisor is indemnified against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of such remittance to be honoured on first presentation) and that, at any time prior to unconditional acceptance by the Issuer and/or the Corporate Advisor of such late payment in respect of

such Bonds, the Issuer and/or the Corporate Advisor may (without prejudice to other rights) treat the agreement to allocate such Bonds as void and may allocate such Bonds to some other person, in which case the Applicant will not be entitled to any refund or payment in respect of such Bonds (other than return of such late payment);

- agrees that all Applications, acceptances of applications and contracts resulting therefrom will be governed by, and construed in accordance with, Maltese law and that he/she/it submits to the exclusive jurisdiction of the Maltese Courts and agrees that nothing shall limit the right of the Issuer to bring any action, suit or proceeding arising out of or in connection with any such Applications, acceptances of applications and contracts in any other manner permitted by law in any court of competent jurisdiction;
- warrants that if he/she signs the Application Form on behalf of another party or on behalf of a corporation or corporate entity or association of persons, he/she has due authority to do so and such person, corporation, corporate entity or association of persons will also be bound accordingly, and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions;
- warrants that he/she is not under the age of eighteen (18) years or if he/she is lodging an Application in the name and for the benefit of a minor, warrants that he/she is the parent/s or legal guardian/s of the minor;
- confirms that, in the case of a joint Application entered into in joint names, the first named Applicant shall be deemed the holder of the Bonds; and
- agrees that, in all cases, any refund of unallocated Application monies, if any, will be sent to the Applicant by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form. No interest shall be due on refunds. The Issuer shall not be responsible for any changes, loss or delay in transmission. If no such bank account number is provided, or in the event that bank account details on the Application Form are incorrect or inaccurate, such refund will be made by means of a cheque mailed to the Applicant's address (or, in the case of joint Applications, the address of the first named Applicant) indicated in the Application Form.

19. TAXATION

19.1. General

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

The information below is based on an interpretation of tax law and practice relative to the applicable legislation, as known to the Issuer at the date of the Admission Document, in respect of a subject on which no official guidelines exist. Investors are reminded that tax law and practice and their interpretation as well as the levels of tax on the subject matter referred to in the preceding paragraph, may change from time to time.

This information is being given solely for the general information of investors. The precise implications for investors will depend, among other things, on their particular circumstances and on the classification of the Bonds from a Maltese tax perspective, and professional advice in this respect should be sought accordingly.

19.2. Malta Tax on Interest

Unless the Issuer is otherwise instructed by a Bondholder or if the Bondholder does not fall within the definition of “recipient” in terms of article 41(c) of the Income Tax Act (Chapter 123 of the laws of Malta), interest shall be paid to such person net of a final withholding tax, currently at the rate of 15% of the gross amount of the interest, pursuant to article 33 of the said Income Tax Act. Interest payments made to Prescribed Funds will be subject to a final withholding tax at the rate of 10%. Bondholders who do not fall within the definition of a “recipient” do not qualify for the said rate and should seek advice on the taxation of such income as special rules may apply. 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.

This withholding tax is considered as a final tax and a Maltese resident individual Bondholder may not declare the interest so received in his income tax return. No person shall be charged to further tax in respect of such income.

In the case of a valid election made by an eligible Bondholder resident in Malta to receive the interest due without the deduction of final tax, interest will be paid gross and such person will be obliged to declare the interest so received in his income tax return and be subject to tax on it at the progressive rate/s applicable to that person at that time. Any such election made by a resident Bondholder at the time of subscription may be subsequently changed by giving notice in writing to the Issuer. Such election or revocation will be effective within the time limit set out in the Income Tax Act.

The Issuer is required to provide an account to the Commissioner for Revenue of all payments of interest made during any year, whether tax is deducted or otherwise. The annual account shall include details of the recipient’s name, address and the income tax registration number as well as the amount of interest paid, and the tax deducted, where applicable, by the Issuer to the recipient during that year.

In terms of article 12(1)(c) of the Income Tax Act, Bondholders who are not resident in Malta satisfying the applicable conditions set out in the Income Tax Act are 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.

19.3. Foreign Account Tax Compliance Act

The United States has enacted rules, commonly referred to as "FATCA", that generally impose a new reporting regime and withholding requirements with respect to certain US source payments (including dividends and interest), gross proceeds from the disposition of property that can produce US source interest and dividends and certain payments made by, and financial accounts held with, entities that are classified as financial institutions under FATCA. The United States has entered into an intergovernmental agreement with Malta dated 6 December 2013 regarding the implementation of FATCA with Malta. Payments effected by the Issuer on or with respect to the Bonds are not expected to be subject to

withholding under FATCA except to the extent that any Bondholder fails to comply with its obligations under FATCA. However, FATCA may affect payments made to custodians or intermediaries, if any, in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payments to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Bondholders should choose any custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. The Issuer's obligations under the Bonds are discharged once it has effected payment as stipulated in this Admission Document and therefore the Issuer has no responsibility for any amount thereafter transmitted through the payment chain.

FATCA requires participating financial institutions to satisfy applicable due diligence and reporting requirements in terms of the intergovernmental agreement entered into by Malta together with the relevant regulations and guidelines issued by the Commissioner for Revenue. Consequently certain confidential information in relation to the Bondholders and/or other relevant persons may be reported to the Commissioner for Revenue and automatically exchanged pursuant to these requirements.

FATCA is particularly complex. Each Bondholder should consult his own tax advisor to obtain a more detailed explanation of FATCA and to learn how it might affect such holder in his specific circumstance.

19.4. Directive on Administrative Cooperation in the Field of Taxation

The Council of the European Union has adopted Directive 2014/107/EU amending Directive 2011/16/EU on administrative cooperation in the field of taxation so as to introduce an extended automatic exchange of information regime that implements the OECD measures known as the "Common Reporting Standard". Member States are required to exchange information pursuant to this Directive, since 30 September, 2017 (subject to deferral under transitional rules in the case of Austria).

Malta has transposed Directive 2014/107/EU into national law by means of Legal Notice 384 of 2015 amending the Cooperation with Other Jurisdictions on Tax Matters Regulations. In terms of this legal notice, the automatic exchange of information obligations extends also to jurisdictions that are not EU Member States with which there is a relevant arrangement in place.

In consequence, financial institutions of an EU Member State and of participating jurisdictions will be required to report to their respective tax authorities certain financial account information in respect of account holders (and in some cases, beneficial holders), that are residents of another EU Member State or of a participating jurisdiction in order to be exchanged automatically with the tax authorities of the other EU Member States or participating jurisdictions. Financial account information in respect of holders of the Bonds could fall within the scope of EU Directive 2014/107/EU and this may therefore be subject to reporting obligations.

19.5. Maltese taxation on capital gains on transfer of the Bonds

To the extent that the Bonds do not fall within the definition of "*securities*" in terms of article 5(1)(b) of the Income Tax Act, that is, "*shares and stocks and such like 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 should be chargeable in respect of transfers of Bonds held as capital assets at the time of disposal.

19.6. Duty on documents and transfers

In terms of the Duty on Documents and Transfers Act (Chapter 364 of the Laws of Malta), duty is chargeable *inter alia* on the transfer or transmission causa mortis of marketable securities, defined in the said legislation as "a holding of share capital in any company and any document representing the same". Accordingly, the Bonds should not be treated as constituting marketable securities within the meaning of the legislation and that, therefore, the transfer or transmission thereof should not be chargeable to duty.

19.7. Tax status of BBF Group

The Maltese incorporated companies forming part of BBF Group should be subject to tax in Malta at the standard corporate tax rate, which currently stands at 35%.

Income from foreign sources received by such companies (including capital gains, dividends, interest and any other income) is also subject to tax in Malta at the rate of 35%, subject to claiming relief for double taxation in terms of the provisions of the Income Tax Act (Chapter 123 of the laws of Malta).

INVESTORS AND PROSPECTIVE INVESTORS ARE URGED TO SEEK PROFESSIONAL ADVICE AS REGARDS BOTH MALTESE AND ANY FOREIGN TAX LEGISLATION APPLICABLE TO THE ACQUISITION, HOLDING AND DISPOSAL OF BONDS AS WELL AS INTEREST PAYMENTS MADE BY THE ISSUER. THE ABOVE IS A SUMMARY OF THE ANTICIPATED TAX TREATMENT APPLICABLE TO THE BOND AND TO BONDHOLDERS. THIS INFORMATION, WHICH DOES NOT CONSTITUTE LEGAL OR TAX ADVICE, REFERS ONLY TO BONDHOLDERS WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY.

20. LITIGATION PROCEEDINGS

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the period covering twelve (12) months prior to the date of the Admission Document which may have, or have had, in the recent past significant effects on the financial position or profitability of the Issuer or the BBF Group.

21. GOVERNING LAW

The Bonds are governed by and shall be construed in accordance with Maltese law. Any legal action, suit or proceedings against the Issuer arising out of or in connection with the Bonds and/or the Admission Document shall be brought exclusively before the Maltese courts.

22. NOTICES

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

23. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or certified copies thereof, where applicable, are available for inspection at the registered office of the Issuer at Busy Bee Group, Zone 4, Central Business District, Mdina Road, Mriehel, Malta during the term of the Bond Issue during office hours:

1. Memorandum and Articles of Association of the Issuer and BBL;
2. Audited consolidated financial statements of BBL for the financial periods ending the 30th November 2015, 2016 and 2017;
3. Extracts of the BB Intellectual Property;
4. BBM Loan Agreement, BBP Loan Agreement and BBIP Loan Agreements;
5. Transfer of Intellectual Property Rights Agreement;
6. Licensing of Intellectual Property Rights Agreements;
7. Lease Agreement;
8. Services Agreements;
9. Supply Agreements;
10. Transfer of Business Agreement;
11. Deeds of Sale.

ANNEX A – APPLICATION FORM

Busy Bee Finance plc
€5,000,000 5% Unsecured Bonds 2029

APPLICATION FORM
Application No.

Please read the notes overleaf before completing this Application Form. Mark 'X' if applicable. Unless otherwise indicated, each of the panels below is to be completed.

APPLICANT			
A	☐ Non-Resident	☐ Minor (Under 18)	☐ Corporate
	☐ CIS		
B	TITLE (Mr/Mrs/Ms/...)	FULL NAME & SURNAME / REGISTERED NAME	
	ADDRESS		POST CODE
	MSE A/C NO. (if applicable)	DATE OF BIRTH	NATIONALITY
	ID CARD/ PASSPORT/CO. REG. NO. LEGAL ENTITY IDENTIFIER (LEI)	DOCUMENT NUMBER	COUNTRY OF ISSUANCE
	E-MAIL ADDRESS	TEL NO.	MOBILE NO.
	Already Registered for e-Portfolio ☐	Please register me for e-Portfolio ☐	Please do NOT register me for e-Portfolio ☐
C	ADDITIONAL (JOINT) APPLICANTS (please use additional application form if space is not sufficient)		
	TITLE (Mr/Mrs/Ms/...)	FULL NAME & SURNAME	DATE OF BIRTH
	I.D. CARD / PASSPORT NO.	DOCUMENT NUMBER	COUNTRY OF ISSUANCE
	TITLE (Mr/Mrs/Ms/...)	FULL NAME & SURNAME	DATE OF BIRTH
	I.D. CARD / PASSPORT NO.	DOCUMENT NUMBER	COUNTRY OF ISSUANCE
D	MINOR'S PARENTS/LEGAL GUARDIANS (See Note 4) (to be completed ONLY if the Applicant is a minor)		
	TITLE (Mr/Mrs/Ms/...)	FULL NAME & SURNAME	DATE OF BIRTH
	I.D. CARD / PASSPORT NO.	DOCUMENT NUMBER	COUNTRY OF ISSUANCE
	TITLE (Mr/Mrs/Ms/...)	FULL NAME & SURNAME	DATE OF BIRTH
	I.D. CARD / PASSPORT NO.	DOCUMENT NUMBER	COUNTRY OF ISSUANCE
E	I/We apply to purchase and acquire the amount set out below		
	AMOUNT IN FIGURES €	AMOUNT IN WORDS	
	Busy Bee Finance plc €5,000,000 Unsecured 5% Bonds 2029 at the Bond Issue Price (at par) pursuant to the Admission Document dated 17 th June 2019 (minimum €1,000 and in multiples of €100 thereafter)		
F	RESIDENT - WITHHOLDING TAX DECLARATION (to be completed ONLY if the Applicant is a Resident of Malta)		
	☐ I/We elect to have Final Withholding Tax deducted from my/our interest.		
	☐ I/We elect to receive interest GROSS (i.e. without deduction of withholding tax).		
G	NON-RESIDENT DECLARATION FOR TAX PURPOSES (to be completed ONLY if the Applicant is a Non-Resident)		
	TAX COUNTRY	TOWN OF BIRTH	
	T.I.N. (Tax Identification Number)	COUNTRY OF BIRTH	
	PASSPORT/NATIONAL I.D. CARD NUMBER	ISSUE DATE	
	☐ I/We am/are NOT Resident in Malta but I/we am/are Resident in the European Union.		
	☐ I/We am/are NOT Resident in Malta and I/we am/are NOT Resident in the European Union.		
H	INTEREST, REFUND AND REDEMPTION MANDATE (completion of this panel is mandatory)		
	BANK	IBAN	
	I/We have fully understood the instructions for completing this Application Form, and am/are making this Application on the basis of the Admission Document, and subject to its Terms and Conditions (as defined therein) which have been explained to me/us, and which I/we fully accept.		
	Signature/s of Applicant/s (All parties are to sign in the case of a joint Application)		Date
	FINANCIAL INTERMEDIARY'S STAMP	FINANCIAL INTERMEDIARY'S CODE	

Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Admission Document dated 17th June 2019

1. This Application is governed by the Terms and Conditions of Application contained in the Admission Document. Capitalised terms not defined herein shall, unless the context otherwise requires, have the same meaning ascribed to them in the Admission Document.
2. The Application Form is to be completed in BLOCK LETTERS.
3. Applicants are to insert full personal details in Panel B. In the case of an application by more than one person (including spouses) full details of all individuals – including I.D. Card Numbers – must be given in Panels B and C but the person whose name appears in Panel B shall, for all intents and purposes, be deemed to be the registered holder of the Bonds (vide note 7 below).
Upon submission of an Application Form, Bondholders who do not have an online e-portfolio account will be registered by the CSD for the online e-portfolio facility and will receive by mail at their registered address a handle code to activate the new e-portfolio login. The Bondholder's statement of holdings evidencing entitlement to Unsecured Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Those Bondholders who opt not to avail themselves of this facility should indicate such on the Application Form. Further detail on the e-portfolio is found on <https://eportfolio.borzamalta.com.mt/Help>.
4. Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or by the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. The relative box in Panel A must also be marked appropriately. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption proceeds payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption proceeds shall be payable directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
5. Applicants who are Non-Resident in Malta for tax purposes must indicate their passport number in Panel B and complete Panel G. The relative box in Panel A must also be marked appropriately.
6. In the case of a body corporate, the name of the entity exactly as registered, the registration number and the legal entity identifier are to be inserted in Panel B. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
7. APPLICANTS WHO ALREADY HOLD SECURITIES ON THE MSE ARE TO INDICATE THEIR MSE ACCOUNT NUMBER IN PANEL B.
8. The amount applied for must be in multiples of €100 subject to a minimum application of €1,000. The Applicant must ensure that the relative Application Form is accompanied by payment of the full price of the amount of Bonds applied for. Payment of the amount, must be made in Euro in cleared funds to "The Placement Agent and Manager – Busy Bee Finance plc". In the event that the cheque accompanying the Application Form is not honoured on the first presentation the Issuer and the Registrar reserve the right to invalidate the relative Application.
9. Only Applicants who hold an official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have Final Withholding Tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of Final Withholding Tax), but he/she will be obliged to declare interest so received on his/her tax return. Authorised entities applying in the name of a Prescribed Fund (having indicated their status in the appropriate box in Panel A) will have Final Withholding Tax, currently 10%, deducted from interest payments.
10. In terms of Section 19 of the Admissions Document, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of 'recipient' in terms of article 41(c) of the Income Tax Act (Cap. 123 of the Laws of Malta), Interest shall be paid to such a person net of final withholding tax (currently 15%) of the gross amount of interest, pursuant to Article 33 of the Tax Act (Cap. 123 of the Laws of Malta).
11. If any Application is not accepted, after the closure of the subscription lists or is accepted for fewer Bonds than those applied for, the monies of the balance of the amount paid but not allocated, as the case may be, will be returned by direct credit into the bank account as indicated in the application form. Interest or redemption proceeds will be credited to the account designated or as otherwise amended by the Bondholder/s during the term of the Bond.
12. European Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments requires all payors established in the EU which pay interest to an individual resident in another EU Member State, to report the interest payment to the tax authorities of the Member State in which the payor is established. If the Applicant's permanent residential address is in an EU Member State or in another country to which the said Directive applies (called a "specified territory") then the interest paid will be reported.
13. Interest and redemption proceeds will be credited to the account indicated in Panel H or as otherwise amended by the Bondholder/s during the term of the Bond.
14. Completed Application Forms are to be delivered to the Placement Agent and Manager, Curmi & Partners Limited during normal office hours by not later than 12:00 noon on the 25th June 2019. Remittances by post are made at the risk of the Applicant and the Issuer disclaims all responsibility for any such remittances not being received by the closing date indicated above. The Issuer reserves the right to refuse any Application, which appears to be in breach of the general terms and conditions of the Admissions Document. Any applications received by the Placement Agent and Manager after 12:00 noon on the 25th June 2019 will be rejected.
15. By completing and delivering an Application Form you (as the Applicant(s)):
 - a. acknowledge that the Issuer may process the personal data that you provide in the Application Form in accordance with the GDPR and the Data Protection Act (Cap. 586 of the Laws of Malta);
 - b. acknowledge that the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
 - c. acknowledge that you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer. Any such requests must be made in writing and addressed to the Issuer. The request must be signed by yourself as the Applicant to whom the personal data relates.

The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds on offer will be repayable in full upon redemption. An investor should consult an independent financial advisor, licensed under the Investment Services Act (Cap. 370 of the Laws of Malta), for advice.

ANNEX B – CURRENT AND PAST DIRECTORSHIPS OF THE DIRECTORS OF THE ISSUER

Brian Friggieri

Current

Busy Bee Limited	C 6186
Busy Bee Estates Limited	C 30083
Busy Bee Manufacturing Limited	C 64292
Busy Bee (Retail) Limited	C 87629
Busy Bee Finance plc	C 87631
Busy Bee Properties Limited	C 87632
Busy Bee Training Institute Limited	C 87634
Busy Bee IP Limited	C 89878

Past

Busy Bee Developments Limited	C 32079
-------------------------------	---------

Geoffrey Friggieri

Current

Busy Bee Limited	C 6186
Busy Bee Estates Limited	C 30083
Busy Bee Manufacturing Limited	C 64292
Busy Bee (Retail) Limited	C 87629
Busy Bee Finance plc	C 87631
Busy Bee Properties Limited	C 87632
Busy Bee Training Institute Limited	C 87634
Busy Bee IP Limited	C 89878

Past

Busy Bee Developments Limited	C 32079
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Charles Scerri

Current

Bastille Malta Trustees Limited	C 25994
Busy Bee Finance plc	C 87631
Charles Scerri Consultancy (CSA) Ltd	C 62695
Milestone Holdings Limited	C 65650
CS Properties Ltd	C 67123
Algor Services Limited	C 68705
FES Platinum Projects Ltd	C 85066
CS Fintech Ltd	C 86851
CS Fintech Services Ltd	C 89041
CSA Invest Ltd	C 89560
Q Global Accounting Ltd	C 90630
The Convenience Shop (Holding) plc	C 87554

Past

Mallorca Real Estate Holdings Limited	C 39043
CR Old Boys Limited	C 36572

Robert Ancilleri

Current

Busy Bee Finance plc	C 87631
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Embark (Malta) Limited
Vault Foundation (Member of the Supervisory Council)
Horizon Finance plc

C 91184
LPF-95
C 88540

ANNEX C – FORECAST INFORMATION OF THE ISSUER



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info@deloitte.com.mt
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Company Reg No: C51320
VAT Reg No: MT2013 6212
Exemption number: EX02156

The Directors
Busy Bee Finance PLC
Busy Bee Group, Zone 4,
Mdina Road, Mriehel
Birkirkara CBD 4010,
Malta

17 June 2019

Dear Sirs,

Independent Accountant's Report on the compilation of forecast financial information for Busy Bee Finance PLC

We report on the forecast statement of financial position, forecast income statement and forecast cash flow ("the Forecast Financial Information") of Busy Bee Finance PLC. (the "Company" and/or "BBF") for the period from incorporation to 30 November 2019 (FY19) and for the next 2 financial years ending 30 November 2020 and 30 November 2021 respectively. The Forecast Financial Information, the basis of preparation and the material assumptions upon which the forecasts are based, are set out in the "Summary of significant assumptions and accounting policies" section of Annex C of BBF's Company Admission Document dated 17 June 2019.

This report is required in terms of Appendix 4.7 (4) in the Prospects MTF Rules issued by the Malta Stock Exchange dated June 2019 and is given for the purpose of complying with that regulation and for no other purpose.

Directors' responsibilities for the forecast financial information

It is the responsibility of the Directors of the Company ("the Directors") to prepare the Forecast Financial Information and the assumptions upon which it is based, as set out in the "Summary of significant assumptions and accounting policies" section of Annex C of the Company Admission Document, in accordance with the requirements of the Prospects MTF Rules issued by the issued by the Malta Stock Exchange ("the applicable criteria").

Accountant's responsibility

It is our responsibility to form an opinion as required by Appendix 4.7 (4) in the Prospects MTF Rules as issued by the Malta Stock Exchange as to the proper compilation of the Forecast Financial Information, in so far as the application of the underlying assumptions and accounting policies and accuracy of calculations are concerned, and to report that opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed, to the fullest extent permitted by law, we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such person as a result of, arising out of, or in connection with our statement, required by and given solely for the purposes of complying with the Prospects MTF Rules.

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Cassar Torregiani & Associates is a firm of advocates warranted to practise law in Malta and is exclusively authorised to provide legal services in Malta under the Deloitte brand.

Basis of Opinion

We have examined the basis of compilation and material assumptions of the accompanying Forecast Financial Information of the Company in accordance with ISAE 3000 "Assurance Engagements Other than Audits and Reviews of Historical Financial Information". Our work included evaluating the basis on which the financial information included in the forecast has been prepared and considering whether the Forecast Financial Information has been accurately computed based upon the disclosed assumptions and the accounting policies of the Company.

The assumptions upon which the Forecast Financial Information are based are solely the responsibility of the Directors of BBF and accordingly we express no opinion on the validity of the assumptions. However, we considered whether anything came to our attention to indicate that any of the assumptions adopted by the Directors, which, in our opinion, are necessary for a proper understanding of the Forecast Financial Information, have not been disclosed and whether any material assumption made by the Directors appears to us to be unrealistic.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Forecast Financial Information has been properly compiled on the basis stated, in so far as the application of the underlying accounting policies and accuracy of calculations are concerned.

The Forecast Financial Information is not intended to, and does not provide all the information and disclosures necessary to give a true and fair view of the results of the operations and the financial position of the Issuer in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs).

Since the Forecast Financial Information and the stated assumptions relate to the future and may therefore be affected by unforeseen events, we can express no opinion as to whether the actual results reported will correspond to those shown in the Forecast Financial Information and differences may be material.

Opinion

In our opinion, the forecast financial information has been properly compiled on the basis stated and the basis of accounting used is consistent with the accounting policies to be adopted by BBF.

Yours sincerely,



Raphael Aloisio
Director
Deloitte Services Limited

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Cassar Torregiani & Associates is a firm of advocates warranted to practise law in Malta and is exclusively authorised to provide legal services in Malta under the Deloitte brand.

Summary of significant assumptions and accounting policies

1. Introduction

The forecast statement of financial position, the forecast income statement, and the forecast statement of cash flows (“the Forecasts”) of the Issuer for the period from incorporation to 30 November 2019 (FY19) and for the next 2 financial years ending 30 November 2020 and 30 November 2021 respectively, as presented in this Annex C of the Company Admission Document, together with the assumptions set out below, are the sole responsibility of the directors of the Company (“Directors”).

The Forecasts are intended to show a possible outcome based on assumptions relating to anticipated future events which the Directors expect to take place, and on actions the Directors expect to take. Events and circumstances frequently do not occur as expected, and therefore, actual results may differ materially from those included in the forecast and projected financial information. We draw your attention in particular, to the risk factors set out in the Admission Document, which describe the primary risks associated with the business to which the Forecast Financial Information relates.

The Forecasts are not intended to and do not provide all the information and disclosures necessary to give a true and fair view of the financial results, financial position, and cash flows of the Group, in accordance with International Financial Reporting Standards as adopted by the EU, however the Directors have exercised due care and diligence in adopting the assumptions set out below.

The Forecasts were formally approved on the 8th May 2019 by the Directors, and the stated assumptions reflect the judgements made by the Directors at that date. The assumptions that the Directors believe are significant to the prospective financial information are described in Section 3 below.

2. Significant accounting policies

The Forecasts show the projected consolidated financial performance and position of Busy Bee Finance PLC in accordance with International Financial Reporting Standards as adopted by the European Union (“EU-IFRS”) except that, due to the nature of the Forecast Financial Information:

- The Forecast Financial Information does not include all the disclosure requirements under EU-IFRS and other laws or securities regulations, including but not limited to the Maltese Companies Act (Cap. 386);
- The Forecast Financial Information does not necessarily present line items (including totals and sub totals) and the classification thereof in the forecast financial performance and financial position in accordance with EU-IFRS; and
- The Forecast Financial Information does not consider in detail certain recognition or measurement criteria, particularly in relation to more complex items such as impairment of investment properties, impairment of intangible assets.
- The Forecast Financial Information does not consider deferred tax considerations.

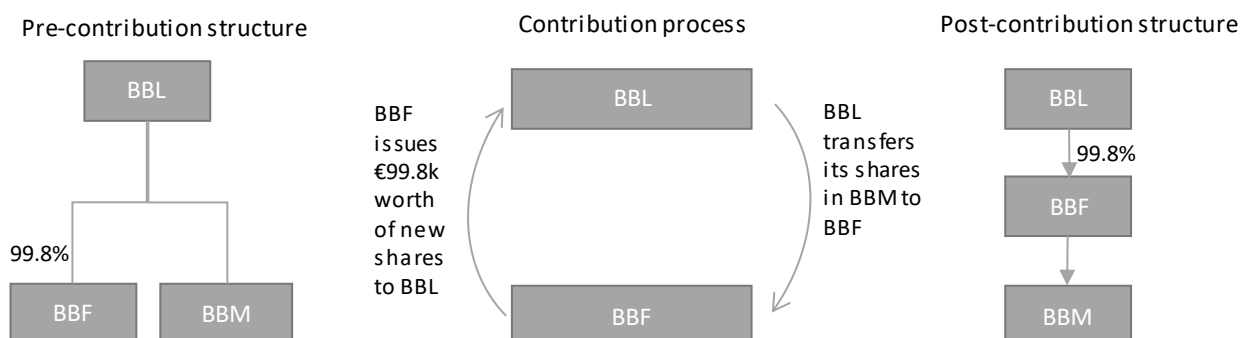
Accounting for recent acquisitions and planned revaluations

The following transactions have recently been implemented in preparation of the planned bond issue:

- Busy Bee Finance PLC (“BBF”) acquired Busy Bee Manufacturing Limited (“BBM”) via the issuing of shares to BBL;
- Busy Bee Properties Limited (“BBP”) acquired a portfolio of investment properties from BBL, and;
- Busy Bee IP limited acquired the Busy Bee trademark and tradename, recipes and other brand assets from BBL.

The forecasts are based on the following details concerning the manner in which these transactions have been financed and accounted for:

- BBL (and the other minority shareholders of BBM) contributed all shares held in BBM to BBF and in exchange BBF issued and allotted 48,800 new ordinary shares to BBL (and the other minority shareholders of BBM), each share having a nominal value of €1 and a share premium of €1.04. This increased the total share capital of BBF by €99,552, bringing the total share capital of BBF to €100k.



- BBL transferred a portfolio of properties to BBP in exchange for an interest free loan payable at the discretion of the borrower amounting to €1.6m. The portfolio has been valued at €3.6m and includes various properties that were previously utilised in the manufacturing process together with the Group's flag ship store in Msida, which will be rented out to BBR.
- Brand assets worth €1.5m have been transferred from BBL to BBIP in exchange for an interest free loan payable at the discretion of the borrower.

Subsequent to the above transactions BBF Group has changed its accounting policies in order to value all of its real estate assets at fair value (including the new bakery in Mrieħel). The table below illustrates the pro-forma consolidated balance sheet of the BBF Group following the above transactions and revaluations.

BBF Group: Estimated opening post restructuring, pre-bond, consolidated balance sheet

(€)	Base	Revaluation adjustments	FV
Assets			
Property, plant and equipment	6,591,855	608,145	7,200,000
Intangible assets	1,500,000	-	1,500,000
Investment properties	1,600,000	2,015,000	3,615,000
Other assets	-	-	-
Cash at bank	341,864	-	341,864
Total assets	10,033,719	2,623,145	12,656,864
BBL dues to be repayed via bond proceeds	2,544,490	-	2,544,490
Other current liabilities	602,400	-	602,400
Current liabilities	3,146,890	-	3,146,890
Bank loans	2,700,000	-	2,700,000
Total liabilities	5,846,890	-	5,846,890
Net Assets	4,186,829	2,623,145	6,809,974

Gearing (based on interest bearing borrowings only) 21.3%

Note: The above illustrative balance sheet excludes IFRS 16 adjustments

Accounting for bond proceeds and associated transactions

The forecasts are based on the following use of proceeds assumptions:

- c. €0.94m will be lent to BBIP in order to partly repay the payable incurred when BBIP acquired the brand assets from BBL. The remaining payable will be retained as an interest free shareholders' loan (i.e. other equity);
- €1.72m will be lent to BBP to repay the BBL loan incurred when BBP acquired the property portfolio from BBL and to also refurbish the flagship cafeteria in Msida.
- The remainder of net proceeds (c.€2.2m) will be lent to BBM in order to repay an existing €2m bank loan whilst investing c.200k in fixed asset additions. Furthermore, BBL will inject €477k of the proceeds obtained from the above transfers back into BBM via an interest free shareholder loan in order to finance additional fixed asset additions.

The table below illustrates the pro-forma consolidated balance sheet of the BBF Group following the above transactions:

BBF Group: Estimated opening post-bond, consolidated balances

(€)	Pre-bond	Proceeds	Injections	Post-bond
Assets				
Property, plant and equipment	7,200,000	195,510	476,990	7,872,500
Intangible assets	1,500,000	-	-	1,500,000
Investment properties	3,615,000	120,000	-	3,735,000
Other assets	-	-	-	-
Cash at bank	341,864	-	-	341,864
Total assets	12,656,864	315,510	476,990	13,449,364
Liabilities				
BBL dues to be repayed	2,544,490	(2,544,490)	-	-
Other current liabilities	602,400	-	-	602,400
Current liabilities	3,146,890	(2,544,490)	-	602,400
Long-term liabilities				
Bond	-	4,860,000	-	4,860,000
BOV Loan 1	2,700,000	(2,000,000)	-	700,000
Total liabilities	5,846,890	315,510	-	6,162,400
Net Assets	6,809,974	-	476,990	7,286,964

Gearing (based on interest bearing borrowings only)

41.3%

Note: The above illustrative balance sheet excludes IFRS 16 adjustments

Accounting for the issue costs

The costs incurred in the process of issuing the planned bond are netted off from the liability associated with the bond proceeds as per IAS 32 and are subsequently amortised over the life of the bond. Issues costs are expected to amount to a total of €140k and hence the opening balance for the liability associated with the bond amounts to €4,860k (€5,000k less €140k). Finance costs are subsequently projected to include both the interest incurred on the bond together with the amortisation of issues costs. For ease of computation interest costs are assumed to equal the bond coupon rate and the amortisation of issue costs is calculated on a straight line basis (i.e. €14k per annum).

3. Basis of preparation and significant assumptions

The principal assumptions relating to the environment in which the Company operates, and the factors which are exclusively outside the influence of the Directors and which underlie the forecast financial statements, are the following:

- There will be no material adverse movements originating from market and economic conditions affecting the Maltese consumer market, employment and job growth, amongst others;
- The rate of inflation will be in line with historic trends;
- The company will be able to meet its financial obligations;
- The basis and rates of taxation, direct and indirect will not change materially throughout the period covered by prospective financial information.

Other principal assumptions relating to the environment in which the company operates, factors which the Directors can influence and which underlie the forecast financial information, are the following:

i. Revenue and other income:

Under the revised group structure the majority of the assets of the BBL group have been transferred to BBF. Most notably the factory at Mriehel has been transferred to BBM, a portfolio of properties including cafeteria at Msida has been transferred to BBP and the brand assets of the group have been transferred to BBIP. However the client facing entities of the BBL group, BBR and BBTI, remain outside of the BBF Group.

BBR and BBTI (together referred to as the "Distributors") generate revenue through:

- Operating the established cafeteria and gelateria in Msida;
- Providing catering services;
- Operating the recently established cafeteria in Mriehel.

The relationship between the BBF group companies and the Distributors are defined by recently concluded legal agreements based on the following terms:

- Under a long term supply agreement, BBM (through the operation of the new Mriehel factory) has committed to produce all the Busy Bee branded produce required by the Distributors. BBM has also committed to maintain and grow the Busy Bee standard, product and service offering through continued investment in research and development. In return BBM will earn 70% of the Distributors' revenue and 80% of the Distributors' EBITDA (as calculated before including this charge);
- Under recently concluded royalty agreements, BBIP will charge the Distributors a royalty cost of 3% of revenue in return for allowing the Distributors the right to utilise the Busy Bee Brand, whilst also undertaking to maintain and control the brand image across the entire Busy Bee Group;
- Under recently concluded Lease Agreement, BBP will charge BBR rent of €110k per annum in relation to BBR's use of the Msida cafeteria for a term of 15 years. Rental charges shall increase by 2% per annum. BBP will have the right to terminate this agreement at any time by giving BBR one year prior notice in writing.

Flows into the BBF group are largely dependent on the performance of the Distributors (and thus of the remainder of the BBL group as a whole). BBL Group's revenue between FY15 and FY17 grew by a CAGR of 3% with revenue in FY17 reaching €4.4m. YTD revenue as at the end of August 2018 reached €3.5m and it is estimated that revenue in FY18 will reach €4.5m.

The additional capacity afforded by the new factory will allow management to significantly expand operations and by the end of FY19 BBL Group's revenue is anticipated to jump to €6.3m mainly as a result of:

- Additional penetration in the Corporate functions market, which is currently significantly under represented by the brand.
- The Msida Gelateria is expected to benefit from the planned refurbishment work and associated expansion together with product quality and variety additions stemming from the opening of the new factory.
- Opening a new outlet as connected to the training institute in the Mriehel Factory.

ii. Cost of sales:

Cost of sales estimates are based on BBL's experience to date and are comprised of:

- Direct material costs estimated at 40.6% of the retail value of goods produced;
- Wages of kitchen staff which are estimated to amount to €778.6k for FY19. This cost is expected to grow at an annual rate of 2% per annum in line with inflation expectation. No additional kitchen staff are projected to be recruited over the projection period as efficiency gains originating from the improved layout of the new factory are assumed to be sufficient to cater for the projected growth;
- Social security contributions on direct wage costs were based on historical rates in order to cater for the mix of different employment contracts – this equated to 7% of base wages.

iii. Operating expenses:

Material expenses include cleaning, repairs and maintenance, wages and water and electricity. Most costs were estimated based on historical amounts after adjusting for elements of the overall process which will be retained by the Distributors.

Utility costs in the new factory were projected based on BBM's initial experience operating the factory and after taking into account projected savings from the installation of photovoltaic panels which are expected to be installed early in FY19.

Operating costs are anticipated to grow in line with inflation of 2% per annum.

The projections include wage costs for the hiring of a new business development manager, a finance manager, a junior clerk and a housekeeper.

Social security contributions were estimated based on historical rates in order to cater for the mix of different employment contracts – this equates to 7% of base wages.

iv. Depreciation:

Depreciation is calculated on a straight line basis in order to allocate the cost of the assets over their estimated useful lives.

IFRS 16 requires that all lease obligations are treated similarly to a finance lease by the lessee. As a result BBM will be required to book a lease liability and recognise a right-of-use asset in relation to the lease agreement with Malta Industrial Parks (the "Lease Agreement"). The Net Present Value of future obligations under the Lease Agreement is estimated to be €562,991 based on an assumed discount rate of 7.62%. The right-of-use asset and the value of improvements rendered to the leasehold property (i.e. the value of the factory) are amortised and depreciated on a straight line basis over the remaining lease period.

The following useful life estimates are used to depreciate the remaining asset classes:

- Computers, electronics and equipment: 5 years;
- Motor vehicles: 10 years;
- Furniture, fixtures, fittings and soft furnishings: 10 years;
- Electrical and plumbing installation: 20 years;
- Lifts and escalators: 10 years;
- Air conditioners: 10 years;
- Other machinery: 15 years;
- Other plant: 15 years;
- Photovoltaics: 10 years;

v. Finance costs

Forecast finance costs include:

- Interest costs associated with an existing bank loan with principal balance of €700k that is contracted for at a variable interest rate. Interest costs are projected to remain static at 5% p.a throughout the projections;
- Interest costs associated with the bond are taken to be equal to the annual coupon cost on the planned bond of €5m, which are calculated using a rate of 5%;
- Finance costs include the amortisation of issues costs amounting to €14k p.a.
- To facilitate ease of computation, interest costs on any overdraft balances, which may be required from time to time due to seasonality, are ignored.
- For the 3 month period starting 01 December 2018 till the estimated time when the bond proceeds would be available to repay the BOV bank loan, an interest cost at 5% per annum for the 3 months is included in the finance costs for the initial 3 month period.
- Finance costs also includes the deemed interest expense on the present value of future lease obligations due under the Lease Agreement in accordance with IFRS 16.

vi. Investment income / gain on revaluation of property, plant and equipment:

- Busy Bee Limited previously accounted for investment properties using the cost model as allowed under IAS 40 Investment Properties. Once the proposed group structure is in place, the BBF Group will adopt the fair value model and revalue the investment properties held under BBP annually. As a result, the projections for FY19 include an investment income of approximately €2m on the initial fair value measurement of investment properties (which is based on an architect's valuation report).
- Busy Bee Limited previously accounted for property used in the company's operations using the cost model as allowed under IAS 16. Once the proposed group structure is in place, the BBF Group will adopt the revaluation model and revalue the Mriehel Factory annually in accordance with IAS36. As a result, the projections for FY19 include a gain on the revaluation of property, plant and equipment based on architect's valuation report which valued the factory at €7.2m (resulting in a gain of €608k).

vii. Working capital:

The following working capital assumptions have been utilised to forecast the business' working capital requirements:

- Day's receivable outstanding of 12 days;
- Day's inventory outstanding of 27 days;
- Day's payable outstanding of 11 days.

viii. Other equity

The forecast consolidated statement of financial position of the BBF Group includes an "Other Equity" balance of €4.9m. This is composed of the following accounting entries:

- Part of the equity of BBM consists of shareholder loans that are interest free and repayable at the discretion of BBM (amounting to €3.94m).
- The brand assets will be transferred from BBL to BBIP in exchange for an interest free loan payable at the discretion of the borrower (of €1.5m). Circa €0.9m of this amount will be repaid via bond proceeds, the remainder (€0.55m) will be retained as an “Other Equity” balance.
- Throughout FY19 BBL will inject €476.990k back into BBM via an interest free shareholder loan, repayable at the discretion of the borrower, in order to finance additional fixed asset additions.

ix. Capital expenditure:

The cash flows for FY19 include capital expenditure relating to the:

- Photovoltaic system at the new Mriehel Factory.
- Refurbishment of the Msida cafeteria.
- Settlement of dues associated with finalising the Mriehel Outlet⁴.

In total such works are anticipated to amount to €793k.

Furthermore the projections include assumptions for a capital expenditure during FY21 at 2% of sales as management does not expect to incur capital expenditure during FY19 and FY20.

4. Conclusion:

The Directors believe that the assumptions on which the projections are based are reasonable. The Directors further believe that, in the absence of unforeseen circumstances outside their control, the working capital available to the Issuer will be sufficient for the carrying on of its business.

Approved by the Board of Directors on 8th May, 2019 and signed by:



Geoffrey Friggieri

Director



Brian Friggieri

Director

⁴ The majority of works associated with these costs were readied in the last few weeks of FY18 but will be settled in FY19.

Issuer's forecast consolidated financial statements

Forecasted Consolidated Income Statement

(€)	FY19	FY20	FY21
Revenue	4,780,107	4,946,525	5,120,134
Cost of Sales	(3,427,595)	(3,535,490)	(3,647,688)
Gross Profit	1,352,512	1,411,035	1,472,446
Operating expenses	(755,333)	(770,419)	(785,808)
Other operating income	258,250	283,851	299,972
Reported EBITDA	855,429	924,467	986,610
Depreciation	(419,940)	(419,939)	(429,539)
EBIT	435,489	504,527	557,071
Finance cost	(300,794)	(339,405)	(336,858)
Investment income	2,015,000	-	-
Profit before tax	2,149,695	165,122	220,213
Tax expense	(8,225)	(1,316)	(1,944)
Profit after tax	2,141,470	163,806	218,269
Other comprehensive income			
Gain on revaluation of PPE	598,789	(9,356)	(9,356)
Total comprehensive income	2,740,259	154,450	208,913
Profit attributable to			
Busy Bee Limited (retained earnings)	2,137,916	163,534	217,907
Busy Bee Limited (revaluation reserve)	597,794	(9,341)	(9,341)
Minority or non - controlling interest	4,549	256	347
	2,740,259	154,450	208,913

Forecasted Consolidated Statement of Financial Position

(€)	FY19	FY20	FY21
Non - current assets			
Property, plant and equipment	8,006,196	7,576,901	7,234,005
Intangible assets	1,500,000	1,500,000	1,500,000
Investment property	3,735,000	3,735,000	3,735,000
Receivables from related party	-	-	-
	13,241,196	12,811,901	12,469,005
Current assets			
Inventories	253,548	261,529	269,829
Trade receivables	157,154	162,625	168,333
Cash at bank	125,299	659,236	1,158,265
	536,001	1,083,390	1,596,427
Total assets	13,777,197	13,895,291	14,065,432
Current liabilities			
Trade payables	103,297	106,549	109,930
Interest payable	187,500	187,500	187,500
Bank overdraft	-	-	-
	290,797	294,049	297,430
Non - current liabilities			
Bank loans	644,322	585,866	524,493
Lease Obligation under IFRS 16	567,497	572,347	577,566
Bond	4,870,500	4,884,500	4,898,500
	6,082,320	6,042,713	6,000,559
Net assets	7,404,080	7,558,528	7,767,442
Capital and reserves			
Attributable to controlling interest			
Share capital	99,834	99,834	99,834
Retained earnings	1,725,952	1,889,485	2,107,392
Other equity	4,976,010	4,976,010	4,976,010
Revaluation surplus	597,795	588,454	579,114
	7,399,591	7,553,783	7,762,350
Non-controlling interest	4,489	4,745	5,092
	7,404,080	7,558,529	7,767,442

Forecasted consolidated cash flow statement

(€)	FY19	FY20	FY21
Cash flow from operating activities			
Profit before Tax	2,149,696	165,122	220,213
Adjustments for:			
Interest expense	300,794	339,405	336,858
FV adjustments to investment property	(2,015,000)	-	-
Depreciation	419,939	419,939	429,539
	<u>855,430</u>	<u>924,467</u>	<u>986,610</u>
Working capital changes			
Inventories	(253,548)	(7,981)	(8,300)
Receivables	(157,154)	(5,471)	(5,708)
Payables	103,297	3,252	3,382
	<u>548,025</u>	<u>914,267</u>	<u>975,984</u>
Trading cash flow	548,025	914,267	975,984
Other payables	(600,000)	-	-
	<u>(51,975)</u>	<u>914,267</u>	<u>975,984</u>
Net cash flow from operating activities	(51,975)	914,267	975,984
Cash flows from investing activities			
Capital expenditure	(792,500)	-	(96,000)
	<u>(792,500)</u>	<u>-</u>	<u>(96,000)</u>
Net cash flows from investing activities	(792,500)	-	(96,000)
Cash flows from financing activities			
Finance costs paid	(59,888)	(282,156)	(279,238)
Bond proceeds received	5,000,000	-	-
Shareholders loan received	476,990	-	-
Lease payments	(38,400)	(38,400)	(38,400)
Tax paid	(8,225)	(1,316)	(1,944)
Settlement of BOV loan	(2,000,000)	-	-
Repayment of loans to UBO's	(2,544,490)	-	-
Listing costs paid	(140,000)	-	-
Principal repayments	(55,678)	(58,456)	(61,374)
	<u>630,310</u>	<u>(380,328)</u>	<u>(380,956)</u>
Net cash flows from financing activities	630,310	(380,328)	(380,956)
Net movement in cash and cash equivalents	(214,166)	533,939	499,028
Opening cash position	339,464	125,299	659,236
Closing cash position	125,299	659,238	1,158,264

Management's valuation of the Busy Bee brand (and associated assets):

Busy Bee Limited recently transferred its intellectual assets to BBIP Limited. Such assets include all brand assets (e.g. the trademark, name, logo, and associated designs and other associated content) as well as recipes. To support this transaction, management carried out a valuation exercise to determine the fair value of the intellectual property assets (the "Brand").

For this purpose, the Busy Bee Limited's management team ("Management") utilised both the Multiple Excess Earnings Method ("MPEEM") and Relief from Royalty Method ("RFR"). Based on the results of these methodologies, the Brand was assigned a value range of between €1.5m to €1.7m.

The MPEEM was based on the projections presented in Annex C, including the growth that is expected due to the opening of the new Mriehel factory outlet.

The RFR was applied to more subdued projections which exclude the growth expected from the recent expansion and instead are based on simple extrapolation of historic trends.

Summary of Management's valuation of the Busy Bee Brand

€000s

Method 1: MPEE, inclusive of expansion, MPEE method	1,704
Method 2a: Royalty Relief at 4.0%, excluding expansion	1,676
Method 2b: Royalty Relief at 3.75%, excluding expansion	1,505

Source: Management information

Note: For further information on methodologies utilised for valuation of IP, please refer to Appendices

Management obtained professional advice concerning the correct methodologies to apply in order to carry out the valuation. However all model inputs and assumptions, and therefore the valuation itself, remain the responsibility of Management and of the Directors of Busy Bee Limited.

Valuation under MPEEM

The MPEEM is based on the principle that the value of the subject asset is equal to the present value of incremental cash flows of the business unit after deducting contributory assets charges ("CACs") to compensate for the use of all other identifiable assets that also contribute to the generation of the business units' cash flows.

A pre-tax discount rate of 15.5% (10.1% on a post-tax basis) was utilised for discounting excess earnings. The value of the IP determined under MPEEM was estimated to be €1.7m.

Contributory asset charges were dominated by a charge for the use of the factory and a charge for the use of the Msida cafeteria and gelateria property.

Valuation under relief from royalty method

The RFR method is based on the principle that ownership of intangible assets relieves the owner from the need to pay a royalty to a third party in exchange to use the asset. The value of the intangible asset under this method is equal to the present value of such cost savings.

A pre-tax discount rate of 14% (9.1% on a post-tax basis) was utilised to discount the present value of royalty savings. The value of the IP determined through this methodology was estimated to be between €1.5m to €1.7m.

The following key assumptions were used to compute the value of the brand under the RFR method:

- Group revenues were projected based on FY18 revenues growing at an annual growth rate of 3%;
- Advertising costs required to maintain the existing brand quality were estimated at 1% of revenue;
- Applicable royalty rates were estimated at between 3.75% and 4% of revenue.

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