

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 "MSE" or "Exchange"). This document has been drawn up in compliance with the Prospects MTF Rules for the purpose of giving information with regards to the issue of the Bonds (as herein defined). 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. In terms of article 2(3)(b)(v) of the Companies Act, Chapter 386 of the Laws of Malta, this Bond Issue (as defined herein) does not constitute an offer of securities to the public and this document does not constitute a prospectus as defined in article 2(i) of the said Act.

## COMPANY ADMISSION DOCUMENT

Dated 8<sup>th</sup> March 2019

In respect of an issue of €5,000,000 5% Unsecured Callable Bonds 2026-2029  
of a nominal value of €100 per Bond issued at par by



**The Convenience Shop (Holding) plc**

A public limited liability company registered in Malta  
with company registration number C87554

**ISIN: MT0002201201**

THE MSE HAS AUTHORISED THE ISSUE OF THIS DOCUMENT. THE MSE 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 MSE 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 MALTA STOCK EXCHANGE HAS AUTHORISED THE ADMISSION OF THESE SECURITIES ON PROSPECTS MTF, A MULTI-LATERAL 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.

THE BONDS ARE COMPLEX FINANCIAL INSTRUMENTS AND MAY NOT BE SUITABLE FOR ALL TYPES OF RETAIL INVESTORS. A POTENTIAL INVESTOR SHOULD NOT INVEST IN THE BONDS UNLESS: i) HE/SHE HAS THE NECESSARY KNOWLEDGE AND EXPERIENCE TO UNDERSTAND THE RISKS RELATING TO THIS TYPE OF FINANCIAL INSTRUMENT; ii) THE BONDS MEET THE INVESTMENT OBJECTIVES OF THE POTENTIAL INVESTOR; AND iii) SUCH POTENTIAL INVESTOR IS ABLE TO BEAR THE INVESTMENT AND FINANCIAL RISKS WHICH RESULT FROM INVESTMENT IN THESE BONDS.

### APPROVED BY THE DIRECTORS

**Ivan  
Calleja**

**Joseph  
Pace**

**Manuel  
Piscopo**

**Kevin  
Deguara**

**Benjamin  
Muscat**

**Charles  
Scerri**

## IMPORTANT INFORMATION

THIS DOCUMENT CONTAINS INFORMATION ON THE CONVENIENCE SHOP (HOLDING) 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 MALTA STOCK EXCHANGE.

THE BONDS SHALL BE ISSUED AT PAR AND BEAR INTEREST AT THE RATE OF 5% PER ANNUM PAYABLE ANNUALLY IN ARREARS ON 22<sup>nd</sup> MARCH OF EACH YEAR UNTIL THE REDEMPTION DATE, WITH THE FIRST INTEREST PAYMENT DATE FALLING DUE ON 22<sup>nd</sup> MARCH 2020. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON 8<sup>th</sup> MARCH 2029, SUBJECT TO THE ISSUER'S OPTION TO REDEEM ALL OR ANY PART OF THE BONDS IN TERMS OF THE EARLY REDEMPTION SCHEDULE PRIOR TO THE REDEMPTION DATE BETWEEN AND INCLUDING 8<sup>th</sup> MARCH 2026 AND 8<sup>th</sup> MARCH 2029 (THE "EARLY REDEMPTION DATES") AS THE ISSUER MAY DETERMINE ON GIVING NOT LESS THAN THIRTY (30) DAYS NOTICE IN WRITING TO BONDHOLDERS.

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

**THE MSE 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.**

THIS ADMISSION DOCUMENT DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR SECURITIES ISSUED BY THE ISSUER BY ANY PERSON IN ANY JURISDICTION: (I) IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED; OR (II) IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO; OR (III) TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION. THE DISTRIBUTION OF THE ADMISSION DOCUMENT IN CERTAIN JURISDICTIONS MAY BE RESTRICTED AND, ACCORDINGLY, PERSONS INTO WHOSE POSSESSION IT IS RECEIVED ARE REQUIRED TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, SUCH RESTRICTIONS. THIS ADMISSION DOCUMENT AND THE OFFERING, SALE OR DELIVERY OF ANY BONDS MAY NOT BE TAKEN AS AN IMPLICATION: (I) THAT THE INFORMATION CONTAINED IN THE ADMISSION DOCUMENT IS ACCURATE AND COMPLETE SUBSEQUENT TO ITS DATE OF ISSUE; OR (II) THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN THE FINANCIAL POSITION OF THE ISSUER SINCE SUCH DATE; OR (III) THAT ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE ADMISSION DOCUMENT IS ACCURATE AT ANY TIME SUBSEQUENT TO THE DATE ON WHICH IT IS SUPPLIED OR, IF DIFFERENT, THE DATE INDICATED IN THE DOCUMENT CONTAINING THE SAME. A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY FINANCIAL INSTRUMENTS. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE SECURITIES OF AN ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT LEGAL ADVISORS, ACCOUNTANTS AND/OR OTHER FINANCIAL ADVISORS AS TO LEGAL, TAX, INVESTMENT OR ANY OTHER RELATED MATTERS CONCERNING THE BONDS AND THE ADMISSION DOCUMENT. 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.

A COPY OF THE ADMISSION DOCUMENT HAS BEEN SUBMITTED TO THE EXCHANGE IN SATISFACTION OF THE PROSPECTS MTF RULES. **STATEMENTS MADE IN THIS 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 STATUTORY AUDITORS" HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THIS 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 meanings whenever such words and expressions are used in their capitalised form, except where the context otherwise requires:

|  |   |
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| <b>ACT OR COMPANIES ACT</b>                            | the Companies Act, 1995 (Cap. 386 of the Laws of Malta);  |
| <b>ADMISSION DOCUMENT OR DOCUMENT</b>                  | this document in its entirety dated 8 <sup>th</sup> March 2019;   |
| <b>APPLICANT/S</b>                                     | a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;  |
| <b>APPLICATION/S</b>                                   | 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 (defined below) in accordance with the terms of this Admission Document;   |
| <b>APPLICATION FORM</b>                                | the form of application for subscription to Bonds, a specimen of which is contained in Appendix B of this Admission Document;   |
| <b>APPROPRIATENESS TEST</b>                            | shall have the meaning set out in section 19 of this Document;  |
| <b>AYNIC</b>   | Aynic & Co. Limited, a limited liability company registered under the laws of Malta with company registration number C74750, Marant FP, Mdina Road, Zebbug, Malta;  |
| <b>BOND(S)</b>   | €5,000,000 Unsecured Callable bonds due in 2026 - 2029 of a nominal value of €100 per bond bearing an interest rate of 5% per annum, issued at par and redeemable on the Redemption Date at their nominal value;  |
| <b>BONDHOLDER</b>                                      | a holder of Bonds;  |
| <b>BOND ISSUE</b>                                      | the issue of the Bonds;   |
| <b>BOND ISSUE PRICE</b>                                | the price of €100 per Bond;   |
| <b>BUSINESS DAY</b>                                    | any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;   |
| <b>CALAMATTA CUSCHIERI INVESTMENT SERVICES LIMITED</b> | Calamatta Cuschieri Investment Services Limited, a limited liability company registered under the laws of Malta with company registration number C13729, having its registered office at Ewropa Business Centre, Triq Dun Karm, Birkirkara, BKR 9034, Malta;  |
| <b>CHANGE OF CONTROL</b>                               | upon the occurrence of certain "change of control events", the Issuer will be required to offer to repurchase the Bonds at a purchase price equal to 101% of their aggregate principal amount, plus accrued and unpaid interest and additional amounts, if any, to the date of such repurchase. "Change of control events" are defined in section 18.21 of this Admission Document; |
| <b>CORPORATE ADVISOR</b>                               | Calamatta Cuschieri Investment Services Limited;  |
| <b>COMPANY OR ISSUER</b>                               | The Convenience Shop (Holding) plc, a public limited liability company registered and existing under the laws of Malta with company registration number C 87554 and having its registered office at Marant Food Products, Mdina Road, Zebbug ZBG 9017, Malta;   |
| <b>CSD</b>   | the Central Securities Depository of the Malta Stock 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;  |
| <b>DIRECTORS OR BOARD OF DIRECTORS</b>                 | the Directors of the Issuer as set out in Section 7.1 of this Admission Document;   |
| <b>DRC</b>   | Daily Retail Challenges Limited, a limited liability company registered under the laws of Malta with company registration number C79662, having its registered office at Marant Food Products, Mdina Road, Zebbug ZBG9017, Malta;   |

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| <b>EARLY REDEMPTION DATE/S</b>               | any day falling between (and including) the 8 <sup>th</sup> March 2026 and 8 <sup>th</sup> March 2029 on which the Issuer shall be entitled, at its option and in its sole discretion, to redeem all or part of the Bonds then outstanding and all interest accrued up to the date of prepayment, by giving at least thirty (30) days' prior written notice of such prepayment to the Bondholders; and "Early Redemption" shall be construed accordingly;  |
| <b>EARLY REDEMPTION SCHEDULE</b>             | in the event that the Early Redemption Date lies between and including 8 <sup>th</sup> March 2026 and 8 <sup>th</sup> March 2027, the Issuer will be obliged to pay to Bondholders a 3% premium on the nominal value of the Bonds selected for early redemption (together with interest accrued to the date fixed for redemption). In the event that the Early Redemption Date lies between and including 9 <sup>th</sup> March 2027 and 8 <sup>th</sup> March 2028, the Issuer will be obliged to pay to Bondholders a 2% premium on the nominal value of the Bonds selected for early redemption (together with interest accrued to the date fixed for redemption). Early Redemption occurring on or after 9 <sup>th</sup> March 2028 will be redeemed at par; |
| <b>EURO OR €</b>                             | the lawful currency of the Republic of Malta and the Eurozone as at the date of this Document;   |
| <b>EXCHANGE, MALTA STOCK EXCHANGE OR MSE</b> | 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;  |
| <b>FINANCIAL MARKETS ACT</b>                 | the Financial Markets Act, Cap. 345 of the Laws of Malta;  |
| <b>FY</b>                                    | Financial Year;  |
| <b>GROUP</b>                                 | The Convenience Shop (Holding) plc and its subsidiary companies;   |
| <b>INTEREST</b>                              | the Bonds shall bear interest from and including 22 <sup>nd</sup> March 2019 at the rate of 5% per annum payable annually in arrears on the Interest Payment Dates;  |
| <b>INTEREST PAYMENT DATES</b>                | annually, on the 22 <sup>nd</sup> March of each year commencing on the 22 <sup>nd</sup> March 2020 and ending with and including the Redemption Date, unless part or all of the Bonds are redeemed at the Issuer's sole discretion on any of the Early Redemption Dates, in respect of the Bonds so redeemed; 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;  |
| <b>ISSUE PERIOD</b>                          | the period between the 13 <sup>th</sup> March 2019 until the 22 <sup>nd</sup> March 2019 (or such earlier date as may be determined by the Issuer) during which the Bonds are available for subscription;  |
| <b>LISTING AUTHORITY</b>                     | the Malta Financial Services Authority, appointed as Listing Authority for the purposes of the Financial Markets Act (Chapter 345 of the laws of Malta) by virtue of Legal Notice 1 of 2003;   |
| <b>LISTING RULES</b>                         | the listing rules issued by the Listing Authority, as may be amended from time to time;  |
| <b>MALTA STOCK EXCHANGE BYE-LAWS</b>         | 'the bye-laws of the Exchange issued by the authority of the board of directors of the Exchange, as may be amended from time to time';   |
| <b>MFSA</b>                                  | the Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act, Cap. 330 of the Laws of Malta;   |
| <b>OFFICIAL LIST</b>                         | the list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws;   |
| <b>PLACEMENT AGENT AND MANAGER</b>           | Calamatta Cuschieri Investment Services Limited;   |

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| <b>PROSPECTS MTF MARKET OR PROSPECTS MTF RULES OR RULES</b> | the market regulated as a Multilateral Trading Facility operated by the MSE providing a venue for start-up and growth for small to medium-sized enterprises to float their capital (including equity or debt) on the market;  |
| <b>PROSPECTUS DIRECTIVE</b>                                 | 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;  |
| <b>PROSPECTS MTF LIST</b>                                   | the list prepared and published by the Malta Stock Exchange as the list indicating the companies admitted to Prospects MTF in accordance with the Prospects MTF Rules;  |
| <b>REDEMPTION DATE</b>                                      | 8 <sup>th</sup> March 2029, unless otherwise redeemed at the Issuer's sole discretion on any of the Early Redemption Dates;   |
| <b>REDEMPTION VALUE</b>                                     | redemption at par;  |
| <b>SFE</b>  | Seafront Express Limited, a limited liability company registered under the laws of Malta with company registration number C73435, Marant FP, Mdina Road, Zebbug, Malta;   |
| <b>SMALL AND MEDIUM-SIZED ENTERPRISES OR SMES</b>           | enterprises 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: <ul style="list-style-type: none"> <li>- an average number of employees, during the financial year, of less than 250;</li> <li>- a total balance sheet not exceeding forty-three million euro (€43,000,000);</li> <li>- an annual net turnover not exceeding fifty million euro (€50,000,000);</li> </ul> |
| <b>SUITABILITY TEST</b>                                     | shall have the meaning as set out in Section 19 of this Admission Document;   |
| <b>SUMMARY</b>  | a summary of the salient features of this Document, as contained in the section entitled "Summary";   |
| <b>TERMS AND CONDITIONS</b>                                 | the terms and conditions of the Bonds contained in this Document under the heading "Terms and Conditions of the Bonds";   |
| <b>TRANSFER OF BUSINESS AGREEMENTS</b>                      | shall mean the Transfer of Retail Business Agreements and the Transfer of Management Business Agreements  |
| <b>TRANSFER OF MANAGEMENT BUSINESS AGREEMENTS</b>           | shall mean the transfer of the business previously operated by The Convenience Shop (Management) Limited (C 87711) relating to, inter alia, the provision of management and administration services for related and/or affiliated entities as well as third parties operating under the brand 'The Convenience Shop'.   |
| <b>TRANSFER OF RETAIL BUSINESS AGREEMENTS</b>               | shall mean the transfer of business and assets agreements entered into by The Convenience Shop Limited (C 87556) on the 31st August 2018 by virtue of which The Convenience Shop Limited (C 87556) acquired, inter alia, the retail business, or part thereof, carried on by CPZ Limited (C61604), Jin Limited (C45048), Crust Limited (C64042), Daily Foods Limited (C64680), and Furnata Ltd (C52559), all trading under 'The Convenience Shop' brand.  |

All references in this Document to "Malta" are to the "Republic of Malta".

Unless it appears otherwise from the context:

- words importing the singular shall include the plural and vice-versa;
- words importing the masculine gender shall include the feminine gender and vice-versa;
- the word "may" shall be construed as permissive and the word "shall" shall be construed as imperative;
- 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

The following summary should be read as an introduction to the Admission Document. Essentially, this Summary is being provided to convey the essential characteristics and risks associated with the Issuer and the securities being offered in terms of this Admission Document. Any decision to invest in the Company should be based on a consideration of the Admission Document as a whole. 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 alone 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.

Civil liability attaches to those persons who have tabled the summary including any translation thereof, and applied for its notification, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Admission Document.

### Section A – Information regarding the Issuer

- A.1 **Legal and commercial name of the Issuer** - The legal and commercial name of the Issuer is The Convenience Shop (Holding) plc (registration number C 87554).
- A.2 **Domicile and legal form of the Issuer** – The Issuer was registered in Malta on the 26<sup>th</sup> July 2018, as a private limited liability company and converted to a public limited liability company on the 16<sup>th</sup> January 2019. The Issuer is domiciled in Malta.
- A.3 **Nature of the operations and its principal activities** -

#### The Issuer

The principal object of the Issuer is to carry on the activities of a holding and finance company and to subscribe for, take, purchase or otherwise acquire and hold shares, stocks, debentures or other securities of any other company; to grant inter-company financing and to collect funds through bond issues. The Bond Issue falls within the objects of the Issuer. The Issuer is a special purpose vehicle that was set up specifically to act as a holding company for the Group.

#### The Group

As the Issuer does not carry out any trading activities itself, it is economically dependent on the business prospects of the Group, the core operation of which is the operation of a chain of mini market stores under The Convenience Shop brand in Malta with a current shop count of 28 owned shops and 30 franchised shops.

- A.4 **Shareholding structure** – The Authorised Share Capital of the Company is fifty thousand Euro (€50,000) divided into fifty thousand (50,000) Ordinary shares of one Euro (€ 1) each.

The Issued Share Capital of the Company is fifty thousand Euro (€50,000) divided into fifty thousand (50,000) Ordinary shares of one Euro (€1) each, fully paid up, subscribed to as follows:

1. IC Holdings Limited, a private limited liability company incorporated and registered under the laws of Malta with registration number C 80071 and having its registered office at Marant Food Products, Mdina Road, Zebbug, ZBG 9017, Malta holds twelve thousand five hundred (12,500 Ordinary shares in the capital of the Issuer. Mr Ivan Calleja (bearer of Maltese Identity card numbered 94072M) is the sole beneficial owner of the company;
2. JMP Holdings Limited, a private limited liability company incorporated and registered under the laws of Malta with registration number C 80069 and having its registered office at Marant Food Products, Mdina Road, Zebbug, ZBG 9017, Malta holds twelve thousand five hundred (12,500 Ordinary shares in the capital of the Issuer. Mr Joseph Pace (bearer of Maltese Identity card numbered 190570M) is the sole beneficial owner of the company;
3. MPH Malta Limited, a private limited liability company incorporated and registered under the laws of Malta with registration number C 80068 and having its registered office at Marant Food Products, Mdina Road, Zebbug, ZBG 9017, Malta holds twelve thousand five hundred (12,500 Ordinary shares in the capital of the Issuer. Mr Manuel Piscopo (bearer of Maltese Identity card numbered 395579M) is the sole beneficial owner of the company; and
4. Gaia Investments Limited, a private limited liability company incorporated and registered under the laws of Malta with registration number C 86458 and having its registered office at Il-Piazzetta A, Suite 52, Level 5, Tower Road, Sliema, Malta holds twelve thousand five hundred (12,500 Ordinary shares in the capital of the Issuer. Dr Kevin Deguara (bearer of Maltese Identity card numbered 978977M) holds forty one point six seven percent (41.67%) of the beneficial ownership of the company, Dr Jean C. Farrugia (bearer of Maltese Identity card numbered 244176M) holds forty one point six seven percent (41.67%) of the beneficial ownership of the company, and Mr Kenneth Deguara (bearer of Maltese Identity card numbered 132280M) holds sixteen point six seven percent (16.66%) of the beneficial ownership of the company.

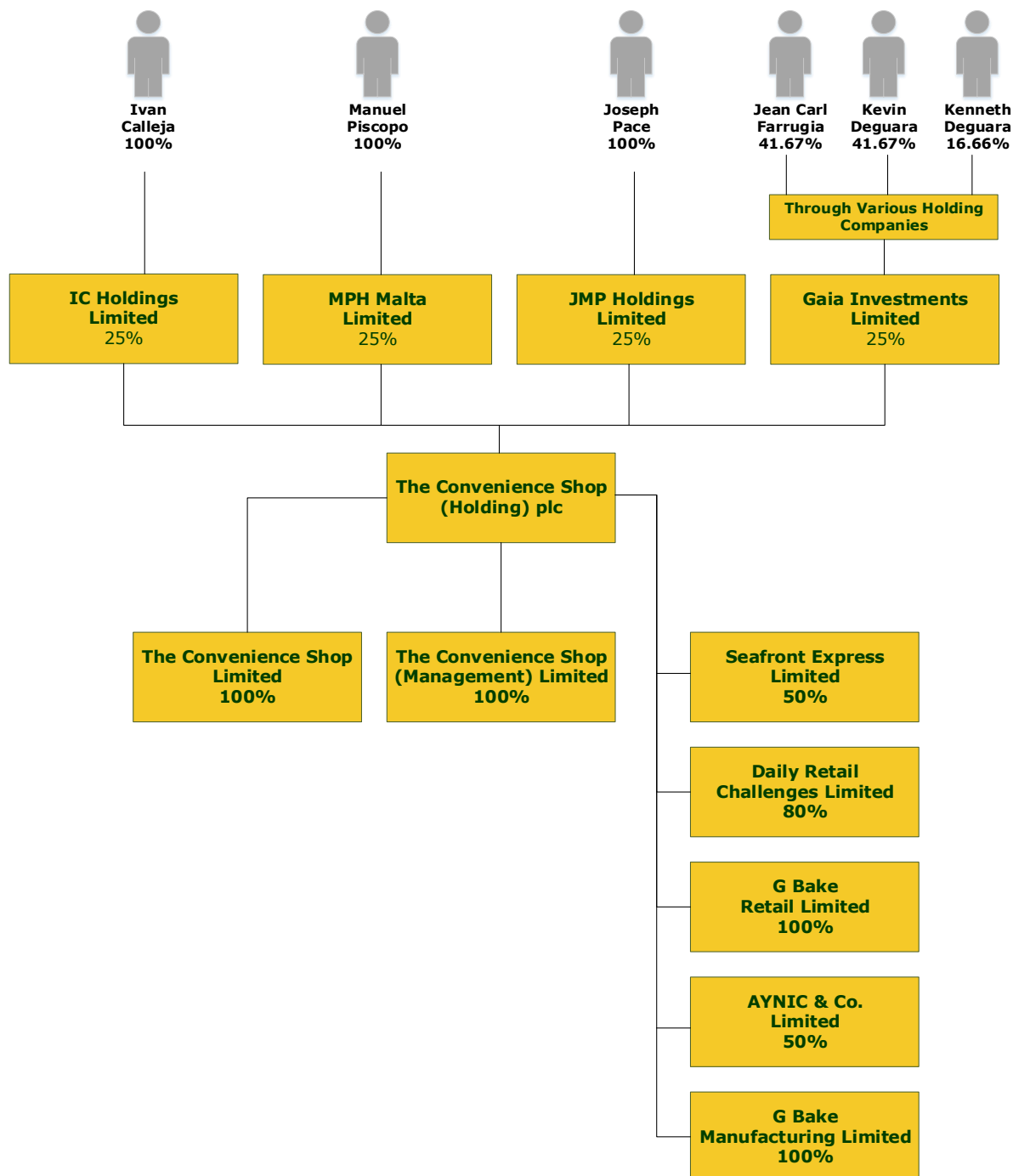


## A.5 Significant recent trends

### Trend Information of the Issuer

The Issuer is a special purpose vehicle that was set up specifically to act as a holding company for the Group. There has been no material adverse change in the prospects of the Issuer since the date of its incorporation.

## A.6 Organisational Structure - The organisational structure of the group of companies which the Issuer forms part of, as at the date of this Admission Document, is illustrated in the diagram below:



## A.7 Summary of Historical Financial Information - The Issuer was set up on the 26<sup>th</sup> 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.

Below is the aggregated historical results of the Group that is derived by aggregating the performance of all current stores.

### Aggregated income statement

| EUR'000                       | FY15         | FY16         | FY17         | H1-17        | H1-18        |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|
| Revenue                       | 12,167       | 16,822       | 22,445       | 9,684        | 11,135       |
| Cost of sales                 | (8,889)      | (11,603)     | (15,743)     | (6,766)      | (7,893)      |
| <b>Gross profit</b>           | <b>3,278</b> | <b>5,219</b> | <b>6,702</b> | <b>2,918</b> | <b>3,242</b> |
| Rental income                 | 37           | 30           | -            | -            | -            |
| Other income                  | 60           | 134          | 145          | -            | 383          |
| Administrative expenses       | (2,950)      | (4,482)      | (5,368)      | (2,042)      | (2,500)      |
| <b>EBITDA</b>                 | <b>425</b>   | <b>902</b>   | <b>1,479</b> | <b>876</b>   | <b>1,125</b> |
| EBITDA adjustments            | -            | (294)        | 425          | -            | -            |
| <b>Adjusted EBITDA</b>        | <b>425</b>   | <b>608</b>   | <b>1,904</b> | <b>876</b>   | <b>1,125</b> |
| Depreciation and amortisation | (226)        | (306)        | (350)        | n/a*         |              |
| <b>Operating profit</b>       | <b>199</b>   | <b>302</b>   | <b>1,554</b> |              |              |
| Finance costs                 | (76)         | (52)         | (38)         |              |              |
| <b>Profit before tax</b>      | <b>123</b>   | <b>249</b>   | <b>1,516</b> |              |              |
| Tax charge                    | (9)          | (161)        | (450)        |              |              |
| <b>Profit after tax</b>       | <b>114</b>   | <b>88</b>    | <b>1,066</b> |              |              |
| Revenue Growth %              | n/a          | 38.3%        | 33.4%        | n/a          | 15.0%        |
| GP Growth %                   | n/a          | 59.2%        | 28.4%        | n/a          | 11.1%        |
| EBITDA Growth %               | n/a          | 112.1%       | 64.1%        | n/a          | 28.5%        |
| PAT Growth %                  | n/a          | (22.9%)      | 1,111%       | n/a          | n/a          |
| GP Margin %                   | 26.9%        | 31.0%        | 29.9%        | 30.1%        | 29.1%        |
| EBITDA Margin %               | 3.5%         | 3.6%         | 8.5%         | 9.0%         | 10.1%        |
| PBT Margin %                  | 1.0%         | 1.5%         | 6.8%         | n/a          | n/a          |
| PAT Margin %                  | 0.9%         | 0.5%         | 4.7%         | n/a          | n/a          |

**\*The data for half-yearly performance was sourced from Half Yearly Accounts and no information for Depreciation and Amortization was included.**

## Income statement normalisation - FY17

EUR'000

|   |               |
|---|---------------|
| <b>Sales - owned shops</b>                                | <b>23,879</b> |
| Cost of sales   | (18,874)      |
| Rebates   | 509           |
| Franchise fees  | (111)         |
| <b>Gross profit</b>                                       | <b>5,403</b>  |
| Contribution from franchise fees                          | 438           |
| Contribution from head office                             | 836           |
| Less: Own shop overheads                                  | (4,063)       |
| Less: Head office overheads                               | (996)         |
| <b>EBITDA as per Management Accounts</b>                  | <b>1,618</b>  |
| EBITDA from the personally owned Mqabba and Safi shops    | (189)         |
| EBITDA from AYNIC and the G Bake companies                | 26            |
| Reclassification of interest costs and other bank charges | 25            |
| <b>EBITDA as per aggregated Income Statements</b>         | <b>1,479</b>  |
| <b>Normalisation adjustments</b>                          |               |
| Stock movements   | 294           |
| Franchise fees paid to directors                          | 75            |
| Other expenses - start-up costs                           | 56            |
| <b>Adjusted EBITDA as per audited FS</b>                  | <b>1,904</b>  |
| Add back: EBITDA from Mqabba and Safi                     | 189           |
| <b>Adjusted EBITDA</b>                                    | <b>2,093</b>  |

Note: Normalisation Adjustments refer to adjustments that eliminate one-time gains or losses, other unusual items, non-recurring business elements, expenses of non-operating assets, etc.

Note: Totals may not tally due to rounding

## Aggregated balance sheet - Dec-17

| EUR'000                                   | 100% owned   | DRC          | SFE         | Sub-total    | 50% owned    | Total        |
|---|--------------|--------------|-------------|--------------|--------------|--------------|
| Property, plant & equipment               | 1,341        | 178          | 99          | 1,617        | 352          | 1,969        |
| Investments in associates                 | 1            | -            | -           | 1            | 1            | 2            |
| Goodwill                                  | 70           | 73           | 130         | 273          | -            | 273          |
| <b>Total non-current assets</b>           | <b>1,413</b> | <b>250</b>   | <b>229</b>  | <b>1,891</b> | <b>352</b>   | <b>2,244</b> |
| Inventories                               | 942          | 135          | 64          | 1,141        | -            | 1,141        |
| Trade receivables                         | 335          | -            | 7           | 342          | 17           | 359          |
| Other receivables                         | 483          | 53           | 7           | 544          | 228          | 772          |
| Due from shareholders and related parties | 1,572        | -            | -           | 1,572        | 13           | 1,584        |
| Cash and cash equivalents                 | 1,346        | 3            | 10          | 1,359        | 121          | 1,480        |
| <b>Total current assets</b>               | <b>4,678</b> | <b>190</b>   | <b>88</b>   | <b>4,957</b> | <b>378</b>   | <b>5,336</b> |
| <b>Total assets</b>                       | <b>6,091</b> | <b>441</b>   | <b>317</b>  | <b>6,849</b> | <b>731</b>   | <b>7,579</b> |
| Share capital                             | 220          | 1            | 1           | 223          | 84           | 307          |
| Retained earnings                         | 581          | (115)        | (66)        | 400          | (207)        | 193          |
| <b>Total equity</b>                       | <b>801</b>   | <b>(113)</b> | <b>(65)</b> | <b>623</b>   | <b>(123)</b> | <b>500</b>   |
| Borrowings                                | 156          | -            | 48          | 204          | 345          | 549          |
| Trade payables                            | 3,807        | 277          | 84          | 4,168        | 8            | 4,176        |
| Other payables                            | 521          | 46           | 14          | 581          | 47           | 629          |
| Due to shareholders and related parties   | 806          | 231          | 236         | 1,272        | 453          | 1,725        |
| <b>Total liabilities</b>                  | <b>5,290</b> | <b>554</b>   | <b>382</b>  | <b>6,226</b> | <b>854</b>   | <b>7,079</b> |
| <b>Total equity and liabilities</b>       | <b>6,091</b> | <b>441</b>   | <b>317</b>  | <b>6,849</b> | <b>731</b>   | <b>7,579</b> |

Note: Totals may not tally due to rounding

The aggregated balance sheet as at 31 Dec 2015 and 31 Dec 2016 as well as the cash flow statement for the periods FY15, FY16 and FY17 have not been included in the Summary of Historical Financial Information due to the following factors:

- The operations carried out by the Group were previously operated through various standalone operating companies which do not form part of the Group. These operations were transferred to the Group as going concern operations following a restructuring exercise. Consolidated accounts covering the review period were not prepared for these entities. Therefore, presenting aggregated balance sheets and cash flows for the whole review period based on the separate standalone entities may be misleading;
- Given that the Group acquired the majority of the operations as going concerns from the various standalone companies, the Group did not inherit the balance sheets of the standalone operating entities. However, the plant and equipment as well as the working capital position of the latest aggregated balance sheets of the various standalone entities is deemed to be representative of the going concern operations of the Group. Accordingly, the latest aggregated balance sheet is presented given that the latest financial position is the most relevant;
- We highlight that a simple aggregation of the balance sheets of the various standalone operating companies may be misleading as these may include various inter-company balances that should be set-off under a consolidated group. The aggregated balance sheet presented as at 31 December 2017 has been adjusted to set-off inter-company balances; and
- The various standalone companies were not required to prepare cash flow statements during the period under review. This, combined with the lack of aggregated balance sheets over the same review period would making the preparation of an aggregated cash flow complicated.

## Section B – The Securities

- B.1 Type and class of securities** – The Issuer shall issue an aggregate of €5,000,000 in Bonds having a face value of €100 per bond, subject to a minimum amount per subscription of €2,000 and in multiples of €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: MT0002201201. The Bonds shall bear interest at the rate of 5% per annum and shall be repayable in full upon maturity on the 8<sup>th</sup> March 2029 (together with interest accrued to the date fixed for redemption) unless previously re-purchased and cancelled, or in the event that the Issuer exercises the option to redeem all or any part of the Bonds at their nominal value prior to the Redemption Date, between 8<sup>th</sup> March 2026 and 8<sup>th</sup> March 2029 (the “Early Redemption Dates”) as the Issuer may determine in its absolute discretion on giving not less than thirty (30) days’ notice in writing to the Bondholders.
- B.2 Currency** - The Bonds are denominated in Euro (€).
- B.3 Transferability** - The Bonds are freely transferable and, once admitted to the Prospects MTF List, 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 as and when due;
  - 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 18.4 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 the 22<sup>nd</sup> March 2019 till the 8<sup>th</sup> March 2029 at the rate of 5% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date, the first Interest Payment Date being 22<sup>nd</sup> March 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%).

## Section C – Risks

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

- i. Start-up Operation** – The Company was incorporated on the 26<sup>th</sup> July 2018. As at the date of the Document, the Issuer has no history of trading operations.



**ii. Regulations governing the Group's operations** - The Group is exposed to possible fines for breaches of applicable regulations which carry both a financial as well as a reputational risk.

**iii. The Group faces intense competition in its markets, which could hurt the Group's business.**

The Group competes primarily in the mini market segment, which is highly competitive. Although the market is highly fragmented and, to an extent, complimentary, the Group faces competition from high street supermarkets and traditional regional (typically 'family-owned') mini markets and grocery stores. The Group expects its environment to continue to be highly competitive, and its results in any particular reporting period may be impacted by new or continuing actions of its competitors, which may have a short or long-term impact on the Issuer's results.

The Group competes on the basis of product choice, quality, affordability, service and location. In particular, the Group believes its ability to compete successfully in the current market environment depends on the Group's ability to improve existing product offerings, price its products appropriately, deliver a relevant customer experience, and respond effectively to its competitors' actions or disruptive actions from others which the Group does not foresee. Recognizing these dependencies, the Group has intensified its focus in recent periods on strategies to achieve these goals, and the Group will likely continue to modify its strategies and implement new strategies in the future. There can be no assurance these strategies will be effective, and some strategies may be effective at improving some metrics while adversely affecting other metrics.

**iv. Supply chain interruptions may increase costs or reduce revenues.**

The Group depends on the effectiveness of its supply chain management to ensure reliable and sufficient product supply, including on favorable terms. Although many of the products the Group sells are sourced from a wide variety of suppliers, certain products have limited suppliers, which may increase the Group's reliance on those suppliers. Supply chain interruptions, including shortages and transportation issues, and price increases can adversely affect the Group as well as the Group's suppliers and franchisees whose performance may have a significant impact on the Group's results. Such shortages or disruptions could be caused by factors beyond the control of the Group's suppliers, franchisees or the Group. If the Group experiences interruptions in its supply chain, its costs could increase and it could limit the availability of products critical to the Group's operations.

**v. Food safety concerns may have an adverse effect on the Group's business.**

The Group's ability to increase sales and profits depends, in part, on its ability to meet expectations for safe food and on the 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 the Group dedicates substantial resources to ensure that its customers enjoy safe food products. However, food safety events, including instances of food-borne illness, have occurred in the food industry in the past, and could occur in the future. Instances of food tampering, food contamination or food-borne illness, whether actual or perceived, could adversely affect the Group's brand and reputation as well as the Group's revenues and profits.

**vi. The Group's franchise business model presents a number of risks.**

The Group's success increasingly relies on the financial success and cooperation of its franchisees, including its developmental licensees and affiliates. The Group's profit margins arise from two sources: fees from franchised outlets and, to a greater degree, sales from company-operated outlets. The Group's franchisees and developmental licensees manage their businesses independently, and therefore are responsible for the day-to-day operation of their outlets. The revenues the Group realizes from franchised outlets are, to an extent dependent on the ability of the Group's franchisees to grow their sales. If the Group's franchisees do not experience sales growth, the Group's revenues and margins could be negatively affected as a result. Also, if sales trends worsen for franchisees, their financial results may deteriorate, which could result in, among other things, outlets closures, or delayed or reduced payments to the Group. The Group's refranchising efforts will continue to increase that dependence and the potential effect of those factors.

The Group's operating performance could also be negatively affected if its franchisees experience food safety or other operational problems or project an image inconsistent with the Group's brand and values, particularly if its contractual and other rights and remedies are limited, costly to exercise or subjected to litigation and potential delays. If franchisees do not successfully operate outlets in a manner consistent with the Group's required standards, its brand's image and reputation could be harmed, which in turn could hurt the Group's business and operating results.

The Group's ownership mix also affects its results and financial condition. The decision to own outlets or to operate under franchise or license agreements is driven by many factors whose interrelationship is complex and changing. The Group's ability to achieve the benefits of its refranchising strategy, depends on various factors. Those factors include whether the Group has effectively selected franchisees, licensees and/or affiliates that meet its rigorous standards, and whether their performance and the resulting ownership mix supports its brand and financial objectives.

**vii. Challenges with respect to talent management could harm the Group's business.**

Effective succession planning is important to the 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 Group's business and adversely affect its results.

The 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. 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. Similar concerns apply to the Group's franchisees.

- viii. Exposure to general market conditions** - The health of the market in which the Group operates may be affected by a number of factors such as national economy, political developments, government regulations.
- ix. Reliance on key senior personnel and management** - The Group's growth since inception is, in part, attributable to the efforts and abilities of key personnel of the Group. 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 the Group's business, financial condition and results of operations.
- x. Reputational risk** - Reputational risk could materially and adversely affect the Group's ability to retain or attract customers, whose loss could adversely affect the Group's operations, financial condition and prospects.
- xi. Litigation risk** - All industries, including the industry in which the 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.
- xii. Exposure to economic conditions** - Negative economic factors and trends could have a material impact on the business of the Group generally, and may adversely affect its revenues.
- xiii. Risks relating to currency fluctuations** - The 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. As a result, exchange gains and losses may arise on the realisation of amounts receivable and the settlement of amounts payable in foreign currencies. The Group can be impacted by transaction risk, being the risk that the currency of the costs and liabilities of Group companies fluctuates in relation to the Euro (being the reporting currency of all Group companies), which fluctuation may adversely affect the Group's operating performance.
- xiv. Failure to preserve the value and relevance of the Group's brand could have an adverse impact on its financial results** - To carry forward its success, the Issuer and the 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 the Group sources the products it retails. 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 the Group's brand and/or its operations, its suppliers or its franchisees. If the Group is unsuccessful in addressing such adverse commentary or portrayals, the Group's brand and its financial results may suffer.
- xv. Changes in operating costs** - Increases in operating costs, may negatively affect the Group's profitability.
- xvi. Risk relating to competitors operating with a similar logo** - The Group's intellectual property may be at risk from other operators in the same industry if any such operators operate under intellectual property bearing a similar logo.

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

- i. No Assurance of an active Secondary Market in the Bonds** - 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.
- 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. **Ranking** - The Bonds, as and when issued and allotted, shall constitute the general, direct and unconditional obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and other unsecured debt, if any.
- x. **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.
- xi. **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. In the event that the Issuer wishes to amend any of the Terms and Conditions of issue of the Bonds it shall call a meeting of Bondholders. The provisions relating to meetings of Bondholders 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. **Early redemption** - The Issuer has the option to redeem the Bonds, in whole or in part, on any of the Early Redemption Dates, together with any accrued and unpaid interest until the time of redemption. This optional redemption feature may condition the market value of the Bonds. Should the Issuer decide to redeem the Bonds on any of the Early Redemption Dates, the Bondholder may not be able to reinvest his monies at an equivalent or higher rate.

#### **Section D – Offer**

**D.1 Use of Proceeds** -The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €4,900,000, shall be used for the following purposes:

- an amount of €2,705,000 will be used for the acquisition of the going concern business transfers as follows:
  - €1,040,000 will be used to acquire minority stakes previously held by third parties in the own shop operations. By virtue of the Transfer of Business Agreements dated the 31.08.2018, The Convenience Shop Limited (C 87556), an entity wholly owned by the Issuer, acquired the business (or part thereof) of Daily Foods Limited (C 64680), Furnata Ltd (C 52559) and Crust Limited (C 64042). Each of the said companies operated various outlets under the franchise "The Convenience Shop". Each of Daily Foods Limited (C 64680), Furnata Ltd (C 52559) and Crust Limited (C 64042) had minority interest involvement. Pursuant to the Transfer of Business Agreements, the outlets are now being operated by The Convenience Shop Limited (C 87556). The Convenience Shop Limited (C 87556) shall also acquire the business of Mqabba Shop Company Limited (C 87557). Upon completion of the transfer of business, the outlet operated by Mqabba Shop Company Limited (C 87557) will also be operated by The Convenience Shop Limited (C 87556).
  - €1,540,000 will be used to repay balances due to shareholders who reduced their effective shareholding in the new Group due to the restructuring that included buying out minority shareholders.
  - Costs amounting to €125,000 will be allocated to cover additional restructuring costs.
- an amount of €1,500,000 will be used to finance new shop openings over the coming years and include acquisition and fit out costs. The Group is projecting an average of two (2) new store openings per annum as from FY 2019 up to FY2027 resulting in a combined (i.e. franchised and own stores) shop presence of one hundred (100) stores by Maturity of the Bonds.
- An amount of €695,000 will be retained for general corporate funding purposes.



**D.2 Subscription** –The Issuer has appointed Calamatta Cuschieri Investment Services 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 at the discretion of the Placement Agent and Manager and the offer may close earlier than that indicated in the timetable in the event of over subscription.

The Bonds are open for subscription to all categories of investors, provided that the Placement Agent and Manager shall be required to carry out an Appropriateness Test in respect of each Applicant for the purpose of assessing such Applicant's level of knowledge and experience prior to investing in the Bonds. Applications shall not be accepted by the Placement Agent and Manager unless, based on the results of such Appropriateness Test, the Placement Agent and Manager is satisfied that an investment in the Bonds may be considered appropriate for the Applicant. To the extent that the Placement Agent and Manager is providing advice in respect of a purchase of the Bonds by an Applicant, the Placement Agent and Manager 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.

In any case the Placement Agent and Manager 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.

The Bond Issue is not underwritten. Should subscriptions for a total of at least €3,500,000 (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 €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 18.2 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 €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 €5,000,000 of Bonds as indicated therein, each subject to the Minimum Amount of €3,500,000 being subscribed.

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

**D.4 Fees** - Professional fees and costs related to publicity, advertising, 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 €100,000 and shall be borne by the Group.

**D.5 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.6 Expected Timetable of Principal Events:**

|  |   |
|--|---|
| 1. Application Forms Available   | 11 <sup>th</sup> March 2019                               |
| 2. Issue Period  | 13 <sup>th</sup> March to the 22 <sup>nd</sup> March 2019 |
| 3. Commencement of interest on Bonds   | 22 <sup>nd</sup> March 2019                               |
| 4. Announcement of basis of acceptance   | 25 <sup>th</sup> March 2019                               |
| 5. Expected dispatch of allotment advices and refunds of unallocated monies if any | 25 <sup>th</sup> March 2019                               |
| 6. Expected date of Admission of the Bonds to Prospects MTF                        | 28 <sup>th</sup> March 2019                               |
| 7. Expected date of commencement of trading in the Bonds                           | 29 <sup>th</sup> March 2019                               |

The Issuer reserves the right to close the subscription lists before the 22<sup>nd</sup> March 2019 at 17:00 in the event of over-subscription. In this event, the events mentioned in steps four (4) to seven (7) above, both included, 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 OR CANCELLED, SUBJECT TO THE ISSUER'S OPTION TO REDEEM ALL OR ANY PART OF THE BONDS IN TERMS OF THE EARLY REDEMPTION SCHEDULE PRIOR TO THE REDEMPTION DATE BETWEEN AND INCLUDING 8<sup>th</sup> March 2026 AND 8<sup>th</sup> March 2029 (THE "EARLY REDEMPTION DATES") AS THE ISSUER MAY DETERMINE ON GIVING NOT LESS THAN THIRTY (30) DAYS NOTICE IN WRITING TO BONDHOLDERS. THE ISSUER SHALL REDEEM THE BONDS ON THE REDEMPTION DATE, UNLESS PREVIOUSLY RE-PURCHASED OR CANCELLED. 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 ITS 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 CORPORATE ADVISOR, OR 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 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 and the Group's financial results, trading prospects and the ability of the Issuer to fulfil its 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 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 redeemed, re-purchased and cancelled. An investment in the Bonds involves certain risks, including those described below.

### 3.2 General

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

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

### 3.3 Risks associated with the Issuer - Start-Up Operation

#### 3.3.1 Start-up Operation and dependency on Group's performance

As at the date of this Admission Document, the Issuer has no history of trading operations. Hence, the Admission Document contains no historical financial information and prospective bondholders need to base their investment decision on the projections included in this Document. Given that the Issuer was set up with the primary objective of acting as the financing arm of the Group, its assets will primarily consist of receivables due by Group companies. The Issuer is dependent on the business of the Group and consequently, the operating results of the Group will directly influence the Issuer's financial position. Therefore, the risks associated with the business operations of the 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, given that the majority of the Issuer's assets consist of loans issued to Group Companies, the Issuer is largely dependent on receipt of interest and loan repayments from the Group Companies. More specifically, the ability of Group Companies to effect payments to the Issuer will depend on their respective cash flows and earnings which may be affected by factors beyond the Issuer's control. The occurrence of any such factors could in turn negatively affect the Issuer's ability to meet its obligations under the Bonds.

### 3.4 Risks relating to the Group and the market in which it operates

#### 3.4.1 The Group faces intense competition in its markets, which could hurt the Group's business.

The Group competes primarily in the mini market segment, which is highly competitive. Although the market is highly fragmented and, to an extent, complimentary, the Group faces competition from high street supermarkets and traditional regional (typically 'family-owned') mini markets and grocery stores. The Group expects its environment to continue to be highly competitive, and its results in any particular reporting period

may be impacted by new or continuing actions of its competitors, which may have a short- or long-term impact on the Group's results.

The Group competes on the basis of product choice, quality, affordability, service and location. In particular, the Group believes its ability to compete successfully in the current market environment depends on the Group's ability to improve existing product offerings, price its products appropriately, deliver a relevant customer experience, and respond effectively to its competitors' actions or disruptive actions from others which the Group does not foresee. Recognizing these dependencies, the Group has intensified its focus in recent periods on strategies to achieve these goals, and the Group will likely continue to modify its strategies and implement new strategies in the future. There can be no assurance these strategies will be effective, and some strategies may be effective at improving some metrics while adversely affecting other metrics.

#### **3.4.2 Supply chain interruptions may increase costs or reduce revenues.**

The Group depends on the effectiveness of its supply chain management to ensure reliable and sufficient product supply, including on favorable terms. Although many of the products the Group sells are sourced from a wide variety of suppliers, certain products have limited suppliers, which may increase the Group's reliance on those suppliers. Supply chain interruptions, including shortages and transportation issues, and price increases can adversely affect the Group as well as the Group's suppliers and franchisees whose performance may have a significant impact on the Group's results. Such shortages or disruptions could be caused by factors beyond the control of the Group's suppliers, franchisees or the Group. If the Group experiences interruptions in its supply chain, its costs could increase and it could limit the availability of products critical to the Group's operations.

#### **3.4.3 Food safety concerns may have an adverse effect on the Group's business.**

The Group's ability to increase sales and profits depends, in part, on its ability to meet expectations for safe food and on the 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 the Group dedicates substantial resources to ensure that its customers enjoy safe food products. However, food safety events, including instances of food-borne illness, have occurred in the food industry in the past, and could occur in the future. Instances of food tampering, food contamination or food-borne illness, whether actual or perceived, could adversely affect the Group's brand and reputation as well as the Group's revenues and profits.

#### **3.4.4 The Group's franchise business model presents a number of risks.**

The Group's success increasingly relies on the financial success and cooperation of its franchisees, including its developmental licensees and affiliates. The Group's profit margins arise from two sources: fees from franchised outlets and, to a greater degree, sales from company-operated outlets. The Group's franchisees and developmental licensees manage their businesses independently, and therefore are responsible for the day-to-day operation of their outlets. The revenues the Group realizes from franchised outlets are, to an extent dependent on the ability of the Group's franchisees to grow their sales. If the Group's franchisees do not experience sales growth, the Group's revenues and margins could be negatively affected as a result. Also, if sales trends worsen for franchisees, their financial results may deteriorate, which could result in, among other things, restaurant closures, or delayed or reduced payments to the Group. The Group's refranchising efforts will continue to increase that dependence and the potential effect of those factors.

The Group's operating performance could also be negatively affected if its franchisees experience food safety or other operational problems or project an image inconsistent with the Group's brand and values, particularly if its contractual and other rights and remedies are limited, costly to exercise or subjected to litigation and potential delays. If franchisees do not successfully operate outlets in a manner consistent with the Group's required standards, its brand's image and reputation could be harmed, which in turn could hurt the Group's business and operating results.

The Group's ownership mix also affects its results and financial condition. The decision to own outlets or to operate under franchise or license agreements is driven by many factors whose interrelationship is complex and changing. The Group's ability to achieve the benefits of its refranchising strategy, depends on various factors. Those factors include whether the Group has effectively selected franchisees, licensees and/or affiliates that meet its rigorous standards, and whether their performance and the resulting ownership mix supports its brand and financial objectives.

#### **3.4.5 Challenges with respect to talent management could harm the Group's business.**

Effective succession planning is important to the 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 Group's business and adversely affect its results.

The 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. 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. Similar concerns apply to the Group's franchisees.

**3.4.6 Failure to preserve the value and relevance of the Group's brand could have an adverse impact on its financial results.**

To carry forward its success, the Issuer and the 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 the Group sources the products it retails. Consumer acceptance of the Group'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 the Group's brand and/or its operations, its suppliers or its franchisees. If the Group is unsuccessful in addressing such adverse commentary or portrayals, the Group's brand and its financial results may suffer.

**3.4.7 Risks related to human resources and reliance on key senior personnel and management**

The Group 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 the Group's business needs as it grows.

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

Indeed, the 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 the Group's business, financial condition and results of operations

In common with many businesses, the 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 the 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.

**3.4.8 Reputational 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 Group's ability to retain or attract customers, particularly institutional and retail customers, whose loss could adversely affect the 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.

**3.4.9 Exposure to general market conditions**

The health of the market in which the Group operates may be affected by a number of factors over which the Issuer has no control, such as the local as well as global 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.

**3.4.10 Litigation risk**

All industries, including the industry in which the 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 Group's future cash flow, results of operations or financial condition.

**3.4.11 Exposure to economic conditions**

The Group is susceptible to adverse economic developments and trends. Negative economic factors and trends could have a material impact on the business of the Group generally, and may adversely affect its revenues.

In addition, the Group may be impacted by increased competition from other similar developments and rising operating costs.

#### **3.4.12 Risk of injuries and fatalities**

The intrinsic nature of the industry in which the Group operates could give rise to health and safety risks which require the Group to adhere rigidly to health and safety regulations. Any failure to comply with such rules may entail hefty penalties as well as expose the Group to litigation and the costs associated with claims for damages, thereby also negatively affecting the Group's reputation.

#### **3.4.13 Financial strategy**

The Group may not always be in a position to secure sufficient funding for its operations and investments. Failure to obtain, or delays in obtaining, the necessary capital required for the purposes of completing current or future projects on commercially reasonable terms may adversely affect the Group's operations and prospects.

#### **3.4.14 Indebtedness**

The Group's indebtedness could adversely affect its financial position.

#### **3.4.15 Performance Risk**

The success of the Group depends in large part on the ability of the management to effectively control its operations and maintain its capacity through effective marketing of its products and quality management. Should this be negatively impacted, it could have an adverse effect on the business performance of the Group.

#### **3.4.16 Operational Risk**

The business of the Issuer can be negatively affected should the operations of the Extended Group run into cost overruns and adverse change in demand. This could prove detrimental to the Extended Group's ability to maintain and grow its sales and business operations. Furthermore, a portion of the Extended Group's operating expenses are fixed and therefore vulnerable to change in the Extended Group's revenue. The fixed operating costs cannot easily be reduced in order to react to changes in revenue and therefore this may have an adverse effect on the Extended Group's financial results.

#### **3.4.17 Risks relating to currency fluctuations**

The Group's operations could be exposed, in the case of transactions not denominated in Euro, to foreign currency risk on transactions, receivables and borrowings that could be denominated in a currency other than the Euro. As a result, exchange gains and losses may arise on the realisation of amounts receivable and the settlement of amounts payable in foreign currencies. The Group could be impacted by transaction risk, being the risk that the currency of the costs and liabilities of Group companies fluctuates in relation to the Euro (being the reporting currency of all Group companies), which fluctuation may adversely affect the Group's operating performance.

#### **3.4.18 Risk relating to competitors operating with a similar logo**

The Group's intellectual property may be at risk from other operators in the same industry if any such operators operate under intellectual property bearing a similar logo.

### **3.5 Risks Relating to the Bonds**

#### **3.5.1 No Assurance of an active Secondary Market in the Bonds**

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 Bondholders 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.

#### **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 Absence of a prior market**

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.

#### **3.5.4 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).

#### **3.5.5 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. If such changes take place they could have an adverse effect on the market price for the Bonds.

#### **3.5.6 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.

#### **3.5.7 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 emanating from the Prospects MTF Rules as issued by the Exchange and 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.

#### **3.5.8 Value of the Bonds**

The value of investments can rise or fall, and past performance is not necessarily indicative of future performance. Furthermore, investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.

#### **3.5.9 Ranking**

The Bonds, as and when issued and allotted, shall constitute the general, direct and unconditional obligations of the Issuer and shall at all times rank *paripassu*, without any priority or preference among themselves and other unsecured debt, if any.

#### **3.5.10 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.

#### **3.5.11 Terms and Conditions**

The Bonds and the Terms and Conditions of the Bond Issue 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. In the event that the Issuer wishes to amend any of the Terms and Conditions of the Bonds it shall call a meeting of Bondholders in accordance with the provisions of section 18.15 of this Admission Document. 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. In the event that the Issuer redeems all or part of the Bonds on any of the Early Redemption Dates, Bondholders may not be able to reinvest the redemption proceeds at similar conditions.

#### **3.5.12 Early redemption**

The Issuer has the option to redeem the Bonds, in whole or in part, on any of the Early Redemption Dates, together with any accrued and unpaid interest until the time of redemption. This optional redemption feature may condition the market value of the Bonds. Should the Issuer decide to redeem the Bonds on any of the





**Early Redemption Dates, the Bondholder may not be able to reinvest his monies at an equivalent or higher rate.**

## **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 advisors 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**

### **Corporate Advisor, Placement Agent and Manager**

Calamatta Cuschieri Investment Services Limited (C13729)  
Ewropa Business Centre, Triq Dun Karm, Birkirkara, BKR 9034, Malta  
Calamatta Cuschieri Investment Services Limited holds a Category 3 license issued by the Malta Financial Services Authority and is a member of the Malta Stock Exchange.

### **Reporting Accountants**

Deloitte Services Limited (C51320)  
Deloitte Place, Mriehel Bypass, Mriehel, Birkirkara, BKR 3000, Malta  
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, Cap. 281 of the laws of Malta.

### **Legal Advisors**

DF Advocates  
Il-Piazzetta A, Suite 52, Level 5, Tower Road, Sliema SLM 1607, 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.

### **Statutory Auditors to the Issuer**

Lamima Consultancy Services Ltd (C41969) is a firm of Certified Public Accountants holding a practicing certificate to act as auditors in terms of the Accountancy Profession Act (Cap. 281 of the laws of Malta).

**The registered office of Lamima Consultancy Services Ltd is 37, Triq Dun Mikiel Scerri, Attard, Malta**

As at the date of this Admission Document the advisors, with the exception of the beneficial interest by the founding partners of DF Advocates, named under this sub-heading have no beneficial interest in the share capital of the Issuer.

## **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

### 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:

Mr Benjamin Muscat - Chairman and Independent Non-Executive Director  
Mr Charles Scerri - Independent, Non-Executive Director  
Dr Kevin Deguara - Non-Executive Director  
Mr Ivan Calleja – Executive Director  
Mr Joseph Pace – Executive Director  
Mr Manuel Piscopo – Executive Director

Messrs Muscat and Scerri 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 the same as of the Issuer.

The company secretary of the Issuer is Dr Kevin Deguara.

The Issuer's compliance officer in terms of the Rules is Dr Kevin Deguara.

The following are the respective curriculum vitae of the Directors:

#### **Mr Benjamin Muscat; Chairman and Independent Non-Executive Director**

Benjamin Muscat is a Certified Public Accountant by profession (Fellow of the Association of Chartered and Certified Accountants – FCCA) with a long career in finance and management at senior executive positions. He has worked in various industry sectors including switchgear manufacturing, food production, beer and soft drink brewing and production and bottling, international fast food franchising, hospitality and timeshare, construction and real estate development, including marketing and selling luxury condominiums. In his capacity as Chief Executive Officer of MIDI Plc a Maltese listed company, Benjamin was key in the development of the Tigne' Point Project. Benjamin was also instrumental in the promotion of the re-generation of part of Malta's historical Grand Harbour including the development of a cruise ship porting facility locally known as the Valletta Waterfront project. He also has extensive experience in raising project specific funding via banking facilities, third party investment, private placements, and issue of equity and debt instruments through retail offers subsequently listed on the Malta Stock Exchange. Today Benjamin provides professional services as a freelance consultant and independent directorship services.

#### **Mr Charles Scerri; Independent, Non-executive 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. Charles also sits as an independent director on various boards.

#### **Dr Kevin Deguara; Non-executive Director**

Dr Deguara is a qualified lawyer and founder partner of DF Advocates. Dr Kevin Deguara heads the Private Client Department within the firm. He specializes in international structuring for ultra-high net worth individuals, families, succession, asset protection structuring, citizenship and immigration issues. He has also considerable experience acting as a transactional lawyer specialising in real estate. He has over the last 17 years advised developers and landowners on a variety of residential, commercial, retail, leisure, educational and mixed use developments. He also occupies a number of posts as director on the boards of a number of companies involved in retail, manufacturing, real estate, corporate services and hospitality business.



#### **Mr Joseph Pace; Executive Director**

Mr Pace has been in the retail and foodstuffs business for over 17 years with significant experience in the management of day-to-day operations from his start as owner of JPS supermarket in 2001. Mr Pace has also consistently shown his financial acumen to be up to standard through his operational and financial involvement as director of Marant Food Products Limited, a company which supplies pre-packed food to groceries and supermarkets nationwide. Such financial acumen has been further defined through Mr Pace's role as owner and finance director of the Group, which has grown from one shop in Zebbug to over 55 shops over a span of 10 years. As finance director, Mr Pace is responsible for the Group's accounting function, expansion strategies, financial management and financing amongst others.

#### **Mr Ivan Calleja; Executive Director**

Mr Ivan Calleja has led the Group from its inception to its current position in the minimarket sector. Mr Calleja has developed the Group's operational strategy and is in charge of maintaining solid relationships with the Group's shareholders, business partners and the respective authorities. Mr Calleja also serves as the main point of contact between the directors and most of the Group's middle management and support staff with proven problem-solving and conflict management skills. Mr Calleja also serves as the public relations representative of the Group.

#### **Mr Manuel Piscopo; Executive Director**

Mr Piscopo has been involved in the Group since 2005 as owner and manager of the Safi and Mqabba outlets. More recently, Mr Piscopo was also involved as shareholder and manager of a number of entities within the Group. Mr Piscopo has also served the Group as head of new outlets and maintenance since 2014 and has been actively involved in setting the Group standards and ensuring that such standards are maintained throughout the various outlets.

## **7.2 Management Structure**

The Issuer is the finance and parent company of the Group and as such does not require an elaborate management structure and has no employees of its own.

The Directors believe that the current organizational structures are adequate for the current activities of the Company and the Group. The Directors will maintain these structures under continuous review to ensure that they meet the changing demands of the business and to strengthen the checks and balances necessary for better corporate governance.

## **7.3 Employees**

As at the date of this Admissions Document, the Issuer has no employees of its own and relies on the support of the Group for day to day functions.

# **8. INFORMATION ABOUT THE ISSUER AND THE GROUP**

## **8.1 Introduction**

### **The Issuer**

|  |  |
|--|--|
| <b>FULL LEGAL AND COMMERCIAL NAME OF THE ISSUER:</b> | The Convenience Shop (Holding) plc   |
| <b>REGISTERED ADDRESS:</b>                           | Marant Food Products, Mdina Road, Zebbug, ZBG 9017, Malta  |
| <b>PLACE OF REGISTRATION AND DOMICILE:</b>           | Malta  |
| <b>REGISTRATION NUMBER:</b>                          | C 87554  |
| <b>DATE OF REGISTRATION:</b>                         | 26 <sup>th</sup> July 2018   |
| <b>LEGAL FORM</b>                                    | The Issuer is lawfully existing and registered as a public limited liability company in terms of the Act |
| <b>TELEPHONE NUMBER:</b>                             | +356 2249 8100   |
| <b>E-MAIL ADDRESS:</b>                               | info@theconvenienceshop.com  |

**WEBSITE:**
<https://www.theconvenienceshop.com/>

The Issuer was incorporated on the 26<sup>th</sup> July 2018 to act as the holding and finance company of the Group. The principal object of the Issuer is to carry on the activities of a holding and finance company and to subscribe for, take, purchase or otherwise acquire and hold shares, stocks, debentures or other securities of any other company; to grant inter-company financing and to collect funds through bond issues. The Bond Issue falls within the objects of the Issuer. The Issuer is a special purpose vehicle that was set up specifically to act as a holding company for the Group.

The Issuer has set up a website with URL: <https://www.theconvenienceshop.com/> which includes an "Investor Information" section from which investors can obtain current information on the Company. 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.

### **The Convenience Shop' Intellectual Property**

Jin Limited (C 45048) is the owner of all intellectual property relating to The Convenience Shop trademark and any rights attached, accessory or ancillary thereto or connected therewith (hereinafter the "**Intellectual Property**").

On the 1<sup>st</sup> September 2018, Jin Limited and the Issuer entered into a Licensing of Intellectual Property Agreement (the 'Licensing of IP Agreement') in terms of which Jin Limited gave to The Convenience Shop (Holding) plc a license to use, exploit and sub-license the Intellectual Property. As consideration for such license, the Issuer shall pay Jin Limited a consideration equivalent to one percent (1%) of the total turnover generated from the retail outlets trading under The Convenience Shop brand. However, Jin Limited has agreed to waive the royalty payable in terms of this Agreement until the 31<sup>st</sup> August 2020, and therefore, the royalty shall only be payable to Jin Limited as from the 1<sup>st</sup> September 2020.

Moreover, the Agreement grants the Issuer the right to acquire the Intellectual Property from Jin Limited as from the 1<sup>st</sup> September 2020, by paying Jin Limited a consideration equivalent to the total of six times the royalty fee which would have been payable to Jin Limited in the previous twelve (12) months.

On the 1<sup>st</sup> September 2018, The Convenience Shop (Holding) Plc and The Convenience Shop Limited entered into a Licensing of Intellectual Property Agreement in terms of which Jin Limited gave a sub-license to The Convenience Shop Limited (C 87556) to carry on its retail business from its outlets using the Intellectual Property. As consideration for this sub-license, The Convenience Shop Limited shall pay to The Convenience Shop (Holding) Limited a royalty equivalent to one percent (1%) of the total turnover generated from outlets operated by The Convenience Shop Limited under The Convenience Shop trademark, which royalty shall only become payable as from the 1<sup>st</sup> September 2020 or as from the date when The Convenience Shop (Holding) plc acquires the Intellectual Property in terms of the above, whichever is the earlier.

On the 1<sup>st</sup> September 2018, The Convenience Shop (Holding) plc gave a sub-license to The Convenience Shop (Management) Limited (C 87711) to use the Intellectual Property for its own business activities and to sub-license the Intellectual Property to third party franchisees for the purposes of operating retail outlets using the Intellectual Property. As consideration, The Convenience Shop (Management) Limited shall pay to The Convenience Shop (Holding) plc a consideration equivalent to 1% of the total turnover generated by franchisees, which consideration shall only be payable as from the 1<sup>st</sup> September 2020, or as from the date when The Convenience Shop (Holding) plc acquires the Intellectual Property in terms of the above, whichever is the earlier.

## **8.2 Capital resources**

The following table sets out the projected capitalisation and indebtedness of the Group as at 31<sup>st</sup> December 2019 after reflecting the issue of the Unsecured Callable Bonds.

|   | €000'S       |
|---|--------------|
| Bank And Other Borrowings                                       | 6,255        |
| Less: Cash And Cash Equivalents                                 | 3,825        |
| <b>Net Third Party Debt As At 31<sup>st</sup> December 2019</b> | <b>2,430</b> |
| Equity  | 7,093        |
| Gearing Ratio (1) (Net Debt / Equity)                           | 34.3%        |
| Gearing Ratio (2) (Total Liabilities / Total Assets)            | 62.2%        |

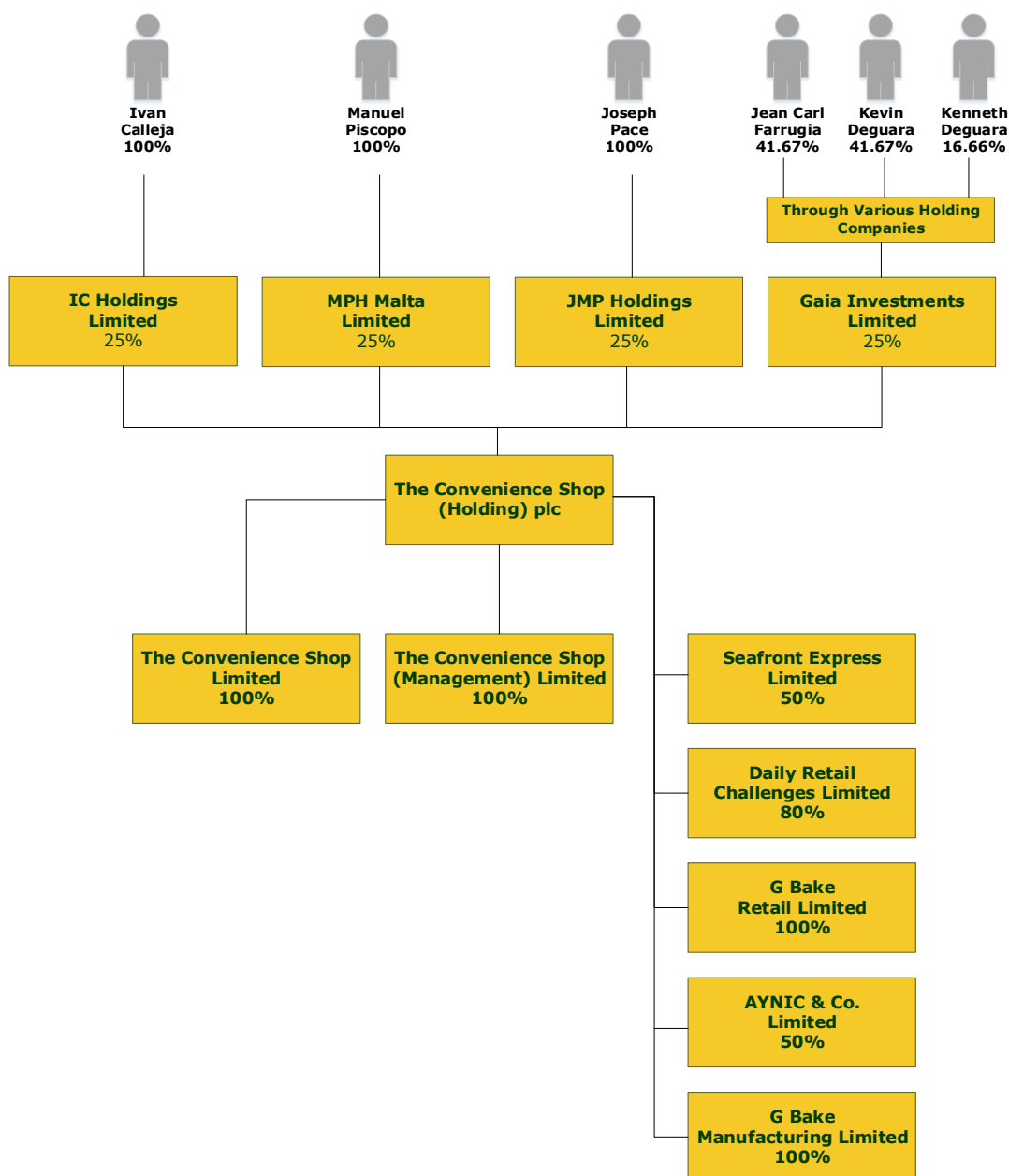
Source: Management information

Note: Bank and Other Borrowings include:

- i. Debt [€5,305k]
- ii. Accrued interest [€63k]
- iii. Other creditors [€418k] and
- iv. Shareholders' loans [€470k]

## 9. GROUP ORGANISATIONAL STRUCTURE

The Issuer is the holding company of the group. The following chart describes the position of the Issuer within the said group of companies:



- The Convenience Shop (Holding) plc serves as the Group's parent and holding company and also the Issuer.

The Convenience Shop Limited is the Group's fully owned main operating company which currently operates [23] out of the Group's [28] owned shops.

- The Convenience Shop (Management) Limited serves as the Group's head office function which services both owned and franchised shops with a centralised back office function.

- Daily Retail Challenges Limited is an operating company which is jointly owned and controlled by the Issuer and currently operates [4] out of the Group's [28] owned shops.
- Aynic & Co. Limited is an operating company which is also jointly owned and controlled by the Issuer. Management has indicated that AYNIC does not currently operate any shops but is scheduled to open and operate an own shop in Naxxar in March 2019.
- Seafront Express Limited is an operating company which is also [jointly owned/controlled] by the Issuer and currently operates an owned shop in Bugibba.
- G Bake Manufacturing Limited is involved in the manufacturing of bakery and confectionary items.
- G Bake Retail Ltd historically used to have its own retail operations and is currently used only to receive commissions on sales of items produced by G Bake Manufacturing Ltd.

## 10. TREND INFORMATION

### Trend Information of the Issuer

The Issuer was registered and incorporated on the 26<sup>th</sup> July 2018 as the parent company and finance arm of the Group. As indicated in Section 11 below, since incorporation to the date of this Document, no financial statements have been prepared in respect of the Issuer. 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 up until the date of this Admission Document.

The Issuer is dependent on the business prospects of the Group and, therefore, the trend information of the Group has a material effect on its financial position and prospects. As at the time of publication of this Admission document, the Group considers that generally it shall be subject to the normal business risks associated with the business in which the Group operates, and, barring unforeseen circumstances, does not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be considered likely to have a material effect on the upcoming prospects of the Group and its business, at least with respect to the current financial year. However, investors are strongly advised to carefully read the risk factors in this Admission Document.

## 11. FINANCIAL INFORMATION

### 11.1 Financial information of the Issuer

The Issuer was registered and incorporated on the 26<sup>th</sup> July 2018. As at the date of this Admission Document, the only business that the Issuer has conducted was the execution of the Transfer of Business Agreements for the acquisition of the going concern business and essentially has no trading record. Since incorporation to the date of this Document, no financial statements have been prepared in respect of the Issuer. 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 up until the date of this Admission Document.

## 11.2 Profit Forecasts and Estimates of the Group

### 11.2.1 Forecast Consolidated Income Statement

#### Consolidated income statement projections

| EUR'000                      | 4M-18        | FY19          | FY20          | FY21          |
|------------------------------|--------------|---------------|---------------|---------------|
| Own store revenue            | 8,910        | 32,818        | 36,104        | 38,418        |
| Franchise fee income         | 190          | 606           | 646           | 694           |
| Commissions and rebates      | 242          | 838           | 910           | 972           |
| Other revenue                | 121          | 418           | 454           | 484           |
| <b>Total revenue</b>         | <b>9,462</b> | <b>34,679</b> | <b>38,115</b> | <b>40,568</b> |
| Cost of goods sold           | (6,703)      | (24,701)      | (27,174)      | (28,913)      |
| Royalty fees                 | -            | -             | (602)         | (643)         |
| <b>Gross profit</b>          | <b>2,760</b> | <b>9,979</b>  | <b>10,339</b> | <b>11,013</b> |
| Other income                 | -            | -             | -             | 400           |
| Own store overheads          | (1,470)      | (5,602)       | (6,240)       | (6,683)       |
| Head office costs            | (299)        | (965)         | (985)         | (1,004)       |
| <b>EBITDA</b>                | <b>991</b>   | <b>3,411</b>  | <b>3,114</b>  | <b>3,725</b>  |
| Depreciation                 | (209)        | (852)         | (946)         | (1,083)       |
| <b>Operating Profit</b>      | <b>781</b>   | <b>2,559</b>  | <b>2,168</b>  | <b>2,642</b>  |
| Dividend income              | -            | -             | -             | -             |
| Deferred bond issue costs    | (3)          | (10)          | (10)          | (10)          |
| Finance charges              | (28)         | (271)         | (271)         | (271)         |
| <b>Profit before tax</b>     | <b>751</b>   | <b>2,278</b>  | <b>1,887</b>  | <b>2,361</b>  |
| Tax charge                   | (263)        | (797)         | (660)         | (826)         |
| <b>Profit after tax</b>      | <b>487</b>   | <b>1,481</b>  | <b>1,226</b>  | <b>1,535</b>  |
| <i>% Gross profit margin</i> | 29.2%        | 28.8%         | 27.1%         | 27.1%         |
| <i>% EBITDA margin</i>       | 10.5%        | 9.8%          | 8.2%          | 9.2%          |
| <i>% EBIT margin</i>         | 8.3%         | 7.4%          | 5.7%          | 6.5%          |
| <i>% PBT margin</i>          | 7.9%         | 6.6%          | 4.9%          | 5.8%          |
| Interest cover               | 35.5x        | 12.6x         | 11.5x         | 13.7x         |

Source: Management information

Note: Totals may not tally due to rounding

### 11.2.2 Forecast Consolidated Balance Sheet

#### Projected consolidated balance sheet

| EUR'000                                 | Dec-17PF      | Dec-18        | Dec-19        | Dec-20        | Dec-21        |
|---|---------------|---------------|---------------|---------------|---------------|
| Plant and equipment                     | 2,169         | 2,995         | 3,664         | 5,148         | 6,011         |
| Goodwill                                | 8,956         | 8,956         | 8,956         | 8,956         | 8,956         |
| Other fixed assets                      | 1             | 1             | 1             | 1             | 1             |
| <b>Total fixed assets</b>               | <b>11,126</b> | <b>11,952</b> | <b>12,621</b> | <b>14,105</b> | <b>14,968</b> |
| Inventory                               | 1,141         | 1,202         | 1,513         | 1,677         | 1,791         |
| Trade receivables                       | 17            | 381           | 449           | 487           | 516           |
| Other receivables                       | 372           | 372           | 372           | 372           | 372           |
| Cash and cash equivalents               | 1,481         | 3,483         | 3,825         | 2,903         | 2,897         |
| <b>Total current assets</b>             | <b>3,012</b>  | <b>5,438</b>  | <b>6,159</b>  | <b>5,439</b>  | <b>5,576</b>  |
| <b>Total assets</b>                     | <b>14,138</b> | <b>17,389</b> | <b>18,779</b> | <b>19,544</b> | <b>20,545</b> |
| Share capital                           | 2             | 2             | 2             | 2             | 2             |
| Shareholders' loans - to be capitalised | 6,704         | 6,704         | 6,704         | 6,704         | 6,704         |
| Retained Earnings                       | -             | 54            | 548           | 780           | 1,404         |
| Minority interest                       | (117)         | (125)         | (161)         | (190)         | (214)         |
| <b>Total equity</b>                     | <b>6,589</b>  | <b>6,635</b>  | <b>7,093</b>  | <b>7,296</b>  | <b>7,896</b>  |



|                                     |               |               |               |               |               |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Debt                                | 393           | 5,295         | 5,305         | 5,315         | 5,325         |
| Accrued interest                    | -             | 63            | 63            | 63            | 63            |
| Trade creditors                     | 418           | 4,415         | 5,431         | 5,983         | 6,373         |
| Other creditors                     | 416           | 418           | 418           | 418           | 418           |
| Amounts due on restructuring        | 4,294         | -             | -             | -             | -             |
| Shareholders' loans                 | 2,028         | 563           | 470           | 470           | 470           |
| <b>Total liabilities</b>            | <b>7,549</b>  | <b>10,754</b> | <b>11,687</b> | <b>12,248</b> | <b>12,649</b> |
| <b>Total equity and liabilities</b> | <b>14,138</b> | <b>17,389</b> | <b>18,779</b> | <b>19,544</b> | <b>20,545</b> |

Source: Management information

Note: Totals may not tally due to rounding

### 11.2.3 Forecast Consolidated Cash flow statement

#### Consolidated cash flow statement projections

| EUR'000   | 4M-18          | FY19           | FY20           | FY21           |
|---|----------------|----------------|----------------|----------------|
| EBITDA  | 991            | 3,411          | 3,114          | 3,725          |
| <u>Adjustment for movements in:</u>                             |                |                |                |                |
| Inventories   | (61)           | (311)          | (164)          | (113)          |
| Trade receivables   | (364)          | (68)           | (39)           | (29)           |
| Trade payables  | 3,998          | 1,016          | 552            | 390            |
| <b>Cash generated from operations</b>                           | <b>4,564</b>   | <b>4,048</b>   | <b>3,463</b>   | <b>3,973</b>   |
| Tax paid  | (263)          | (797)          | (660)          | (826)          |
| Interest paid   | (21)           | (271)          | (271)          | (271)          |
| <b>Net cash generated from / (used in) operating activities</b> | <b>4,280</b>   | <b>2,979</b>   | <b>2,531</b>   | <b>2,876</b>   |
| Capital expenditure   | (1,454)        | (1,521)        | (2,430)        | (1,947)        |
| Sale / (purchase) of Investment                                 | (4,747)        | -              | -              | -              |
| <b>Net cash used in investing activities</b>                    | <b>(6,201)</b> | <b>(1,521)</b> | <b>(2,430)</b> | <b>(1,947)</b> |
| Debt drawdowns  | 4,900          | -              | -              | -              |
| Debt repayments   | -              | -              | -              | -              |
| Movement in shareholders' loans                                 | (1,990)        | (93)           | -              | -              |
| Dividends paid to Group shareholders                            | (442)          | (1,023)        | (1,023)        | (934)          |
| <b>Net cash generated from financing activities</b>             | <b>2,468</b>   | <b>(1,116)</b> | <b>(1,023)</b> | <b>(934)</b>   |
| Movement in cash and cash equivalents                           | <b>547</b>     | <b>342</b>     | <b>(922)</b>   | <b>(5)</b>     |
| Opening cash and cash equivalents                               | 2,936          | 3,483          | 3,825          | 2,903          |
| <b>Closing cash and cash equivalents</b>                        | <b>3,483</b>   | <b>3,825</b>   | <b>2,903</b>   | <b>2,897</b>   |
| Cash cover ratio  | 216.0x         | 14.9x          | 12.8x          | 14.7x          |

Source: Management information

Note: Totals may not tally due to rounding

## 12. MANAGEMENT AND ADMINISTRATION

### 12.1 The Issuer

#### 12.1.1 The Board of Directors of the Issuer

The Memorandum of Association of the Issuer provides that the business and affairs of the Issuer shall be managed and administered by a board of directors to be composed of not less than four (4) and not more than eight (8) directors, which subject to the provisions of the Memorandum and Articles shall be appointed by an extraordinary resolution of the Company in general meeting.

The Issuer is currently managed by a Board of six (6) Directors, who are responsible for the overall direction and management of the Company. The Board currently consists of three (3) executive Directors, who are entrusted with the company's day-to-day management, and three (3) non-executive Directors, two (2) of which are also independent of the Issuer, and whose main functions are to monitor the operations of the executive Directors and their performance, as well as to review any proposals tabled by the executive Directors.

As at the date of this Document, the Board of the Issuer is composed of the individuals listed in sub-section 7.1 of this Document.

None of the Directors have been:

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

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

In addition to being a director of the Issuer, Messrs Calleja, Pace, Piscopo and Dr Deguara are also, effectively, the ultimate beneficial owners of the Group.

The Audit Committee, established at the level of the Issuer, has the task of ensuring that any potential conflicts of interest that may arise at any moment pursuant to these different roles are handled in the best interest of the Issuer and the Group, as well as according to law. The fact that the Audit Committee is constituted in its majority by independent non-executive directors provides an effective measure to ensure that transactions vetted by the Audit Committee are determined on an arms-length 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 all other entities comprising the Group on a quarterly basis. To this effect, the Issuer and all other entities comprising the Group are to submit to the Audit Committee bi-annual accounts, as well as at least quarterly comparisons of actuals against projections.

#### 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.

##### *Removal of Directors*

A director may be removed before the expiration of his period of office by a resolution taken at a general meeting of the Company and passed by a member or members having the right to attend and vote, holding in the aggregate shares

entitling the holder/s thereof to more than fifty per cent (50%) of the voting rights attached to shares represented and entitled to vote at the meeting.

#### *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.

### **12.1.5 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 general meeting.

The directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the directors or any committee of the directors or general meetings of the Issuer or in connection with the business of the Issuer.

For the financial year ending on 31 December 2019 it is expected that the Issuer will pay an aggregate of €16,000 to its directors.

### **12.1.6 Working Capital**

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

## **13. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS**

### **13.1 Major shareholders of the Issuer**

The Authorised Share Capital of the Company is fifty thousand Euro (€50,000) divided into fifty thousand (50,000) Ordinary shares of one Euro (€ 1) each. The Issued Share Capital of the Company is fifty thousand Euro (€50,000) divided into fifty thousand (50,000) Ordinary shares of one Euro (€1) each, fully paid up, and held as follows:

| <b><i>Name of Shareholder</i></b>  | <b><i>Number of shares held</i></b> |
|--|-------------------------------------|
| <b>IC HOLDINGS LIMITED</b><br>Marant Food Products, Mdina Road,<br>Zebbug, ZBG 9017, Malta<br>Company Registration Number C 80071      | 12,500                              |
| <b>JMP HOLDINGS LIMITED</b><br>Marant Food Products, Mdina Road,<br>Zebbug, ZBG 9017, Malta<br>Company Registration Number C 80069     | 12,500                              |
| <b>MPH MALTA LIMITED</b><br>Marant Food Products, Mdina Road,<br>Zebbug, ZBG 9017, Malta<br>Company Registration Number C 80068        | 12,500                              |
| <b>GAIA INVESTMENTS LIMITED</b><br>Il Piazzetta A, Suite 52, Level 5, Tower Road, Sliema, Malta<br>Company Registration Number C 86458 | 12,500                              |

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. Dividend Policy

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

## 15. BOARD COMMITTEES

The Issuer has set up an audit committee as per the requirements of the Rules. The terms of reference of the Audit Committee (the "Committee") of the Issuer consist of *inter alia* its support to the board of the Issuer in its responsibilities in dealing with issues of risk, control and governance, and associated assurance. The board of the Company has set formal terms of establishment and the terms of reference of the Audit Committee that establish its composition, role and function, the parameters of its remit, as well as the basis for the processes that it is required to comply with. The Audit Committee, which meets at least four (4) times a year, is a sub-committee of the board of the Issuer is directly responsible and accountable to the board of the Issuer. The board of the Company has reserved the right to change the Committee's terms of reference from time to time.

The Board has resolved to formally appoint the following three (3) individuals as the first members of the Audit Committee:

- Mr Benjamin Muscat – independent, non-executive director
- Mr Ivan Calleja – executive director
- Mr Charles Scerri – independent, non-executive director.

Mr Charles Scerri occupies the position of Chairman of the Committee. Briefly, the Committee is expected to deal with:

- its monitoring responsibility over the financial reporting processes, financial policies and internal control structures;
- maintaining communications on such matters between the board, management and the independent auditors at the level of the Issuer and the Group;
- facilitating the independence of the external audit process and addressing issues arising from the audit process; and
- preserving assets by understanding the risk environment in which the Issuer and the Group operate and determining how to deal with those risks.

Additionally, 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 and the Group. 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 all other entities comprising the Group on a quarterly basis. To this effect, the Issuer and all other entities comprising the Group shall submit to the Audit Committee bi-annual Group accounts, as well as at least quarterly management accounts. The Audit Committee is composed of three members, two (2) of whom are independent non-executive directors, who are appointed for a period of 3 years.

Mr Scerri is the independent, non-executive director who is competent in accounting and/or auditing matters. The CV of the said Director may be found in sub-section 7.1.

## 16. 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 the all transitions 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 rules of Prospects MTF.

As required by the 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 be in compliance with the Code save for the following exceptions:

*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. Also, 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.

## 17. ESSENTIAL INFORMATION CONCERNING THE BONDS

### 17.1 REASONS FOR THE ISSUE AND USE OF PROCEEDS

The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €4,900,000, shall be used for the following purposes:

- an amount of €2,705,000 will be used for the acquisition of the going concern business transfers as follows:
  - €1,040,000 will be used to acquire minority stakes previously held by third parties in the own shop operations. By virtue of the Transfer of Business Agreements dated the 31.08.2018, The Convenience Shop Limited (C 87556), an entity wholly owned by the Issuer, acquired the business (or part thereof) of Daily Foods Limited (C 64680), Furnata Ltd (C 52559) and Crust Limited (C 64042). Each of the said companies operated various outlets under the franchise "The Convenience Shop". Each of Daily Foods Limited (C 64680), Furnata Ltd (C 52559) and Crust Limited (C 64042) had minority interest involvement. Pursuant to the Transfer of Business Agreements, the outlets are now being operated by The Convenience Shop Limited (C 87556). The Convenience Shop Limited (C 87556) shall also acquire the business of Mqabba Shop Company Limited (C 87557). Upon completion of the transfer of business, the outlet operated by Mqabba Shop Company Limited (C 87557) will also be operated by The Convenience Shop Limited (C 87556).
  - €1,540,000 will be used to repay balances due to shareholders who reduced their effective shareholding in the new Group due to the restructuring that included buying out minority shareholders.
  - Costs amounting to €125,000 will be allocated to cover additional restructuring costs.
- an amount of €1,500,000 will be used to finance new shop openings over the coming years and include acquisition and fit out costs. The Group is projecting an average of two (2) new store openings per annum as from FY 2019 up to FY2027 resulting in a combined (i.e. franchised and own stores) shop presence of one hundred (100) stores by Maturity of the Bonds.
- An amount of €695,000 will be retained for general corporate funding purposes

In the event that the Bond Issue is not fully subscribed but subject in all cases to the Minimum Amount of €3,500,000 being subscribed, the Issuer will proceed with the admission of the amount of Bonds subscribed for and the proceeds from the Bond Issue shall be applied in the manner and order of priority set out above. Any residual amounts required by the Issuer for the purposes of the uses specified above which shall not have been raised through the Bond Issue will seek to be financed from an equity injection in cash or the Group's general cash flow and/or bank financing.

### 17.2 EXPENSES

Professional fees, and costs related to the admission to Prospects MTF, registrar fees, selling commission, and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €100,000 and shall be borne by the Group. There is no particular order of priority with respect to such expenses.

### 17.3 ISSUE STATISTICS

|                                   |               |            |  |
|-----------------------------------|---------------|------------|--|
| <b>AMOUNT</b>                     |               |            | <b>€5,000,000;</b>   |
| <b>BOND ISSUE PRICE</b>           |               |            | At par (€100 per Bond);  |
| <b>FORM</b>                       |               |            | The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at CSD;   |
| <b>DENOMINATION</b>               |               |            | Euro (€);  |
| <b>ISIN</b>                       |               |            | <b>MT0002201201</b>  |
| <b>MINIMUM SUBSCRIPTION:</b>      | <b>AMOUNT</b> | <b>PER</b> | Minimum of €2,000 and multiples of €100 thereafter;  |
| <b>REDEMPTION DATE</b>            |               |            | 8 <sup>th</sup> March 2029, unless otherwise redeemed at the Issuer's sole discretion on any of the Early Redemption Dates;  |
| <b>PLAN OF DISTRIBUTION</b>       |               |            | The Bonds are available for subscription to all categories of investors. The Bonds have been conditionally placed by means of the placement agreement entered into between the Issuer and the Placement Agent and Manager, details of which can be found in section 18.2 of this Admission Document;   |
| <b>STATUS OF THE BONDS</b>        |               |            | The Bonds constitute the general, direct and unconditional obligations of the Issuer. The Bonds shall at all times rank <i>pari passu</i> , without any priority or preference among themselves but shall rank with priority or preference in relation to other unsecured debt of the Issuer, if any;  |
| <b>PLACEMENT ARRANGEMENT</b>      |               |            | The Issuer has entered into a conditional placement agreement with the Placement Agent and Manager details of which can be found in Section 18.2 of this Admission Document.   |
| <b>INTEREST</b>                   |               |            | the Bonds shall bear interest from and including 22 <sup>nd</sup> March at the rate of 5% per annum payable annually in arrears on the Interest Payment Dates;   |
| <b>INTEREST PAYMENT DATE</b>      |               |            | annually, on the 22 <sup>nd</sup> March of each year commencing on the 22 <sup>nd</sup> March 2020 and ending with and including the Redemption Date, unless part or all of the Bonds are redeemed at the Issuer's sole discretion on any of the Early Redemption Dates, in respect of the Bonds so redeemed; 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;  |
| <b>EARLY REDEMPTION DATE/S</b>    |               |            | any day falling between (and including) the 8 <sup>th</sup> March 2026 and 8 <sup>th</sup> March 2029 on which the Issuer shall be entitled, at its option and in its sole discretion, to redeem all or part of the Bonds then outstanding and all interest accrued up to the date of prepayment, by giving at least thirty (30) days' prior written notice of such prepayment to the Bondholders; and "Early Redemption" shall be construed accordingly;  |
| <b>EARLY REDEMPTION SCHEDULE</b>  |               |            | in the event that the Early Redemption Date lies between and including 8 <sup>th</sup> March 2026 and 8 <sup>th</sup> March 2027, the Issuer will be obliged to pay to Bondholders a 3% premium on the nominal value of the Bonds selected for early redemption (together with interest accrued to the date fixed for redemption). In the event that the Early Redemption Date lies between and including 9 <sup>th</sup> March 2027 and 8 <sup>th</sup> March 2028, the Issuer will be obliged to pay to Bondholders a 2% premium on the nominal value of the Bonds selected for early redemption (together with interest accrued to the date fixed for redemption). Early Redemption occurring on or after 9 <sup>th</sup> March 2028 will be redeemed at par; |
| <b>GOVERNING LAW OF THE BONDS</b> |               |            | 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;

## **UNDERWRITING**

The Bond Issue is not underwritten. Should subscriptions for a total of at least €3,500,000 (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.

# **18. 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.

## **18.1 General**

- 18.1.1 Each Bond forms part of a duly authorised issue of 5% Unsecured Callable Bonds 2026 – 2029 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €5,000,000 (except as otherwise provided under sub-section 18.14 "Further Issues" below).**
- 18.1.2 The currency of the Bonds is Euro (€).**
- 18.1.3 Subject to admission to trading of the Bonds to the Prospects MTF List of the MSE, the Bonds are expected to be assigned the following ISIN: MT0002201201.**
- 18.1.4 Unless previously purchased and cancelled, the Bonds shall be redeemed at the Redemption Value of €100 per Bond (together with interest accrued to the date fixed for redemption) on 8<sup>th</sup> March 2029 (the "Redemption Date"); or in the event that the Issuer exercises the option to redeem all or any part of the Bonds at their nominal value prior to the Redemption Date, between 8<sup>th</sup> March 2026 and 8<sup>th</sup> March 2029 (the "Early Redemption Dates") as the Issuer may determine in its absolute discretion on giving not less than thirty (30) days' notice in writing to the Bondholders in terms of the Early Redemption Schedule.**
- 18.1.5 The issue of the Bonds is made in accordance with the requirements of the Prospects MTF Rules.**
- 18.1.6 The Issue Period of the Bonds is between 13<sup>th</sup> March 2019 and 22<sup>nd</sup> March 2019, both days included.**
- 18.1.7 There are no special rights attached to the Bonds other than the right of the Bondholders to payment of capital and interest (as detailed below), and in accordance with the ranking specified in section 18.4 of this Admission Document.**
- 18.1.8 The Bond Issue is not underwritten. Should subscriptions for a total of at least €3,500,000 (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.**
- 18.1.9 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 except for the Prospects MTF market.**

## **18.2 Subscription**

The Issuer has appointed Calamatta Cuschieri Investment Services 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 at the discretion



of the Placement Agent and Manager and the offer may close earlier than that indicated in the timetable in the event of over subscription.

The Bonds are open for subscription to all categories of investors, provided that the Placement Agent and Manager shall be required to carry out an Appropriateness Test in respect of each Applicant for the purpose of assessing such Applicant's level of knowledge and experience prior to investing in the Bonds. Applications shall not be accepted by the Placement Agent and Manager unless, based on the results of such Appropriateness Test, the Placement Agent and Manager is satisfied that an investment in the Bonds may be considered appropriate for the Applicant. To the extent that the Placement Agent and Manager is providing advice in respect of a purchase of the Bonds by an Applicant, the Placement Agent and Manager 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.

In any case the Placement Agent and Manager 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.

The Bond Issue is not underwritten. Should subscriptions for a total of at least €3,500,000 (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 €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 €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 €5,000,000 of Bonds as indicated therein, each subject to the Minimum Amount of €3,500,000 being subscribed.

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

### 18.3 Plan of distribution and allotment & Allocation Policy

The Bonds shall be allocated to the Placement Agent and Manager pursuant to the subscription agreement, details of which are included in section 18.2 immediately above, without priority or preference and in accordance with the allocation policy as determined by the Issuer.

It is expected that an allotment letter will be dispatched to Applicants within five (5) Business Days of the announcement of the allocation policy. The registration advice and other documents and any monies returnable to Applicants may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act, 1994 (Chapter 373 of the laws of Malta) and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.

Dealings in the Bonds shall not commence prior to admission to trading of the Bonds by the MSE or prior to the said notification.

Within five (5) Business Days from closing of the Issue Period, the Issuer shall announce the result of the Bond Issue and shall determine and announce the basis of acceptance of Applications and allocation policy to be adopted through a public notice issued by the company

### 18.4 Ranking of the Bonds

The Bonds, as and when issued and allotted, shall constitute the general, direct and unconditional obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and other unsecured debt of the Issuer if any.

## 18.5 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;
- iii. ranking with respect to other indebtedness of the Issuer in accordance with the provisions of sub-section 18.4 hereof;
- iv. attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and
- v. enjoy all such other rights attached to the Bonds emanating from the Admission Document.

## 18.6 Interest

The Bonds shall bear interest from and including the 22<sup>nd</sup> March 2019 at the rate of 5% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment shall be effected on the 22<sup>nd</sup> March 2020 (covering the period 22<sup>nd</sup> March 2019 to 22<sup>nd</sup> March 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 allowable 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.

## 18.7 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 5% per annum.

## 18.8 Form, Denomination and Title

- 18.8.1 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) 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 with the MSE's applicable terms and conditions.**
- 18.8.2 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.**
- 18.8.3 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 <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>.**

**18.8.4** The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €100 provided that on subscription the Bonds will be issued for a minimum of €2,000 per individual Bondholder. The Placement Agent and Manager may subscribe for Bonds for its own account or for the account of underlying customers, including retail customers, and in subscribing to the Bonds through nominee accounts for and on behalf of clients the Placement Agent and Manager shall apply the minimum subscription amount of €2,000 to each underlying client.

**18.8.5** 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 relative stipulations of this Admission Document.

### **18.9 Pricing**

The Bonds are being issued at par, that is, at €100 per Bond, with the full amount payable upon subscription.

### **18.10 Payments**

**18.10.1** 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 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.

**18.10.2** 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.

**18.10.3** 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 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.

**18.10.4** 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.

**18.10.5** The Issuer shall not be liable for charges, expenses and commissions levied by parties other than the Issuer.

### **18.11 Redemption and purchase**

**18.11.1** The Bonds shall be repayable in full upon maturity on 8<sup>th</sup> March 2029 unless previously re-purchased, cancelled or redeemed, provided that the Issuer reserves the right to redeem any one or more of the Bonds on any of the Early Redemption Dates, as the Issuer may determine on giving not less than thirty (30) days prior written notice to Bondholders.

**18.11.2** Unless previously 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 8<sup>th</sup> March 2029. The Issuer reserves the right to redeem all or any part of the Bonds on any of the Early Redemption Dates in accordance with the Early Redemption Schedule. The Issuer shall give at least thirty (30) days' notice in writing to all Bondholders of its intention to affect such earlier redemption, stating the number of Bonds that will be redeemed on that Early Redemption Date and the manner in which it shall select the Bonds for such early redemption.

#### **18.11.3** The Early Redemption Schedule

| PERIOD   | EARLY REDEMPTION NOMINAL VALUE |
|--|--------------------------------|
| 8 <sup>th</sup> March 2026 To 8 <sup>th</sup> March 2027 | 103%                           |
| 9 <sup>th</sup> March 2027 To 8 <sup>th</sup> March 2028 | 102%                           |
| 9 <sup>th</sup> March 2028 To 8 <sup>th</sup> March 2029 | 100%                           |

As indicated in the table set out in the immediately preceding paragraph, in the event that the Early Redemption Date lies between and including 8<sup>th</sup> March 2026 and 8<sup>th</sup> March 2027, the Issuer will be obliged to pay to Bondholders a 3% premium on the nominal value of the Bonds selected for early redemption (together with interest accrued to the date fixed for redemption). In the event that the Early Redemption Date lies between and including 9<sup>th</sup> March 2027 and 8<sup>th</sup> March 2028, the Issuer will be obliged to pay to Bondholders a 2% premium on the nominal value of the Bonds selected for early redemption (together with interest accrued to the date fixed for redemption). Early Redemption occurring on or after 9<sup>th</sup> March 2028 will be redeemed at par. In such a case the Issuer shall be discharged of any and all payment obligations under the Bonds upon payment made net of any withholding or other taxes due or which may be due under Maltese law and which is payable by the Bondholders.

**18.11.4** Subject to the provisions of section 19.13, the Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike. All Bonds so redeemed or re-purchased will be cancelled forthwith and may not be re-issued or re-sold.

#### **18.12** 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;
- A Change of Control event has occurred.

### **18.13 Transferability of the Bonds**

- 18.13.1** The Bonds are freely transferable and, once admitted to the Prospects MTF List, shall be transferable only in whole (in multiples of €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.
- 18.13.2** 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 a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by transferring the Bond, or procuring the transfer of the Bond, in favour of that person. 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 €100.
- 18.13.3** All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations.
- 18.13.4** 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 or insurance charges that may be imposed in relation thereto, will be borne by the person to whom the transfer / transmission has been made.
- 18.13.5** 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.
- 18.13.6** The minimum subscription amount of €2,000 shall only apply during the Issue Period. No minimum holding requirement shall be applicable once the Bonds are admitted to the Prospects MTF List and commence trading thereafter, subject to trading in multiples of €100.

### **18.14 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.

### **18.15 Meetings of Bondholders**

- 18.15.1** 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; (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.

- 18.15.2** 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.
- 18.15.3** 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 with the prior written approval of the MSE for as long as the bonds remain admitted to any of its markets..
- 18.15.4** 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 50% 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. 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.
- 18.15.5** 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.
- 18.15.6** 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.
- 18.15.7** The voting process shall be managed by the Issuer's company secretary under the supervision and scrutiny of the auditors of the Issuer.
- 18.15.8** The proposal placed before a meeting of Bondholders shall only be considered approved if at least sixty per cent (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.
- 18.15.9** 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.

#### **18.16 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 the 15<sup>th</sup> February 2019.

#### **18.17 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 Prospects MTF. The Bonds are expected to be admitted to the Prospects MTF with effect from 28<sup>th</sup> March 2019 and trading is expected to commence on the 29<sup>th</sup> March 2019.



## 18.18 Representations and warranties

### 18.18.1 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 this 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 this 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 and its Group companies which could have a material adverse effect on the business, assets or financial condition of the Issuer and its Group companies.

### 18.18.2 This Admission Document contains all relevant material information with respect to the Issuer and all information contained in this 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 this Admission Document misleading or inaccurate in any material respect.

## 18.19 Bonds held jointly

In respect of any Bonds held jointly by several persons (including husband and wife), 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.

## 18.20 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 the usufructuary).

## 18.21 Change of Control

Upon the occurrence of certain "change of control events", the Issuer will be required to offer to repurchase the Bonds at a purchase price equal to 101% of their aggregate principal amount, plus accrued and unpaid interest and additional amounts, if any, to the date of such repurchase.

If a Change of Control occurs, each holder of Bonds will have the right to require the Issuer to repurchase all or any part of that holder's Bonds pursuant to an offer (a "Change of Control Offer"). In the Change of Control Offer, the Issuer will offer a payment in cash equal to 101% of the aggregate principal amount of Bonds repurchased plus accrued and unpaid interest and additional amounts, if any, on the Bonds repurchased, to the date of purchase (a "Change of Control Payment") (subject to the rights of holders of record on the relevant record date to receive interest due on the relevant interest payment date). Within 30 days following any Change of Control, the Issuer will (i) cause the Change of Control Offer to be published, if at the time of such notice the Bonds are admitted to trading on the Prospects MTF of the Malta Stock Exchange and its rules so require, and in the manner permitted by such rules, on the official website of the Malta Stock Exchange ([www.borzamalta.com.mt](http://www.borzamalta.com.mt)); and (ii) mail the Change of Control Offer to each registered bondholder. The Change of Control Offer will describe the transaction or transactions that constitute the Change of Control and will offer to repurchase Bonds on the date (the "Change of Control Payment Date") specified therein, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed, pursuant to the procedures described in such notice. The Issuer will comply with the requirements of any securities laws and the regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Bonds as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provision, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached their obligations under the Change of Control provisions by virtue of such conflict. On the Change of Control Payment Date, the Issuer will, to the extent lawful:

- (1) accept for payment all Bonds or portions of Bonds properly tendered pursuant to the Change of Control Offer;
- (2) deposit with the Placement Agent and Manager an amount equal to the Change of Control Payment in respect of all Bonds or portions of Bonds properly tendered.



The Placement Agent and Manager will promptly mail (or otherwise cause to be paid) to each Bondholder properly tendered the Change of Control Payment for such Bonds, and the Placement Agent and Manager will promptly authenticate and mail (or cause to be transferred by book entry) to each holder a new Bond equal in principal amount to any unpurchased portion of the Bonds surrendered.

Except as described with respect to a Change of Control, the Bonds do not contain provisions that permit the holders of the Bonds to require that the Issuer repurchase or redeem the Bonds.

The Issuer also will not be required to make a Change of Control Offer following a Change of Control if the Issuer has already issued a redemption notice in respect of all of the Bonds. Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time of making the Change of Control Offer.

The definition of Change of Control, considered to be “change of control events” include:

1. the direct or indirect sale, lease, transfer, conveyance or other disposition of “all or substantially all” of the properties or assets of the Issuer and the Group taken as a whole.
2. in the event of a takeover, recapitalization or similar transaction of the Issuer, whereby the majority shareholding, measured by voting power rather than number of shares, of the Issuer and the Group taken as a whole, either in one or several transactions has been transferred to a third party.

Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of Bonds to require the Issuer to repurchase its Bonds as a result of a “change of control event” may be uncertain.

## 19. TERMS AND CONDITIONS OF THE BOND ISSUE

- 19.1 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.
- 19.2 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.
- 19.3 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.
- 19.4 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 may be requested to submit the relative power of attorney/resolution or a copy thereof duly certified by a lawyer or notary public if so required by the Issuer and/or the Corporate Advisor, but it shall not be the duty or responsibility of the Corporate Advisor or Issuer to ascertain that such representative is duly authorised to appear on the Application Form and bind the Applicant.
- 19.5 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 therefor is joint and several. Furthermore, the applicant may be required to sign a declaration that he/she/it has been so warned about the risks involved or associated with investing in the bonds.
- 19.6 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.

- 19.7 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.
- 19.8 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.
- 19.9 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.
- 19.10 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. In the case of joint Applications, reference to the Applicant in these Terms and Conditions is a reference to each Applicant, and liability therefor is joint and several.
- 19.11 Save where the context requires otherwise or where otherwise defined therein, terms defined in this 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 this Admission Document.
- 19.12 The Issuer has not sought assessment of the Bonds by any independent credit rating agency.
- 19.13 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.
- 19.14 The Bonds will be issued in multiples of €100. The minimum subscription amount of Bonds that can be subscribed for by all Applicants is €2,000.
- 19.15 The completed Application Forms are to be lodged with the Placement Agent and Manager. The Placement Agent and Manager shall, prior to accepting an Application, conduct an Appropriateness 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 appropriate for the Applicant. To the extent that the authorised financial intermediary is providing advice in respect of a purchase of the Bonds by an Applicant, 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.

For the purpose of this Admission Document, the term "Appropriateness Test" means the test conducted by any licensed financial intermediary, when providing an investment service (other than investment advice or portfolio management) in relation to the subscription for and the trading of Bonds, for the purpose of such licensed financial intermediary determining (after collecting the necessary information) whether the investment service or the Bonds are appropriate for the prospective Applicant or prospective transferee. In carrying out this assessment, the licensed financial intermediary shall ask the Applicant or the prospective transferee to provide information regarding the Applicant or transferee's knowledge and experience so as to determine that the Applicant or transferee has the necessary experience and knowledge in order to understand the risks involved in relation to the Bonds or investment 741service offered or demanded, in accordance with Part BI of the Investment Services Rules for Investment Service Providers as promulgated by the Malta Financial Services Authority (the 'ISRs'). In the event that the licensed financial intermediary considers, on the basis of the test conducted, that the transfer of Bonds is not appropriate for the Applicant or prospective transferee, the licensed financial intermediary shall reject the prospective Applicant's request to subscribe for or acquire Bonds, irrespective of whether the Applicant or transferee is warned that the investment in the Bonds is not appropriate for the Applicant or transferee;

For the purpose of this 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 Service Providers as promulgated by the Malta Financial Services Authority (the 'ISRs'). 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 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.

19.16 For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations, made 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 IV 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 and controlled by the Malta Stock Exchange in terms of 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.

19.17 Applications in the name of a corporation or corporate entity or association of persons need to include a valid Legal Entity Identifier ("LEI") in the space provided on the Application Form. Failure to include a valid LEI code will result in the Application being cancelled by the Issuer acting through the Placement Agent and Manager and subscription monies will be returned to the Applicant in accordance with sub-section 19.19 below.

19.18 In the event that an Applicant fails to submit full information and/or documentation required with respect to an Application, the Applicant shall receive a full refund, without interest, by direct credit transfer to such account indicated in the Application Form at any time before the Bonds are admitted on the Prospects MTF List. The Issuer shall not be responsible for any charges, loss or delay arising in connection with such credit transfer.

19.19 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. In the event of a discrepancy between the personal details (including name and surname and the Applicant's address) appearing on the Application Form and those held by the MSE in relation to the MSE account number indicated on the Application Form, the details held by the MSE shall be deemed to be the correct details of the Applicant;
- 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 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.

## 20. TAXATION

### 20.1 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.

## 20.2 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.

## 20.3 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.

#### 20.4 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 begin exchanging information pursuant to this Directive no later than 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 they may therefore be subject to reporting obligations.

#### 20.5 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.

#### 20.6 Duty on documents and transfers

In terms of the Duty on Documents and Transfers Act (Cap. 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.

#### 20.7 Tax status of the Group

The Maltese incorporated companies forming part of the 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.**

## **21. LITIGATION PROCEEDINGS AND INVESTIGATIONS**

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 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 and / or the Group.

## **22. 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.

## **23. 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.

## **24. 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 Marant Food Products, Mdina Road, Zebbug ZBG 9017, Malta during the term of the Bond Issue during office hours:

1. the Memorandum and Articles of Association of the Issuer;





## 25. ANNEX A – Accountant's Report

**Deloitte.**

Deloitte Services Limited  
Deloitte Place  
Mrieħel Bypass  
Mrieħel BKR 3000  
Malta

Tel: +356 2343 2000, 2134 5000  
Fax: +356 2131 8196, 2134 4443  
info@deloitte.com.mt  
www.deloitte.com/mt

Company Reg No: C51320  
VAT Reg No: MT2013 6212  
Exemption number: EXO2156

The Directors  
The Convenience Shop (Holding) p.l.c.  
Marant Food Products  
Mdina Road  
Zebbug ZBG 9017  
Malta

8 March 2019

Dear Sirs,

**Independent Accountant's Report on the compilation of forecast financial information for The Convenience Shop (Holding) p.l.c.**

We report on the forecast statement of financial position, forecast income statement and forecast cash flow statement ("the Forecast Financial Information") of The Convenience Shop (Holding) p.l.c. (the "Company" and/or "TCSH p.l.c.") for the four months ending 31 December 2018 (4M-18) and for the three financial years ending 31 December 2019, 2020 and 2021 (FY19, FY20, FY21). 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 D of TCSH p.l.c.'s Company Admission Document dated 8<sup>th</sup> March 2019.

This report is required in terms of Appendix 4.7 (4) in the Prospects MTF Rules issued by the Malta Stock Exchange dated January 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 (Annex D) of the Company Admission Document, in accordance with the requirements of the Prospects MTF Rules 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.

**Basis of Opinion**

We have examined the basis of compilation and material assumptions of the accompanying Forecast Financial Information of the Company for the period ending 31 December 2018 and the years ending 31 December 2019, 2020 and 2021 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 is based are solely the responsibility of the Directors of TCSH p.l.c. 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 TCSH p.l.c.

Yours faithfully,

**Deloitte Services Limited**



**Raphael Aloisio**

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## 26. ANNEX B - Specimen Application Forms

## The Convenience Shop (Holding) plc

### €5,000,000 5% Unsecured Callable Bonds 2026-2029

## APPLICATION FORM

Application No.

Please read the notes overleaf before completing this Application Form.

|  |  |  |   |   |                               |                                    |            |  |                              |
|--|--|--|---|---|-------------------------------|------------------------------------|------------|--|------------------------------|
| <b>PANEL B APPLICANT</b>   |  |  |   |   |                               |                                    |            |  |                              |
| Non-Resident <input type="checkbox"/>  |  |  | Minor (under 18) <input type="checkbox"/> |   |                               | Corporate <input type="checkbox"/> |            |  | CIS <input type="checkbox"/> |
|  |  |  | FULL NAME & SURNAME / REGISTERED NAME     |   |                               |                                    |            |  |                              |
| ADDRESS  |  |  |   |   |                               |                                    |            |  |                              |
|  |  |  |   |   |                               |                                    | POST CODE  |  |                              |
| MSE A/C NO. (if applicable)<br><div style="border: 1px solid black; width: 100px; height: 20px; margin-top: 5px;"></div>   |  |  |   |   | DATE OF BIRTH                 |                                    |            | NATIONALITY  |                              |
| I.D. CARD / PASSPORT   |  |  |   |   | DOCUMENT NUMBER               |                                    |            | COUNTRY OF ISSUANCE  |                              |
| LEGAL ENTITY IDENTIFIER (LEI)  |  |  |   |   |                               |                                    |            |  |                              |
| E-MAIL ADDRESS   |  |  |   |   |                               |                                    | MOBILE NO. |  |                              |
| Already Registered for e-Portfolio <input type="checkbox"/>  |  |  |   | Please register me for e-Portfolio <input type="checkbox"/> |                               |                                    |            | Please do NOT register me for e-Portfolio <input type="checkbox"/> |                              |
| <b>ADDITIONAL (JOINT) APPLICANTS</b> (please use additional application form if space is not sufficient)   |  |  |   |   |                               |                                    |            |  |                              |
| TITLE (Mr/Mrs/Ms/..)   |  |  |   | FULL NAME & SURNAME   |                               |                                    |            | DATE OF BIRTH  |                              |
| I.D. CARD / PASSPORT   |  |  |   | DOCUMENT NUMBER   |                               |                                    |            | COUNTRY OF ISSUANCE  |                              |
| <b>MINOR'S PARENTS/LEGAL GUARDIANS (See Note 4)</b> (to be completed ONLY if the Applicant is a minor)   |  |  |   |   |                               |                                    |            |  |                              |
| TITLE (Mr/Mrs/Ms/..)   |  |  |   | FULL NAME & SURNAME   |                               |                                    |            | DATE OF BIRTH  |                              |
| I.D. CARD / PASSPORT   |  |  |   | DOCUMENT NUMBER   |                               |                                    |            | COUNTRY OF ISSUANCE  |                              |
| TITLE (Mr/Mrs/Ms/..)   |  |  |   | FULL NAME & SURNAME   |                               |                                    |            | DATE OF BIRTH  |                              |
| I.D. CARD / PASSPORT   |  |  |   | DOCUMENT NUMBER   |                               |                                    |            | COUNTRY OF ISSUANCE  |                              |
| I/We apply to purchase and acquire the amount set out below<br><div style="display: flex; justify-content: space-between;"> <div style="width: 45%;">           AMOUNT IN FIGURES<br/> <div style="border: 1px solid black; width: 100%; height: 30px; margin-top: 5px;"></div> </div> <div style="width: 45%;">           AMOUNT IN WORDS<br/> <div style="border: 1px solid black; width: 100%; height: 30px; margin-top: 5px;"></div> </div> </div> The Convenience Shop (Holding) plc €5,000,000 5% Unsecured Callable Bonds 2026 - 2029 at the Bond Issue Price (at par) pursuant to the Admission Document dated 8 <sup>th</sup> March 2019 (minimum €2,000 and in multiples of €100 thereafter) |  |  |   |   |                               |                                    |            |  |                              |
| <b>RESIDENT - WITHHOLDING TAX DECLARATION</b> (to be completed ONLY if the Applicant is a Resident of Malta)   |  |  |   |   |                               |                                    |            |  |                              |
| <input type="checkbox"/> I/We elect to have Final Withholding Tax deducted from my/our interest.<br><input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without deduction of withholding tax).   |  |  |   |   |                               |                                    |            |  |                              |
| <b>NON-RESIDENT DECLARATION FOR TAX PURPOSES</b> (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                         |            |  |                              |
| <input type="checkbox"/> I/We am/are NOT Resident in Malta but I/we am/are Resident in the European Union.<br><input type="checkbox"/> I/We am/are NOT Resident in Malta and I/we am/are NOT Resident in the European Union.   |  |  |   |   |                               |                                    |            |  |                              |
| <b>INTEREST, REFUND AND REDEMPTION MANDATE</b> (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.   |  |  |   |   |                               |                                    |            |  |                              |
| <div style="display: flex; justify-content: space-between; margin-top: 20px;"> <div style="width: 30%;">           Signature/s of Applicant/s<br/>           (All parties are to sign in the case of a joint Application)         </div> <div style="width: 30%; text-align: center;">           Financial Intermediary         </div> <div style="width: 30%; text-align: right;">           Date         </div> </div>   |  |  |   |   |                               |                                    |            |  |                              |
| 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 8<sup>th</sup> March 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 husband and wife) full details of all individuals – including I.D. Card Numbers – must be given in Panels B and C but the person whose name appears in Panel B shall, for all intents and purposes, be deemed to be the registered holder of the Bonds (vide note 7 below).  
Upon submission of an Application Form, Bondholders who do not have an online e-portfolio account will be registered by the CSD for the online e-portfolio facility and will receive by mail at their registered address a handle code to activate the new e-portfolio login. The Bondholder's statement of holdings evidencing entitlement to 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. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED IN THE MSE ACCOUNT NUMBER QUOTED ON THE APPLICATION FORM. IF DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE MSE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF, A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE WILL HAVE TO BE EFFECTED.
8. The amount applied for must be in multiples of €100 subject to a minimum application of €2,000. 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 –The Convenience Shop (Holding) 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 Admission 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. Completed Application Forms are to be delivered to the Placement Agent and Manager, Calamatta Cuschieri Investment Services Limited during normal office hours by not later than 22<sup>nd</sup> March 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 Admission Document. Any applications received by the Placement Agent and Manager after 17:00 on the 22<sup>nd</sup> March will be rejected.
14. By completing and delivering an Application Form you (as the Applicant(s)):  
  - a. acknowledge that the Issuer may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 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.

## 27. ANNEX C - Forecast Information of the Issuer

### Consolidated income statement projections

| EUR'000                      | 4M-18        | FY19          | FY20          | FY21          |
|------------------------------|--------------|---------------|---------------|---------------|
| Own store revenue            | 8,910        | 32,818        | 36,104        | 38,418        |
| Franchise fee income         | 190          | 606           | 646           | 694           |
| Commissions and rebates      | 242          | 838           | 910           | 972           |
| Other revenue                | 121          | 418           | 454           | 484           |
| <b>Total revenue</b>         | <b>9,462</b> | <b>34,679</b> | <b>38,115</b> | <b>40,568</b> |
| Cost of goods sold           | (6,703)      | (24,701)      | (27,174)      | (28,913)      |
| Royalty fees                 | -            | -             | (602)         | (643)         |
| <b>Gross profit</b>          | <b>2,760</b> | <b>9,979</b>  | <b>10,339</b> | <b>11,013</b> |
| Other income                 | -            | -             | -             | 400           |
| Own store overheads          | (1,470)      | (5,602)       | (6,240)       | (6,683)       |
| Head office costs            | (299)        | (965)         | (985)         | (1,004)       |
| <b>EBITDA</b>                | <b>991</b>   | <b>3,411</b>  | <b>3,114</b>  | <b>3,725</b>  |
| Depreciation                 | (209)        | (852)         | (946)         | (1,083)       |
| <b>Operating Profit</b>      | <b>781</b>   | <b>2,559</b>  | <b>2,168</b>  | <b>2,642</b>  |
| Dividend income              | -            | -             | -             | -             |
| Deferred bond issue costs    | (3)          | (10)          | (10)          | (10)          |
| Finance charges              | (28)         | (271)         | (271)         | (271)         |
| <b>Profit before tax</b>     | <b>751</b>   | <b>2,278</b>  | <b>1,887</b>  | <b>2,361</b>  |
| Tax charge                   | (263)        | (797)         | (660)         | (826)         |
| <b>Profit after tax</b>      | <b>487</b>   | <b>1,481</b>  | <b>1,226</b>  | <b>1,535</b>  |
| <i>% Gross profit margin</i> | 29.2%        | 28.8%         | 27.1%         | 27.1%         |
| <i>% EBITDA margin</i>       | 10.5%        | 9.8%          | 8.2%          | 9.2%          |
| <i>% EBIT margin</i>         | 8.3%         | 7.4%          | 5.7%          | 6.5%          |
| <i>% PBT margin</i>          | 7.9%         | 6.6%          | 4.9%          | 5.8%          |

|                |       |       |       |       |
|----------------|-------|-------|-------|-------|
| Interest cover | 35.5x | 12.6x | 11.5x | 13.7x |
|----------------|-------|-------|-------|-------|

Note: Totals may not tally due to rounding

## Projected consolidated balance sheet

| EUR'000                                 | Dec-17PF      | Dec-18        | Dec-19        | Dec-20        | Dec-21        |
|---|---------------|---------------|---------------|---------------|---------------|
| Plant and equipment                     | 2,169         | 2,995         | 3,664         | 5,148         | 6,011         |
| Goodwill                                | 8,956         | 8,956         | 8,956         | 8,956         | 8,956         |
| Other fixed assets                      | 1             | 1             | 1             | 1             | 1             |
| <b>Total fixed assets</b>               | <b>11,126</b> | <b>11,952</b> | <b>12,621</b> | <b>14,105</b> | <b>14,968</b> |
| Inventory                               | 1,141         | 1,202         | 1,513         | 1,677         | 1,791         |
| Trade receivables                       | 17            | 381           | 449           | 487           | 516           |
| Other receivables                       | 372           | 372           | 372           | 372           | 372           |
| Cash and cash equivalents               | 1,481         | 3,483         | 3,825         | 2,903         | 2,897         |
| <b>Total current assets</b>             | <b>3,012</b>  | <b>5,438</b>  | <b>6,159</b>  | <b>5,439</b>  | <b>5,576</b>  |
| <b>Total assets</b>                     | <b>14,138</b> | <b>17,389</b> | <b>18,779</b> | <b>19,544</b> | <b>20,545</b> |
| Share capital                           | 2             | 2             | 2             | 2             | 2             |
| Shareholders' loans - to be capitalised | 6,704         | 6,704         | 6,704         | 6,704         | 6,704         |
| Retained Earnings                       | -             | 54            | 548           | 780           | 1,404         |
| Minority interest                       | (117)         | (125)         | (161)         | (190)         | (214)         |
| <b>Total equity</b>                     | <b>6,589</b>  | <b>6,635</b>  | <b>7,093</b>  | <b>7,296</b>  | <b>7,896</b>  |
| Debt                                    | 393           | 5,295         | 5,305         | 5,315         | 5,325         |
| Accrued interest                        | -             | 63            | 63            | 63            | 63            |
| Trade creditors                         | 418           | 4,415         | 5,431         | 5,983         | 6,373         |
| Other creditors                         | 416           | 418           | 418           | 418           | 418           |
| Amounts due on restructuring            | 4,294         | -             | -             | -             | -             |
| Shareholders' loans                     | 2,028         | 563           | 470           | 470           | 470           |
| <b>Total liabilities</b>                | <b>7,549</b>  | <b>10,754</b> | <b>11,687</b> | <b>12,248</b> | <b>12,649</b> |
| <b>Total equity and liabilities</b>     | <b>14,138</b> | <b>17,389</b> | <b>18,779</b> | <b>19,544</b> | <b>20,545</b> |

Note: Totals may not tally due to rounding

## Consolidated cash flow statement projections

| EUR'000   | 4M-18          | FY19           | FY20           | FY21           |
|---|----------------|----------------|----------------|----------------|
| EBITDA  | 991            | 3,411          | 3,114          | 3,725          |
| <u>Adjustment for movements in:</u>                             |                |                |                |                |
| Inventories   | (61)           | (311)          | (164)          | (113)          |
| Trade receivables   | (364)          | (68)           | (39)           | (29)           |
| Trade payables  | 3,998          | 1,016          | 552            | 390            |
| <b>Cash generated from operations</b>                           | <b>4,564</b>   | <b>4,048</b>   | <b>3,463</b>   | <b>3,973</b>   |
| Tax paid  | (263)          | (797)          | (660)          | (826)          |
| Interest paid   | (21)           | (271)          | (271)          | (271)          |
| <b>Net cash generated from / (used in) operating activities</b> | <b>4,280</b>   | <b>2,979</b>   | <b>2,531</b>   | <b>2,876</b>   |
| Capital expenditure   | (1,454)        | (1,521)        | (2,430)        | (1,947)        |
| Sale / (purchase) of Investment                                 | (4,747)        | -              | -              | -              |
| <b>Net cash used in investing activities</b>                    | <b>(6,201)</b> | <b>(1,521)</b> | <b>(2,430)</b> | <b>(1,947)</b> |
| Debt drawdowns  | 4,900          | -              | -              | -              |
| Debt repayments   | -              | -              | -              | -              |
| Movement in shareholders' loans                                 | (1,990)        | (93)           | -              | -              |
| Dividends paid to TCS shareholders                              | (442)          | (1,023)        | (1,023)        | (934)          |
| <b>Net cash generated from financing activities</b>             | <b>2,468</b>   | <b>(1,116)</b> | <b>(1,023)</b> | <b>(934)</b>   |
| Movement in cash and cash equivalents                           | <b>547</b>     | <b>342</b>     | <b>(922)</b>   | <b>(5)</b>     |
| Opening cash and cash equivalents                               | 2,936          | 3,483          | 3,825          | 2,903          |
| <b>Closing cash and cash equivalents</b>                        | <b>3,483</b>   | <b>3,825</b>   | <b>2,903</b>   | <b>2,897</b>   |
| Cash cover ratio  | 216.0x         | 14.9x          | 12.8x          | 14.7x          |

Note: Totals may not tally due to rounding



## 28. ANNEX D - Summary of Significant Assumptions and Accounting Policies

### A. 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 ending 31 December 2018 and the three years ending 31 December 2021 have been prepared to provide financial information for the purposes of inclusion in the Company's Admission Document, dated 8<sup>th</sup> March. The Forecasts as presented in Annex C of the Company Admission Document, together with the assumptions set out below, are the sole responsibility of the Directors of the Company.

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 which 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 12<sup>th</sup> February 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 C below.

### B. Significant accounting policies

The Forecast Financial Information shows the projected financial performance and position of The Convenience Shop (Holding) plc (the "Company" or "TCSH p.l.c.") in accordance with International Financial Reporting Standards as adopted by the European Union ("EU-IFRS") except that, due to the nature of 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);
- Do 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;
- Do not consider certain recognition or measurement criteria; and
- Do not show comparative amounts.

### C. 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:

- The Company will continue to enjoy the confidence of its customers, and bankers throughout the period under consideration;
- There will be no material adverse movements originating from market and economic conditions affecting the groceries market in Malta, consumer spending levels, employment and job growth, amongst others;
- The rate of inflation will be in line with historic trends;
- The basis and rates of taxation, direct and indirect, will not change materially throughout the period covered by the Forecast Financial Information; and

The Company will enjoy good relations with its employees throughout the period under consideration. 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:

- 1. Revenue**
  - Own store and franchise fee revenues are projected on a per store basis based on past trends, growth reported during the first half of 2018 and an inflationary growth rate of 2% p.a. after stabilisation.
  - An average of 2 new owned shop and 2 new franchised shop openings are projected from FY19 onwards. New shops are projected to stabilise at €625k of revenue in the third year of operation, which is subject to an inflationary rate of 2% p.a.
  - Franchise fees are projected per store based on past trends for the shops already in operation and at 2.7% of projected franchise store revenue for new franchise store openings.
  - Other revenue is projected at 2.2% of total store revenue.
- 2. Cost of sales**
  - Cost of sales is projected as the difference between revenue and gross profit. The assumptions underlying the gross profit calculation is explained in Note 4 below.
- 3. Royalty fees**
  - Royalty fees are projected at 1% of total store revenue from FY21 onwards, representing the cost for the use of 'The Convenience Shop' trademark which is currently owned by Jin Limited.
- 4. Gross profit**
  - Gross profit is projected using actual gross margins reported by the current stores. The historical average gross margin has been applied for new store openings.
  - Margins are kept constant throughout the projected period.
- 5. Other income**
  - Other income is projected to amount to €400k per annum from FY21 onwards, arising from the development and operation of a new foodstuffs factory following a €4m investment.
- 6. Own store overheads**
  - Own store overheads are projected as a percentage of store revenue on a per store basis. Overheads for existing stores are projected using historical trends whilst new store overheads are projected at 20% of revenue, consistent with new store revenue expectations.
- 7. Head office costs**
  - Head office costs include wages, rent and rates, sub-contracting, advertising, utilities and professional fees. These are based on historical costs and are projected to increase at an inflationary rate of 2% p.a.
  - Head office costs include an additional €50k p.a. charge from FY19 onwards reflecting additional costs linked with the public status of the company.
- 8. Depreciation**
  - Depreciation is calculated on a straight line basis. Existing assets are assumed to be depreciated over 7 years whilst new capital expenditure is depreciated as follows:
    - 20% of total projected capital expenditure is depreciated over 3 years
    - 50% of total projected capital expenditure is depreciated over 5 years
    - 30% of total projected capital expenditure is depreciated over 7 years
- 9. Deferred bond issue costs**
  - Bond issue costs are projected at €100k and are amortised over the term of the bond.
- 10. Finance charges**
  - Finance charges include bond interest payable at an interest rate of 5%.
- 11. Taxation**
  - Tax is calculated at 35% of profit before tax.
- 12. Plant and equipment**
  - Plant and equipment includes office equipment, furniture and fittings, plant and machinery and motor vehicles. These are depreciated using the straight line method as explained in Note 8.
- 13. Goodwill**
  - Goodwill relates to the goodwill recognised on the acquisition of the going concerns and the subsidiary companies during the restructuring transaction and is not impaired over the projection period.
- 14. Net working capital**
  - Inventory, Trade Receivables and Trade Payables are projected on a company by company basis using a fixed percentage of revenue based on the historical average.
  - Other creditors are projected to remain stable over the projection period.

#### 15. Shareholders' loans

- €6.7m due to shareholders following the Group's recent restructuring exercise is assumed to be capitalised.
- Any remaining shareholders' loan balances are projected to remain fixed over the projected period with the exception of a €93k repayment of balances due to the minority shareholders of G Bake.

#### 16. Minority interest

- The minority interest relates to the minority shareholdings in DRC\*, SFE\*\* and AYNIC\*\*\*. Movement in Minority interest is projected on a pro-rata basis of the individual company's net income for the period.

\*DRC means Daily Retail Challenges Limited, a limited liability company registered under the laws of Malta with company registration number C79662, having its registered office at Marant Food Products, Mdina Road, Zebbug ZBG9017, Malta;

\*\*SFE means Seafront Express Limited, a limited liability company registered under the laws of Malta with company registration number C73435, Marant FP, Mdina Road, Zebbug, Malta;

\*\*\*Aynic means Aynic & Co. Limited, a limited liability company registered under the laws of Malta with company registration number C74750, Marant FP, Mdina Road, Zebbug, Malta;

#### 17. Debt

- The projected debt relates to:
  - The €5m bond issue, net of deferred bond issue costs; and
  - €393k of bank financing in SFE, AYNIC, G Bake Manufacturing Ltd. and G Bake Retail Ltd. Interest repayment is only assumed on these bank facilities.

#### 18. Accrued interest

- Accrued interest refers to accrued bond interest due on the Bond as at 31 December. Interest is assumed payable annually at the end of September.

#### 19. Capital expenditure

- Capital expenditure includes:
  - Investment in new store openings;
  - Investment in a prospective foodstuffs factory (as outlined in note 5 above); and
  - Maintenance capital expenditure.
- Capital expenditure is projected as follows:
  - Maintenance capex is projected on a per store basis at 0.5% of store revenue;
  - Capex related to new store openings is projected at €120k per store;
  - €612k is projected to be spent on the opening of the Naxxar 3 shop in FY19; and
  - €0.5m, €2m and €1.5m is projected to be invested in FY19, FY20 & FY21 respectively to develop the foodstuffs factory.

#### 20. Sale / (purchase) of investment

- Sale / (purchase) of investment relates to the cash payments due to the old operating entities following the restructuring exercise.
- This balance is primarily due to settle outstanding trade payable balances which were not transferred in the restructuring exercise.
- This balance is primarily financed through the rebuilding of the net working capital position in 'The Convenience Shop Limited'.

#### 21. Dividends

- Dividends are projected using a dividend pay-out ratio amounting to 30% of EBITDA.

#### **D. Conclusion**

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

Approved by the Board of Directors on 12<sup>th</sup> February 2019 and signed on its behalf by:



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Ivan Calleja  
Director  
The Convenience Shop (Holding) plc



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Joseph Pace  
Director  
The Convenience Shop (Holding) plc



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Manuel Piscopo  
Director  
The Convenience Shop (Holding) plc



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Dr Kevin Deguara  
Director  
The Convenience Shop (Holding) plc



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Benjamin Muscat  
Director  
The Convenience Shop (Holding) plc



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Charles Scerri  
Director  
The Convenience Shop (Holding) plc

## 29. ANNEX E – List of Directorships

### Dr Kevin Deguara

#### Current Directorships

| Company Name                               | Company Number |
|--|----------------|
| C.T. LIMITED                               | C 71626        |
| CHESTER HOLDINGS LIMITED                   | C 74645        |
| CORNHILL CAPITAL LIMITED                   | C 73338        |
| CORON HOLDINGS LIMITED                     | C 90462        |
| DF BUSINESS ADVISORY LIMITED               | C 58722        |
| DF CONSULTANCY SERVICES LIMITED            | C 54692        |
| DF MARINE CONSULTANCY LIMITED              | C 39801        |
| DF SPORTS MANAGEMENT LIMITED               | C 49181        |
| FOKUS INTERNATIONAL LTD                    | C 48995        |
| GAIA INVESTMENTS LIMITED                   | C 86458        |
| GBAKE MANUFACTURING LIMITED                | C 60422        |
| GBAKE RETAIL LIMITED                       | C 60421        |
| HORIZON FINANCE PLC                        | C 88540        |
| IMI MALTA LIMITED                          | C 90744        |
| MIDDLETOWN INVESTMENTS LIMITED             | C 75568        |
| PHOENIX CAPITAL LIMITED                    | C 77880        |
| PRUDENTIA INVESTMENTS LIMITED              | C 73344        |
| SHORELINE CONTRACTING LTD                  | C 83994        |
| SHORELINE HOLDINGS LIMITED                 | C 86187        |
| SHORELINE MALL LTD                         | C 84005        |
| SHORELINE RESIDENCE LIMITED                | C 77212        |
| THE CONVENIENCE SHOP (MANAGEMENT) LIMITED  | C 87711        |
| THE CONVENIENCE SHOP FOR PUTTINU CARES LTD | C 90748        |
| THE CONVENIENCE SHOP LIMITED               | C 87556        |
| ZIRCON CAPITAL LIMITED                     | C 73339        |

#### Past Directorships in the last five years

| Company Name                  | Company Number |
|-------------------------------|----------------|
| ARISTAEUS LIMITED             | C 71245        |
| FOKUS INTERNATIONAL LTD       | C 48995        |
| DF CORPORATE SERVICES LIMITED | C 44948        |
| ULFUR LIMITED                 | C 65417        |

### Mr Charles Scerri

#### Current Directorships

| Company Name                          | Company Number |
|---------------------------------------|----------------|
| ALGOR SERVICES LIMITED                | C 68705        |
| BASTILLE MALTA TRUSTEES LIMITED       | C 25994        |
| CHARLES SCERRI CONSULTANCY (CSA) LTD  | C 62695        |
| CR OLD BOYS LIMITED                   | C 36572        |
| CS FINTECH LTD                        | C 86851        |
| CS FINTECH SERVICES LTD               | C 89041        |
| CS PROPERTIES LTD                     | C 67123        |
| CSA INVEST LTD                        | C 89560        |
| FES PLATINUM PROJECTS LTD             | C 85066        |
| MALLORCA REAL ESTATE HOLDINGS LIMITED | C 39043        |
| MILESTONE HOLDINGS LIMITED            | C 65650        |
| Q GLOBAL ACCOUNTING LIMITED           | C 90630        |

#### Past Directorships in the last five years

| Company Name | Company Number |
|--------------|----------------|
| None         |                |

### Mr Manuel Piscopo

#### Current Directorships

| Company Name                    | Company Number |
|---------------------------------|----------------|
| CORON HOLDINGS LIMITED          | C 90462        |
| CPZ HOLDINGS LIMITED            | C 80415        |
| CPZ LIMITED                     | C 61604        |
| CPZ MANAGEMENT SERVICES LIMITED | C 65680        |
| CREATIVE SPORTS LIMITED         | C 64682        |
| CRUST LIMITED                   | C 64042        |

#### Past Directorships in the last five years

| Company Name | Company Number |
|--------------|----------------|
| None         |                |



|   |         |
|---|---------|
| DAILY FOODS LIMITED                       | C 64680 |
| DAILY RETAIL CHALLENGES LIMITED           | C 79662 |
| FURNATA LTD                               | C 52559 |
| GBAKE MANUFACTURING LIMITED               | C 60422 |
| GBAKE RETAIL LIMITED                      | C 60421 |
| L'AROMA TERRACE LIMITED                   | C 63813 |
| MKJ COMPANY LIMITED                       | C 84460 |
| MPH MALTA LIMITED                         | C 80068 |
| MQABBA SHOP COMPANY LIMITED               | C 87557 |
| THE CONVENIENCE SHOP (MANAGEMENT) LIMITED | C 87711 |
| THE CONVENIENCE SHOP FOR PUTTINU          |         |
| CARES LTD                                 | C 90748 |
| THE CONVENIENCE SHOP LIMITED              | C 87556 |

#### Mr Joseph Pace

##### Current Directorships

| Company Name                                 | Company Number |
|--|----------------|
| CORON HOLDINGS LIMITED                       | C 90462        |
| CPZ HOLDINGS LIMITED                         | C 80415        |
| CPZ LIMITED                                  | C 61604        |
| CPZ MANAGEMENT SERVICES LIMITED              | C 65680        |
| CREATIVE SPORTS LIMITED                      | C 64682        |
| CRUST LIMITED                                | C 64042        |
| DAILY FOODS LIMITED                          | C 64680        |
| DAILY RETAIL CHALLENGES LIMITED              | C 79662        |
| FINE FOODS LIMITED                           | C 44143        |
| FLEXITRADE INTERNATIONAL LIMITED             | C 48151        |
| FURNATA LTD                                  | C 52559        |
| G N G MANUFACTURING LTD                      | C 67244        |
| GBAKE MANUFACTURING LIMITED                  | C 60422        |
| GBAKE RETAIL LIMITED                         | C 60421        |
| GNJ COMPANY LIMITED                          | C 88969        |
| GOODNEWS LTD                                 | C 81857        |
| JIN ASSET HOLDING LIMITED                    | C 80272        |
| JIN LIMITED                                  | C 45048        |
| JMP HOLDINGS LIMITED                         | C 80069        |
| L'AROMA TERRACE LIMITED                      | C 63813        |
| MARANT FOOD PRODUCTS LIMITED                 | C 47081        |
| MKJ COMPANY LIMITED                          | C 84460        |
| MQABBA SHOP COMPANY LIMITED                  | C 87557        |
| THE CONVENIENCE SHOP (MANAGEMENT) LIMITED    | C 87711        |
| THE CONVENIENCE SHOP FOR PUTTINU             | C 90748        |
| CARES LTD                                    |                |
| THE CONVENIENCE SHOP LIMITED                 | C 87556        |
| WORLDWIDE GLOBAL INVESTMENTS HOLDING LIMITED | C 74422        |

#### Mr Ivan Calleja

##### Current Directorships

| Company Name                    | Company Number |
|---------------------------------|----------------|
| AYNIC & CO LIMITED              | C 74750        |
| CORON HOLDINGS LIMITED          | C 90462        |
| CPZ HOLDINGS LIMITED            | C 80415        |
| CPZ LIMITED                     | C 61604        |
| CREATIVE SPORTS LIMITED         | C 64682        |
| CRUST LIMITED                   | C 64042        |
| DAILY FOODS LIMITED             | C 64680        |
| DAILY RETAIL CHALLENGES LIMITED | C 79662        |
| FINE FOODS LIMITED              | C 44143        |

##### Past Directorships in the last five years

| Company Name | Company Number |
|--------------|----------------|
| None         |                |

##### Past Directorships in the last five years

| Company Name | Company Number |
|--------------|----------------|
| None         |                |

|  |         |
|--|---------|
| FLEXITRADE INTERNATIONAL LIMITED             | C 48151 |
| FURNATA LTD                                  | C 52559 |
| GBAKE MANUFACTURING LIMITED                  | C 60422 |
| GBAKE RETAIL LIMITED                         | C 60421 |
| GNJ COMPANY LIMITED                          | C 88969 |
| GOODNEWS LTD                                 | C 81857 |
| IC HOLDINGS LIMITED                          | C 80071 |
| IMI MALTA LIMITED                            | C 90744 |
| JIN ASSET HOLDING LIMITED                    | C 80272 |
| JIN LIMITED                                  | C 45048 |
| L'AROMA TERRACE LIMITED                      | C 63813 |
| M.A.S.P. ENTERPRISES CO. LTD.                | C 3788  |
| M.I.M.S. SUPPLIES LIMITED                    | C 25336 |
| MACLANE COMPANY LIMITED                      | C 31976 |
| MARANT FOOD PRODUCTS LIMITED                 | C 47081 |
| MKJ COMPANY LIMITED                          | C 84460 |
| MQABBA SHOP COMPANY LIMITED                  | C 87557 |
| THE CONVENIENCE SHOP (MANAGEMENT) LIMITED    | C 87711 |
| THE CONVENIENCE SHOP FOR PUTTINU CARES LTD   | C 90748 |
| THE CONVENIENCE SHOP LIMITED                 | C 87556 |
| WORLDWIDE GLOBAL INVESTMENTS HOLDING LIMITED | C 74422 |
| CPZ MANAGEMENT SERVICES LIMITED              | C 65680 |
| G N G MANUFACTURING LTD                      | C 67244 |
| I.V SERVICES LTD.                            | C 89197 |

**Mr Benjamin Muscat**  
**Current Directorships**

| <b>Company Name</b>  | <b>Company Number</b> | <b>Past Directorships in the last five years</b>   | <b>Company Number</b> |
|--|-----------------------|--|-----------------------|
| ABBOTT RAPID DIAGNOSTICS INTERNATIONAL HOLDCO UNLIMITED CO | 643943                | <b>Company Name</b>                                |                       |
| ABBOTT RAPID DIAGNOSTICS INTERNATIONAL SUB UNLIMITED CO    | 643942                | ABALONE LTD  | C 74560               |
| ANCESTRY GLOBAL HOLDINGS LTD                               | C 88354               | ABS ENTERTAINMENT LTD                              | 569282                |
| ANVILIRE LTD (EIRE) ANCESTRY                               | 521068                | AIS CAPITAL MANAGEMENT INVESTMENT FUND SICAV P.L.C | SV 290                |
| BARIFLOW LTD   | OC1194                | DASE HOLDINGS LTD                                  | C 68601               |
| BROWN'S PHARMA LTD   | C 22952               | EQUIOM SERVICES (MALTA) LTD                        | C 62051               |
| CONCHA INVESTMENTS LTD                                     | C 74684               | FLEETMATICS DEVELOPMENT LTD                        | 392887                |
| C.T. LTD   | C 71626               | MOLDEN ENTERPRISES LIMITED                         | C 59862               |
| DODDER FINANCE LTD   | 52962                 | ONEKA ASSET MANAGEMENT LTD                         | C 78655               |
| EQUIOM (MALTA) LTD   | C 57173               | REAL HOLDINGS LTD                                  | C 62267               |
| ETSF FUND SICAV PLC  | SV 410                | REMEDIA INTERNATIONAL LTD                          | C 41801               |
| HH FINANCE PLC   | C 84461               | SCHEMBRI ASPHALT LTD                               | C 58219               |
| HORIZON FINANCE PLC  | C 88540               | SYSTEMS RESEARCH LTD                               | C 70822               |
| IMMERSION TECHNOLOGY INTERNATIONAL LTD                     | OC 988                | TENDALL CAPITAL MARKETS LTD                        | C 70955               |
| MARTELLO FINANCE COMPANY LTD                               | OC820                 | VASALA LTD   | C 28672               |
| MARTELLO FINANCING LTD                                     | C 80444               | WINDEL INVESTMENTS LTD                             | C 70382               |
| MERISTERO LTD  | OC767                 | WINDMILL LTD                                       | C 54277               |
| NORTHAM EUROPEAN ASSET MANAGEMENT LTD                      | C 57824               |  |                       |
| NOVUM BANK LTD   | C 46997               |  |                       |
| PEFACO INTERNATIONAL PLC                                   | C 65718               |  |                       |
| PHOENICIA FINANCE PLC                                      | C 88958               |  |                       |
| RAYTHEON CCS LTD   | OC1085                |  |                       |
| ROYAL FUND SICAV PLC                                       | SV 346                |  |                       |
| RBC SERVICES LTD   | C 60440               |  |                       |
| S3 GLOBAL MULTI-STRATEGY FUND (MALTA) SICAV PLC            | SV 86                 |  |                       |
| S3 GLOBAL MULTI-STRATEGY FUND (VALLETTA) SICAV PLC         | SV192                 |  |                       |





|                                 |         |
|---------------------------------|---------|
| SCHEMBRI FINANCE PLC            | C 64755 |
| SEACULTURE LTD                  | C 76053 |
| SHORELINE CONTRACTING LTD       | C 83994 |
| SHORELINE HOLDINGS LTD          | C 86187 |
| SHORELINE MALL LTD              | C 84005 |
| SHORELINE RESIDENCE LTD         | C 77212 |
| SMARKETS HOLDINGS ( MALTA ) LTD | C 72638 |
| SMARKETS (MALTA) LTD            | C 44795 |
| STELLEWAGEN GROUP LTD           | C 78497 |
| STELLEWAGEN MALTA LTD           | C 87795 |
| TEMPLAR EIS LTD                 | C 70357 |
| WIGAM HOLDINGS LTD              | OC612   |

## Issuer



The Convenience Shop (holding) plc  
Marant Food Products, Mdina Road, Zebbug ZBG 9017, Malta  
[www.theconvenienceshop.com](http://www.theconvenienceshop.com)

## Legal Advisor

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[www.dfadvocates.com](http://www.dfadvocates.com)

## Corporate Advisor, Placement Agent and Manager



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## Reporting Accountant

**Deloitte.**

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