



Halmann, The Factory, Mosta Road, Lija, LJA 9016, Malta
Company Registration Number C52833
(the “Company” or “Issuer”)

TREASURY MANAGEMENT POLICY
06 April 2021

1. Sinking Fund Contributions

The Issuer is to build a Sinking Fund of €2,000,000, between the financial year ending 31 December 2022 and 31 July 2027, equivalent to the following minimum amounts:

Sinking fund contribution

€	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
Annual contribution	200,000	200,000	200,000	300,000	500,000	600,000
Cumulative balance	200,000	400,000	600,000	900,000	1,400,000	2,000,000

Figures in (€) Euro

This is expected to create a cash reserve to meet the redemption of the Bond on 31 July 2027.

The Issuer shall on a half-yearly basis, in its interim and annual financial statements, explain the Issuer’s compliance with the Sinking Fund requirements as set out in Section 22.24 of the Company Admission Document dated 3 July 2017 and explain the reasons for non-compliance, if any. The Bondholders will be informed on the publication of the said financial statements through the issuance of a company announcement by the Issuer.

2. Administration of the Sinking Fund

The Sinking Fund shall be managed by the Issuer and administered by its Board of Directors.

The Issuer will segregate the Sinking Fund from other assets held by (a) maintaining separate books of account for the Sinking Fund; (b) opening separate bank accounts designated as Sinking Fund Monies; and (c) opening separate investment accounts designated as Sinking Fund Assets. The Issuer will appoint separate signatories on any accounts designated as Sinking Fund Monies or Sinking Fund Assets and withdrawal from the Sinking Fund will be expressly limited as indicated under Section 5 below. The Board of Directors is to audit (or by external appointment) that the Company has applied the assets in accordance with this Treasury Management Policy.

3. Investment of Sinking Fund Monies

3.1 INVESTMENT OBJECTIVES AND CONSTRAINTS

In determining the investments held in the Sinking Fund, the following will be considered:

- Maintaining an appropriate balance between investment return and investment risk
- Sufficient liquidity is available to repay the Bond at maturity
- Maintaining a diversified portfolio of investments to reduce systematic and unsystematic risk

3.2 INVESTMENT PARAMETERS

To align with the investment objectives and constraints under 3.1, the following specific investment portfolio value parameters will be used as a general guide:

- Up to 100% of the Issuer's Bond can be bought back and cancelled (the preferred investment)
- Not more than 30% will be invested in quoted equities or UCITS Equity Funds
- Up to 100% can be invested in quoted bonds or UCITS Bond Funds
- Up to 100% can be placed in bank accounts
- Not more than 20% can be invested in foreign assets in which case these must be UCITS Equity or Bond Funds
- Up to 15% can be invested in one industry
- Up to 10% can be invested in any one company
- Up to 20% can be invested in any one UCITS Fund

4. Periodic Review of the Sinking Fund Assets

The Sinking Fund Portfolio will be valued on a quarterly basis and the valuation will be presented to the Board of Directors. The Directors may recommend further Sinking Fund Contributions should there be a deficiency of 10% between the gross contributions to the Sinking Fund and the Sinking Fund Valuation, over two consecutive quarters.

5. Releasing Sinking Fund Assets

Any release of assets from the Sinking Fund must be approved by the Board of Directors of the Issuer. The Issuer has identified two instances where Assets from the Sinking Fund may be released:

(a) Temporary Liquidity Requirements

This will be an exceptional circumstance as the Issuer will ensure that adequate funding is available from banks should there be any shortfall in liquidity. However, should the case arise where alternative funding is not in place, the Issuer will be allowed to withdraw only uninvested funds, limited to the lower of (i) the balance of the Sinking Fund bank balance; or (ii) €200,000. The amount withdrawn will be repaid by the Issuer to the Sinking Fund within a period of three months.

(b) Maturity of the Outstanding Bonds

Nine months prior to the maturity date of the Bond, the Board of Directors will compile and consider a Winding Down Plan that will include the following:

- Projections of the Sinking Fund Assets available at maturity date of the Bond.
- Identification of any shortfall and provision to procure funding of such shortfall.
- A phased liquidation process to ensure that by maturity date of the Bond all Sinking Fund Assets would have been liquidated.
- An implementation schedule to ensure that underlying Sinking Fund investment values are not negatively impacted considering the prevailing market conditions at the time.

Any funds remaining in the Sinking Fund following payment of the Bond at maturity shall be availed of by the Issuer in any legitimate way necessary for the benefit of the said Issuer.