

Company Admission Document

This document is a Company Admission Document drawn up in accordance with the provisions of the Prospects MTF Rules promulgated by the Malta Stock Exchange. This Company Admission Document does not constitute a Prospectus as defined in Article 2(i) of the Companies Act (Chapter 386 of the Laws of Malta) and as such has not been drawn up in accordance with the requirements imposed by the EU Prospectus Directive (2003/71/EC), the Companies Act and/or the Listing Rules. In terms of Article 2(3)(b)(v) of the Companies Act the issue of the Securities as contemplated herein does not constitute an offer of securities to the public.

Testa Finance PLC



An issue by Testa Finance PLC, a Company incorporated under the Laws of Malta with Company registration number C 85495, and registered address at RU 19, The Pjazza, The Point, Tighe Point, Sliema Malta

Guaranteed by Testa Properties Limited, a Company incorporated under the Laws of Malta, with Company registration number C 80524 and registered address at RU 19, The Pjazza, The Point, Tighe Point, Sliema Malta

In respect of an issue of € 3,900,000 at 5.5 % per annum Bonds 2019-2029 of nominal value of € 100 per Bond issued at par.

Date: 20th December, 2018

ISIN: MT0002051200



Placement Broker, Registrar & Escrow Agent

Corporate Advisors and Reporting Accountant

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 ("SMEs") 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 MALTA STOCK EXCHANGE ("MSE") HAS AUTHORISED THE ADMISSION OF THESE SECURITIES ON THE PROSPECTS MTF, A MULTILATERAL TRADING FACILITY ("MTF") OPERATED BY THE EXCHANGE. THIS MEANS THAT THE SAID INSTRUMENTS ARE IN COMPLIANCE WITH THE ADMISSION REQUIREMENTS SET OUT IN THE EXCHANGE BYE-LAWS. 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 INSTRUMENT.

THE MSE ACCEPTS NO RESPONSIBILITY FOR THE COMPLETENESS OR ACCURACY OF THIS 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 DOCUMENT.

THE DIRECTORS OF THE COMPANY, WHOSE NAMES APPEAR UNDER THE HEADING "ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES" HEREUNDER, 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.

Approved by Directors

A blue ink signature of Jean Paul Testa.

Jean Paul Testa

A blue ink signature of Hanna Yevheniivna Testa.

Hanna Yevheniivna Testa

A blue ink signature of Nigel Scerri.

Nigel Scerri

A blue ink signature of Raymond Pace.

Raymond Pace

A blue ink signature of Reuben Debono.

Reuben Debono

IMPORTANT INFORMATION

THIS COMPANY ADMISSION DOCUMENT CONTAINS INFORMATION ON TESTA FINANCE PLC IN ITS CAPACITY AS A COMPANY, IN ACCORDANCE WITH THE PROSPECTS MTF RULES ISSUED BY THE MSE.

APPLICATION HAS BEEN MADE TO THE EXCHANGE FOR THE BONDS TO BE ADMITTED TO TRADING ON PROSPECTS MTF. PROSPECTS MTF IS A MULTILATERAL TRADING FACILITY OPERATED BY THE MSE 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 MSE.

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

THE MSE ACCEPTS NO RESPONSIBILITY FOR THE COMPLETENESS OR ACCURACY OF THE COMPANY 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 COMPANY ADMISSION DOCUMENT.

THIS COMPANY ADMISSION DOCUMENT DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR SECURITIES ISSUED BY THE COMPANY 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 COMPANY 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 COMPANY ADMISSION DOCUMENT AND THE OFFERING, SALE OR DELIVERY OF ANY BONDS MAY NOT BE CONSTRUED AND IMPLYING: (I) THAT THE INFORMATION CONTAINED IN THE COMPANY 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 COMPANY SINCE SUCH DATE; OR (III) THAT ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE COMPANY 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.

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

SAVE FOR THE OFFER OF THE SECURITIES IN MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE COMPANY THAT WOULD PERMIT A PUBLIC OFFERING OF THE BONDS OR THE DISTRIBUTION OF THE COMPANY 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 COMPANY ADMISSION DOCUMENT HAS BEEN SUBMITTED TO THE MSE IN THE CONTEXT OF AN APPLICATION FOR ADMISSION OF THE BONDS TO PROSPECTS MTF. THE MSE HAS AUTHORISED THE ISSUE OF THIS COMPANY ADMISSION DOCUMENT. BY SO DOING, 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.

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

ALL ADVISORS TO THE COMPANY NAMED IN THIS COMPANY ADMISSION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE COMPANY IN RELATION TO THE SECURITIES ISSUE AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION OR RESPONSIBILITY 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 COMPANY ADMISSION DOCUMENT, NEITHER SHALL SUCH ADVISORS BE RESPONSIBLE FOR THE CONTENTS OF, AND ANY INFORMATION CONTAINED IN THE COMPANY ADMISSION DOCUMENT, ITS COMPLETENESS OR ACCURACY OR ANY OTHER STATEMENT MADE IN CONNECTION THEREWITH.


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

UNLESS OTHERWISE STATED, THE CONTENTS OF THE COMPANY'S WEBSITE DIRECTLY OR OTHER WEBSITES INDIRECTLY LINKED TO THE COMPANY'S WEBSITE DO NOT FORM PART OF THE COMPANY ADMISSION DOCUMENT. ACCORDINGLY NO RELIANCE OUGHT TO BE MADE BY AN 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 RISE OR FALL AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THIS COMPANY ADMISSION DOCUMENT AS A WHOLE AND SHOULD CONSULT THEIR INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS.

COMPANY ADVISORS

Corporate Advisor, Reporting Accountant and Auditor

Name:	KSi Malta
Address	6, Villa Gauci, Mdina Road, Balzan, BZN 9031, Malta
Logo:	

Security Trustee

Name:	CRV International Limited
Address	No. 152, Office No 9, Naxxar Road, San Gwann, SGN 9030, Malta
Logo:	

Placement Broker, Registrar & Escrow Agent

Name:	Jesmond Mizzi Financial Advisors Limited
Address	67, Flat 3. South Street, Valletta, Malta
Logo:	

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SECTION A - DEFINITIONS

Company Admission Document	This Document.
Applicant	A person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form.
Application	An application to subscribe for Bonds made by an Applicant on an Application Form and submitted to the Placement Broker and Registrar in accordance with the terms of this Company Admission Document.
Application Form	The prescribed form of Application for the subscription for Bonds, a specimen of which is attached to this Document as Annex 4.
Auditor	KSi Malta.
Bond Issue	The issue of Bonds in terms of the Offer.
Bond(s)	The debt securities offered and issued by the Company in favour of the Bondholders, representing the amount due by the Company to the Bondholders and creating, acknowledging and representing the indebtedness of the Company to the Bondholders in terms of this Document.
Bondholder	A holder of the Bonds.
Bugibba Property/ Property in Bugibba	The building or the complex known as 'Serena Beach Club', without official number, formerly occupied by Premier Restaurants Malta Limited, built on a portion of land measuring circa five hundred and ninety point three square metres (590.3m ²) in Islets Promenade, Bugibba, Saint Paul's Bay, bounded on the North by property of the Government, on the South by the said street and on the East with property formerly known as 'Bognor Regis' nowadays 'Bayside'.
Business Day	Any day (other than Saturday, Sunday or any public holiday in Malta) on which commercial banks in Malta are open.
Code	Code of Principles of Good Corporate Governance.
Collateral	The Pledge, the General Hypothec and the Special Hypothecs to be used as security for the Bond for the benefit of the Bondholders which are to be replaced by a special hypothec of the Bugibba Property after the purchase of such property as mentioned in section 1.13.
Companies Act	The Companies Act, Chapter 386 of the Laws of Malta.
Company or Issuer	Testa Finance PLC, a Company incorporated under the Laws of Malta with Company registration number C 85495, whose registered address is at RU 19, The Pjazza, The Point, Tigne Point, Sliema Malta.
Corporate Advisor	KSi Malta.

CSD	The Central Securities Depository of the MSE authorised in terms of the Financial Markets Act, having its address at Garrison Chapel, Castille Place, Valletta VLT 1063.
CSD Register	The register maintained by the CSD for the purposes of registering and identifying the Bondholders.
Directors or Board of Directors	The Directors of the Company or of the Guarantor, and the term "Director" shall be construed accordingly.
Escrow Agreement	The Agreement between the Company and Jesmond Mizzi Financial Services Ltd as Escrow Agent regulating the appointment of the Escrow Agent to hold the proceeds collected in relation to the Bond, in terms of this Company Admission Document.
Euro or €	The lawful currency for the time being of the Republic of Malta and of the Eurozone.
Eurozone	The area consisting of those Member States of the European Union that have adopted the Euro as their currency.
General Hypothec	The General Hypothec, constituted in favour of the Security Trustee, on all assets present and future, held by Jean Paul Testa, holder of Maltese ID bearing number 566184M and resident at Block 5, Apartment 3 Back, Tigne Point, Sliema TPO 100, Malta and Hanna Yevheniivna Testa, holder of Maltese ID bearing number 2617L and resident at Block 5, Apartment 3 Back, Tigne Point, Sliema TPO 100, Malta, securing timely payment of all obligations of the Issuer under this Document, for a value of up to € 3,900,000.
Group	The Group of companies comprising of Testa Properties Limited, the parent company, incorporated under the Laws of Malta, with Company registration number C 80524 and registered address at RU 19, The Pjazza, The Point, Tigne Point, Sliema, Malta, and its subsidiaries Testa Finance PLC, a Company incorporated under the Laws of Malta with Company registration number C 85495 and registered address at RU 19, The Pjazza, The Point, Tigne Point, Sliema, Malta and Testa Catering Concepts Limited, a company incorporated under the Laws of Malta, having company registration number C 56923 and registered address at RU 19, The Pjazza, The Point, Tigne Point, Sliema, Malta.
Guarantor	Testa Properties Limited, a company incorporated under the Laws of Malta, with Company registration number C 80524 and registered address at RU 19, The Pjazza, The Point, Tigne Point, Sliema, Malta.
Guarantor's accounting reference date	31 st December.
Income Tax Act	Income Tax Act (Chapter 123 of the Laws of Malta).
Interest	The Interest payable by the Company to the Bondholder in respect of the Bonds, at the rate of five point five per cent (5.5 %) per annum.
Interest Payment Date	9 th January.
Issue Date	The date on which the Bonds are issued.

Issue Period	The period commencing on and from the 20 th December, 2018 and ending on the 4 th January, 2019 (or such earlier date as may be determined by the Company), both days included during which the Bonds are available for subscription.
Issue Price	The price at which the Bonds are issued at par, being one hundred Euro (€ 100) per Bond.
Issuer's accounting reference date	31 st December.
Laws of Malta	The Laws of the Republic of Malta.
Listing Authority	The MFSA, 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.
Listing Rules	The listing rules issued by the Listing Authority, as may be amended from time to time.
MFSA	The Malta Financial Services Authority duly appointed in terms of the Financial Markets Act (Chapter 345 of the Laws of Malta).
MSE	The Malta Stock Exchange plc, as originally constituted in terms of the Financial Markets Act, having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063 and bearing company registration number C 42525.
Offer	The offer for subscription of the Bonds in terms of this Company Admission Document.
Official List	The list prepared and published by the MSE as its official list in accordance with the MSE Bye-Laws.
Pledge	The pledge on the fixed term deposit account to be opened by the Company with Bank of Valletta plc to hold one million, two hundred thousand Euro (€1,200,000).
Pledge Agreement	The agreement, whereby the Guarantor shall be pledging the Pledge to the Security Trustee. A copy of the Pledge Agreement to be signed is appended to this Company Admission Document as Annex 3.
Prospects MTF	The market regulated as a multilateral trading facility operated by the MSE providing a venue for start-up and growth for small and medium sized enterprises to float their capital (including equity or debt) on the market.
Prospects MTF Rules	The rules issued by the Board of Directors of the MSE, in exercise of the powers conferred on it by the Financial Markets Act (Chapter 345 of the Laws of Malta) regulating the Prospects MTF Market.
Prospects MTF List	The list prepared and published by the MSE as its recognised list in accordance with the Prospects MTF Rules.
Prospectus Directive	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, as may be amended from time to time.
Redemption Date	9 th January, 2029.
Redemption Value	The nominal value of each Bond being one hundred Euro (€100).

Reference Documents	The Memorandum and Articles of Association and the Audited Financial Statements.
Regulated Market	Any multilateral system operated by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling Interests in financial instruments in the system within the meaning of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments.
Related Party	A party having the ability to directly or indirectly control the other party or exercise significant influence over the other party in making financial and operating decisions.
ROC	The Registry of Companies in Malta.
Security Trust	The security trust established through the security trust deed, signed between the Company, the Guarantor and the Security Trustee contained in Annex 2.
Security Trustee	CRV International Limited, a company registered under the laws of Malta, having company registration number C 18970 and having registered address at No. 152, Office No. 9, Naxxar Road, San Gwann SGN 9030, Malta, duly authorised to act as the security trustee in terms of the Trusts and Trustees Act (Chapter 331 of the Laws of Malta).
Small and medium-sized enterprises or SMEs	<p>An enterprise as defined in section 2 (1) of the Companies Act, Chapter 386 of the Laws of Malta, that according to their last annual or consolidated accounts, meet at least two of the following three criteria:</p> <ul style="list-style-type: none"> • an average number of employees, during the financial year, of less than two hundred fifty (250); • a total balance sheet not exceeding forty-three million Euro (€43,000,000); • an annual net turnover not exceeding fifty million Euro (€50,000,000).
Special Hypothecs	<p>The Special Hypothecs on the properties:</p> <ul style="list-style-type: none"> • Apartment 1, Block 1, Salina Park, Triq Andrew Cunningham, Qawra; • Apartment 2, Les Lapins, Triq il-Markizi Zimmermann Barbaro, Sliema.
Summary	The summary of this Document, as the same is contained in the section of the Document entitled “Summary”, as may be amended, supplemented and updated from time to time.
Terms and Conditions	The terms and conditions that are applicable to the Offer, as set out in Section T hereof.

All references in this Company Admission Document to “Malta” are to the “Republic of Malta” as defined in the Constitution of Malta.

Unless it appears otherwise from the context:

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

SECTION B – TIMETABLE

1.	Issuance of Formal Notice	20 th December 2018
2.	Application forms available	20 th December 2018
3.	Opening Issue Period	20 th December 2018
4.	Closing Issue Period	4 th January, 2019
5.	Expected announcement on the basis of acceptance	7 th January, 2019
6.	Expected dispatch of allotment advices and refund unallocated monies (if any)	7 th January, 2019
7.	Commencement of Interest	9 th January 2019
8.	Expected Admission of securities on Prospects MTF	9 th January 2019
9.	Expected start of trading on Prospects MTF	10 th January 2019
10.	First Interest payment	9 th January 2020

The Company reserves the right to close the subscription lists before the 4th January, 2019 in the event of over-subscription. In this event, the events mentioned in steps 5 to 9 above, both included, shall be brought forward although the number of working days between the respective events shall not be altered.

SECTION C - SUMMARY

This section should be deemed as an introduction to this Company Admission Document. It is being advised to Prospective Investors that this Summary is being presented to convey the essential characteristics and risks associated with this Issue contemplated in this Company Admission Document, including the Company and the Guarantor. This Summary must not be taken as exhaustive and Prospective Investors should be advised and warned that they should not rely on the data and information contained in this Summary in deciding whether to invest in the securities admitted under this Company Admission Document. A Prospective Investor should carefully analyse this Company Admission Document prior to making such a decision.

1. This Summary is being issued in terms of the MSE Prospect MTF Rules

1.1- Information Regarding the Company and the Guarantor

1.1a Legal and Commercial Name of the Company

The Company is Testa Finance PLC, a Company incorporated under the Laws of Malta with Company registration number C 85495 and registered address at RU 19, The Pjazza, The Point, Tigne Point, Sliema, Malta and registered on 22nd March, 2018.

Telephone Number: +356 79990996

Email address: info@testacatering.com.mt

Website: www.testacatering.com.mt

1.1b Legal and Commercial Name of the Guarantor

The Guarantor is Testa Properties Limited, a company incorporated under the Laws of Malta, with Company registration number C 80524 and registered address at RU 19, The Pjazza, The Point, Tigne Point, Sliema, Malta and registered on 19th August, 2017.

Telephone Number: + 356 79990996

Email address: info@testacatering.com.mt

Website: www.testacatering.com.mt

1.2 Nature of the Company's and the Guarantor's current operations and their principal activities:

1.2a The Company

The principal object of the Company, which was set up and established to act as a finance company, is to lend and advance money, give credit, grant or provide guarantees, hypothecs, privileges, charges, security Interests or other security, exclusively to, or in favour of companies or partnerships which form part of the same Group of companies. The issue of Bonds falls within the objects of the Company.

1.2b Guarantor

The Guarantor's principal activity is acting as a holding company for the Group and to raise finance and capital for its operations. The Guarantor is also the owner of a number of immovable properties which are also being provided as security for the Bond being issued. Such immovable property shall be hypothecated in favour of the Security Trustee.

The Guarantor is also the parent company for the Group whose primary activities relate to the operation of catering and food establishments such as restaurants, coffee shops and bars.

1.3 Directors and Director Powers

1.3a The Company

The Company is run by the Board of Directors composed as indicated in this document. The Board of Directors are empowered by the Memorandum and Articles of Association of the Company to transact all business of the Company as allowed under law, unless such powers are expressly reserved to the shareholders of the Company.

Directors are nominated and appointed by the shareholders of the Company. Shareholders having five thousand (5,000) shares or more in the Company shall have the right to nominate a Director, whose nomination will then be voted on by the shareholders. Directors are appointed until the next Annual General Meeting of the Company, after which they can be nominated again for re-election.

1.3b The Guarantor

The Company is run by the Board of Directors composed as indicated in this document. The Board of Directors are empowered by the Memorandum and Articles of Association of the Company to transact all business of the Company as allowed under law, unless such powers are expressly reserved to the shareholders of the Company.

Directors are nominated and voted in by the shareholders of the Company and shall serve as Directors unless otherwise removed or resign in terms of the law. Directors are not obliged to resign or retire after a set period of time.

1.4 Shareholding Structure of the Issuing Company and the Guarantor

1.4a The Company

The authorised share capital of the Company is five hundred thousand Euro (€500,000) divided into five hundred thousand (500,000) ordinary shares of one Euro (€ 1) each.

The issued share capital is fifty thousand Euro (€ 50,000) divided into fifty thousand (50,000) ordinary shares of one Euro (€ 1), each of which are twenty five percent (25%) paid up and allotted as follows:

Shareholder details

Number of Shares

Testa Properties Limited

49,998

Ru 19, The Pjazza,
The Point, Tigne Point,
Sliema, Malta

Company registration number C 80524

Hanna Yevheniivna Testa

1

Block 5, Apartment 3 Back,
Tigne Point,
Sliema TPO 100, Malta

Maltese ID 2617L

Jean Paul Testa

1

Block 5, Apartment 3 Back,
Tigne Point,
Sliema TPO 100, Malta

Maltese ID 566184M

50,000 Ordinary Shares

1.4b The Guarantor

The authorised share capital of the Guarantor is six hundred and forty one thousand, three hundred and fifty six Euro (€ 641,356) divided into six hundred and forty one thousand, three hundred and fifty six (641,356) ordinary shares of one Euro (€ 1) each.

The issued share capital is six hundred and forty one thousand, three hundred and fifty six Euro (€ 641,356) divided into six hundred and forty one thousand, three hundred and fifty six (641,356) ordinary shares of one Euro (€ 1) each of which are one hundred (100) % paid up and allotted as follows:

Shareholder details

Number of Shares

Hanna Yevheniivna Testa

320,678

Block 5, Apartment 3 Back,
Tigne Point,
Sliema TPO 100, Malta

Maltese ID 2617L

Jean Paul Testa

320,678

Block 5, Apartment 3 Back,
Tigne Point,
Sliema TPO 100, Malta

Maltese ID 566184M

641,356 Ordinary Shares

1.5 Other Debt of the Company and the Guarantor

1.5a The Company

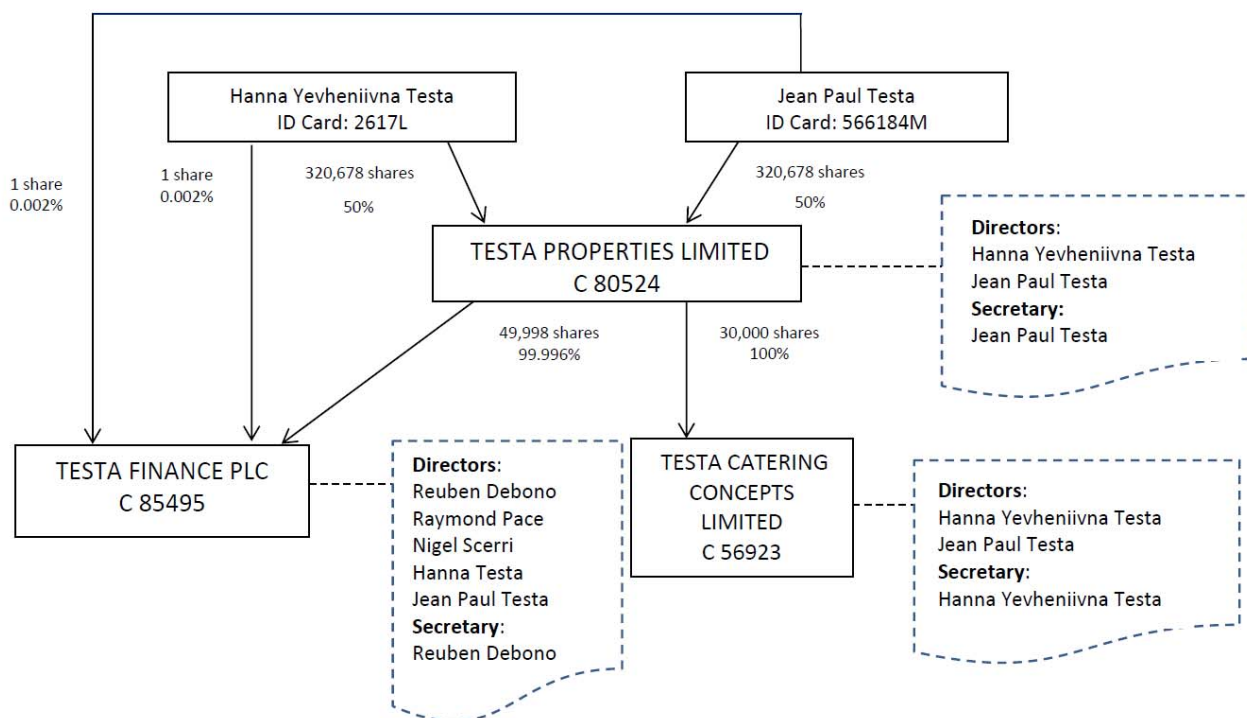
The Company is a new company and has no debt at the time of the issue.

1.5b The Guarantor

The Guarantor has no debt, however the Group, through Testa Catering Concepts Limited has accumulated some debt as follows:

- i. Overdraft: 50,000 Euro
- ii. JEREMIE Loan: 88,540.96 Euro
- iii. Bank Guarantee: 65,000 Euro
- iv. Bank Loan: 21,113.36 Euro
- v. Third Party Loan: 250,000 Euro

1.6 Organisational Structure



1.7 History and Important Events

1.7a The Company

The Company has been set up to act as a financing company of the Group. Accordingly, the Company's business is limited to the raising of capital for the financing of projects and the loaning of such funds to other companies in the Group. There has been no material adverse change in the prospects of the Company since the date of its incorporation.

1.7b The Guarantor

The main purpose of the Guarantor is to act as a holding company for the Group. The Guarantor is also the owner of a number of immovable properties as detailed further in this document.

The main business of the Group is the provision of food and drink and entertainment through its outlets, operated by Testa Catering Concepts Ltd. Currently, the Group operates three (3) catering outlets as follows:

- Cibo Pizzeria: Tigne Point. This outlet is a normal restaurant with average pricing, easy access and frequent covers, and thus well suited for the people regularly shopping at The Point.
- French Affaire: Tigne Point. This outlet is a coffee shop based in a prime location in Sliema, next to The Point Shopping Mall.
- Cibo Pizzeria: Valletta. This outlet opened in 2018, and is based on the other outlet in Tigne Point.

The Group now seeks to expand its business by acquiring a piece of land in Bugibba, formerly known as 'Serena Beach Club' at the Islets Promenade and develop it in another Cibo Pizzeria Restaurant, a Lido and a high end fish restaurant.

1.8 Summary of Financial Information

1.8a The Company

The Company was incorporated on the 22nd March, 2018 and from its set-up to the date of this Company Admission Document, no financial statements have been prepared as yet. No substantial change in the trading/ financial position of the Company has occurred from when the Company was set-up.

1.8b The Guarantor

The Guarantor was incorporated on 19th April, 2017. Its historical financial information for the previous financial period is set out in the audited financial statements of the Guarantor. The Guarantor's audit report on the audited financial statements for the period 19th April, 2017 to 31st December, 2017 does not contain any qualifications. Such audited financial statements are available for inspection at the Guarantor's registered office.

1.9 Business and Geographical Sectors

1.9a The Company

The Company is a finance company, incorporated in Malta. The Company does not conduct any business activities.

1.9b The Guarantor

The Guarantor is a holding company and does not trade. The Group is situated in Malta and the customer base of the Group is in Malta.

1.10 Customer Base

1.10a The Company

The Company is a finance company and has no customers.

1.10b The Guarantor

The Guarantor has no direct customer base since it is a holding Company. The Group's general customer base is the general public visiting the outlets for food and drink.

1.11 Trend Information

1.11 a Trend information on the Company

The Company was set up as a finance company with the primary object to raise finance and capital for the Group. The Company is fully owned by Testa Properties Limited and thus is part of its corporate structure. In this regard there has been no change since the date of incorporation on this element.

1.11 b Trend information on the Guarantor

As at the time of publication of this Company Admission Document, the Guarantor 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 the Company Admission Document.

The main business activity of the Group remains Catering and Entertainment. The trend analysis and strategy of the Group therefore revolves around this sector of the economy.

1.12 Guarantee

For the purposes of the guarantee, the Guarantor stands surety with the Company and irrevocably and unconditionally undertakes to effect the due and punctual performance of all the payment obligations undertaken by the Company under the Bonds to the Security Trustee if the Company fails to do so. Accordingly, until such time as the Bonds remain in issue, the Guarantor undertakes to pay to the Security Trustee on an on-going basis, Interest which may become due and payable during the term of the Bonds and the principal amount of the Bonds on the Redemption Date should the Company default in paying the Bondholders under the Bonds. In such cases, the Guarantor would be under an obligation to pay to the Security Trustee, upon demand and without the necessity of action first being taken by the Security Trustee against the Company itself, the amount due and payable by the Company. The Guarantor's obligations under the guarantee shall remain in full force and effect until no sum remains payable to any Bondholder pursuant to the issue of the Bonds.

1.13 The Security Trust

The Bond shall be partially secured by the Security Trust which shall have the benefit of the following securities:

- a) The Guarantee;
- b) The Pledge;
- c) The General Hypothec;
- d) The Special Hypothecs.

Such security shall be done in favour of the Security Trustee for the benefit of the Bondholders. The Company issuing the Bond has entered into a Security Trust Agreement with the Security Trustee and the Guarantor for the benefit of such Bondholders to represent their interests and effect payment of the principal amount of the Bond and interest in such an event such a claim is made against the Company. The Security Trust shall have at its disposal the Collateral for the benefit of the Bondholders.

The Security Trustee's role includes holding of the Collateral for the benefit of the Bondholders and the enforcement of the said Collateral upon the occurrence of certain events. The Security Trustee shall have no payment obligations to Bondholders under the Bonds which remain exclusively the obligations of the Company, or, in the case of default by the Company, the obligation of the Guarantor.

Although the Guarantor does not own enough assets to cover the entire amount of the bond value, the following assets shall be placed as a security in favour of the Security Trust, for the benefit of the Bond Holders.

1. The immovable property located at Apartment 1, Block 1, Salina Park, Triq Andrew Cunningham, Qawra valued at three hundred and nineteen thousand, four hundred and twelve Euro (€319,412). This shall be secured by a Special Hypothec for the Security Trustee.
2. The immovable property located at Apartment 2, Les Lapins, Triq il-Markizi Zimmermann Barbaro, Sliema valued at three hundred and twenty thousand, seven hundred and forty Euro (€320,740). This shall be secured by a Special Hypothec for the Security Trustee.
3. The fixed term deposit account of one million, two hundred thousand Euro (€1,200,000). After the issue, the Company shall place an amount of the issue in a fixed term deposit account with Bank of Valletta plc to be used to purchase the property in Bugibba in 2022. Until such a time the fixed term deposit account shall be pledged to the Security Trust.
4. The General Hypothec, constituted in favour of the Security Trustee by Jean Paul Testa, holder of Maltese ID bearing number 566184M and resident at Block 5, Apartment 3 Back, Tigne Point, Sliema TPO 100, Malta. The Net Asset Value of Jean Paul Testa, after deducting any outstanding loans is € 3,006,422.
5. Once the immovable property in Bugibba is acquired, the property shall be valued by an architect. It is estimated that after such acquisition and after the planned works are carried out, the value of the Bugibba Property is to exceed the full value of the issue. After the said purchase, a special hypothec shall be drafted and shall replace all the above-mentioned Collateral in favour of the Security Trustee.

The properties mentioned in 1 and 2 above are also covered by a comprehensive insurance policy, along with the Bugibba Property, which all three policies shall be available for inspection. The policies are also pledged to the security trustee in terms of the security trust deed.

2. The Securities

2.1 Type and Class of Securities

The Company shall issue an aggregate of three million, nine hundred thousand Euro (€ 3,900,000) in Bonds having a face value of one Euro (€1) per Bond, subject to a minimum subscription of five thousand Euro (€ 5,000) in Bonds and in multiples of one hundred Euro (€100) thereafter. On admission to trading on Prospects MTF, the Bonds will have the following ISIN: MT0002051200. The Bonds shall bear interest at the rate of five point five per cent (5.5%) per annum. The Bonds shall be repayable in full upon maturity on the 9th January, 2029 (together with Interest accrued to the date fixed for redemption). The Bond Issue is not a fully secured issue, however, a Collateral is held in favour of the Security Trustee acting in its capacity as trustee for the benefit of the Bondholders.

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 Company at the CSD.

2.2 Currency

The Bonds are denominated in Euro (€).

2.3 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.

2.4 Rights Attached to the Security

The Bondholders shall be entitled to the rights listed under Section R- 5 of this Company Admission Document.

2.5 Interest

The Bonds shall bear Interest from and including the Issue Date at the rate of five point five per cent (5.5%) per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date, the first Interest Payment Date being 9th January, 2020. Any Interest Payment Date falling 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 point five per cent (5.5%).

2.6 Redemption

Each Bond shall entitle the Bondholder to receive Interest, and the Redemption Value together with any accrued but unpaid Interest on the Redemption Date. Every Bondholder shall be entitled to be entered in the CSD Register as the holder of the Bonds issued in his favour and shall be entitled to receive from the CSD a statement of holdings acknowledging the Bondholder's legal entitlement to the Bond. Redemption shall take place on 9th January, 2029. The Company 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 purchased will be cancelled forthwith and may not be re-issued or re-sold.

3. Risks

Investment in the Bonds listed under this Company Admission Document involves numerous risks as detailed below. Prospective investors need to consider the following risk factors and other investor considerations as well as other information listed in the Company Admission Document before they invest in the Bonds. Prospective investors should discuss such potential investment with their own independent financial or other professional advisors.

Investors are being warned that by investing in the Bonds listed under this Company Admission Document may expose them to a risk that could possibly result in a loss of a substantial part of their investment or even all of their investment. In addition, nothing in relation to the order of the below risks is there to indicate a priority regarding the levels of risks related to the Bond.

The Company Admission Document further contains statements which are not historical facts but are presumptions and projections, taken by the Company in relation to possible future circumstances. Such statements are subject to numerous risks related to whether the projections or presumptions will materialise since such statements are based on the expectations of the Directors of the Company. No assurance is given in relation to whether these expectations will be achieved. Investors should consult their advisors in relation to investing in the Bond to determine if:

- a) they have sufficient knowledge and experience to properly evaluate the Bonds, including all of its risks and whether they have the ability to fully understand the contents of this Company Admission Document;**
- b) they have adequate financial resources and liquidity to invest in the Bonds;**
- c) they understand thoroughly the terms of the Bonds and are familiar with the behaviour of any relevant indices and financial markets; and**
- d) are able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rates and other factors that may affect their investment and their ability to bear the applicable risks.**

Below is a Summary of the principal risks associated with the Bonds. There may be other risks which are not mentioned in this Summary. Investors are, therefore urged to consult with their own financial or other professional advisors, as to the suitability of acquiring any of the Bonds.

The following is a Summary of the principal risk factors that are specific to the Company, its business and the market within which it operates:

Risks relating to the Company's reliance on the Group - The Company was incorporated on the 22nd March, 2018 and has no trading record of operations. The Company is a special purpose vehicle incorporated solely for this bond issue and does not own any other assets. The primary purpose of the Company is thus to finance the Group and raise capital through this Bond issue. Therefore, the business prospects of the Company are dependent on the business performance of the Group as a whole and negative results in the Group and its outlets might have negative implications on the financial position of the Company. The risks of the Group are thus also the risks of the Company and any of such risks factors which the Group as a whole may face, may also negatively impact the financial position of the Company. Such risks may also affect the ability of the Company to pay its debts including the ones related to this Bond Issue. The Guarantor, which is the holding company of the Group, is also tied in the same manner with the Company and all the risks of the Group as a whole are thus the risks of both the Company and the Guarantor.

Risks relating to the Group's debt – To be able to enter into the projects contemplated by the Group, the Group has amassed some debt, which although deemed sustainable, could adversely affect the financial position of the Company and the Group as a whole. This debt was accumulated as part of the investment strategy of the Group in relation to its planned expansions. While this debt is subject to increase, the aim of the Group is to keep such debt levels sustainable and balanced.

Concentration of Shareholding – The entire Group is owned exclusively by Jean Paul Testa and Hanna Yevheniivna Testa, who are also directors in the Company and also the Guarantor, and thus have a controlling interest in the Group. In addition, Jean Paul Testa is considered to be essential and instrumental for the Group's business, and thus any dilution, transfer or loss of control by the two shareholders, could have adverse effects on the Group and also the Company. There can be no guarantee that the shareholders will not dispose of their interest in the Group, or the Company, throughout the duration of this issue.

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 the national economy, political developments, government regulations, changes in planning or tax laws, interest rate fluctuations, inflation, and the general bond market.

Risks relating to the catering industry- Should the catering industry suffer any adverse events, this could have a negative effect on the Group. Changes in these factors might require changes in pricing, replacement of employees, additional expenditure for modifications of the Group's business model or outlets and reduction of guests.

Development risk- The Group's planned expansion in Bugibba requires the completion of construction and development projects. The projects may be subject to delays in the construction schedule, the risk of cost overruns, the risk of insufficiency of resources to complete, higher Interest costs and counter-party risks which might negatively impact the Group's financial position.

Competition risk- The Group operates in a competitive sector, namely the catering industry and is thus competing with other coffee shops, restaurants and similar establishments. The inability to compete successfully in any of these markets could adversely affect the Group's business and the results of its operations.

Reliance on key senior personnel and management – The Group's expansion and growth, heavily depends on certain key persons within the Group and such a dependence on these people has existed throughout the Group's existence. Such individuals are not easily replicable and it might have a negative effect on Group's financial position should one of these individuals retire or be unwilling to continue his or her operations.

Potential Claims and complaints- The nature of the business of the Group makes it very susceptible to receive complains from its guests and customers. These might include complaints on food quality, staff, food related illness, injury or harm suffered at the Group's premises, bad service, lack of cleanliness and lack of accessibility and facilities. Such complaints or concerns, even if unfounded or unproven, may have a serious effect on the reputation of the Group and in turn effect the amount of guests attending the establishments operated by the Group. This could lead to a negative financial effect on its finances, irrespective of the fact if such complains are brought forward by a customer or by a competitor.

Risk in relation to the Purchase of the Property – The property on which the project shall be carried out is subject to a promise of sale and lease until 2022. The project is thus subject to legal risks which may originate between the parties. Furthermore, there is the risk that the Group might not have the full required financing to purchase the land in 2022 and thus the Group would need to obtain additional financing.

Litigation risk – Risk of litigation in any industry carries a risk, not only due to the expenses suffered in the defence and settlement of the claim but also due to reputational damage caused by the mere fact that the Group would be subject to litigation proceedings.

Liquidity Risk – Lack of liquidity is a risk that may arise if the Company is unable to adhere to its financial commitments in time due to not having enough liquid assets or due to the difficulty that the Company and the Group may face to liquidate some of the more illiquid assets that it may own.

Interest Rate Risk – The Company may be adversely affected by a mismatch between the Interest rates of its assets and liabilities as may arise in the conduct of its business.

Risk Related to Property Valuations – The Company Admission Document makes reference to a number of property valuations which are available for inspection with this document. There is a risk that the market value of such properties differs from the value listed in the property valuations.

Weather Related Risks – The completion of the project and the business of the Group may be hampered and delayed by unforeseen weather events. In the construction phase, this may delay the completion of the projects, while throughout the general operations of the business, might hamper sales and profits of the Group.

Concentration Risk – The success of the Company is directly correlated to that of the Group which is essentially tied to the current outlook of the catering industry. All the outlets of the Group are catering establishments, except for the Lido and thus the business is fully dependent on the success of the catering sector.

Operational Risk – The financial position of the Company and the Group may be negatively affected due to failure of observance of internal processes or procedures or inadequate enforcement of such policies. Failure of technological systems or of the apparatus needed by the Group to operate the premises, may also lead to negative effects on the business of the Company and the Group.

Strategic and Business Risk – The operations of the Group and the Company are significantly based on certain strategic and business risks that the Group is taking in the short, medium and long terms. Success or failure of certain business ventures may have significant effects on the financial position of the Group and the Company.

Risks Relating to Taxation – Any changes in tax legislation may affect the Company's and the Group's earning capability.

Regulatory Risk – Any changes to the laws and regulations dealing with the catering industry, directly or indirectly, may have a negative effect on the profits of the Group due to increased compliance and enforcement costs. This may also lead to any required changes in the business model of the Group to adhere to these new requirements.

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

Additional Indebtedness and Security

The Company may incur further borrowings and indebtedness and may create or permit to subsist other security Interests upon the whole or any part of its present or future undertakings, assets or revenues (including uncalled capital).

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

- a) Prior to the Bond Issue, there has been no public market or 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;
- b) Only upon successful admission, may the Bonds be traded on a multilateral trading facility but will NOT be traded on any Regulated Market. Hence, the market for the Bonds may be less liquid than a Regulated Market and a Bondholder may find it more difficult to identify willing buyers for their Bonds. The existence of an orderly and liquid market depends on a number of factors. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or if it develops, that it will continue. Furthermore, there can be no assurance that an Investor will be able to sell or otherwise trade in the Bonds at all;
- c) Investment in the Bonds involves the risk that subsequent changes in market Interest rates may adversely affect the value of the Bonds;
- d) An investor in the Bonds will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the investor's currency of reference, if different;
- e) No prediction can be made about the effect which any future public offerings of the Company's securities or any takeover or merger activity, involving the Company, will have on the market price of the Bonds prevailing from time to time;
- f) The Company 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 Bonds moves adversely to changes in Interest rates;
- g) 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 on the Redemption Date unless the Bonds are previously repurchased and/or cancelled;
- h) An Application has been made to the MSE for the Bonds to be admitted and traded on Prospects MTF. Prospects MTF is a multilateral trading facility which is operated by the MSE and provides a venue for SMEs to float their securities. Consequently, this market is designed primarily for companies to which a higher risk than that associated with established companies tends to be attached. A prospective investor should be aware of the potential risks in investing in such companies and should make the decision to invest only after careful consideration and consultation with his or her own independent financial advisor;
- i) Even after the Bonds are admitted to trading on Prospects MTF, the Company is required to remain in compliance with certain requirements relating, inter alia, to the free transferability, clearance and settlement of the Bonds in order to remain eligible to trade on Prospects MTF in terms of the Prospects MTF Rules issued by the MSE 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 suspension or discontinuance described above could have a material adverse effect on the liquidity and value of the Bonds;
- j) The Company has not sought, nor does it intend to seek, the credit rating of an independent rating agency and there has been no assessment by an independent rating agency of the Bonds;

- k) In the event that the Company wishes to amend any of the Terms and Conditions of the issue of the Bonds it shall call a meeting of Bondholders. 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;
- l) The Bonds and the Terms and Conditions of the Bond Issue are based on the requirements of the Prospects MTF Rules and Maltese Law, including the Companies Act, in effect as at the date of the Company Admission Document. No assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice after the date of the Company Admission Document;
- m) Additional Indebtedness and Security – the Company may incur further borrowings and indebtedness and may create or permit to subsist other security interests upon the whole or any part of its present or future undertakings, assets or revenues (including uncalled capital);
- n) Effect of Future Public Offerings/Takeover/Merger Activity – No prediction can be made about the effect which any future public Offerings of the Company's securities, or any takeover or merger activity involving the Company, will have on the market price of any of the Bonds prevailing from time to time;
- o) The Bonds, when issued and allotted, shall constitute the general, direct and unconditional obligation of the Company and shall be guaranteed in respect of both the interest due and the principal amount by the Guarantor. The Bond issue shall also be partially secured by means of the Hypothec and the Pledge which shall act as Collateral. The Bonds shall at all times rank *pari passu*, without any priority or preference among themselves. In view of the fact that the Bonds are being guaranteed by the Guarantor (jointly and severally with the Company), the Security Trustee (for the benefit of the Bondholders) shall be entitled to request the Guarantor to pay both the interest due and the principal amount under these Bonds only if the Company fails to meet any amount (when due in terms of the Company Admission Document).

The joint and several Guarantee also entitles the Security Trustee to take action against the Guarantor without having to first take action against the Company. The strength of this guarantee on part of the Guarantor and therefore, the level of recoverability of the principal amount by the Security Trustee from the Guarantor, is dependent upon the financial position and solvency of the Guarantor. The Guarantee is further supported by the Pledge, the General Hypothec and the Special Hypothec in favor of the Security Trustee. Whilst this grants the Security Trustee a right of preference and priority in relation to the Pledge, the immovable property held under the Special Hypothec and the General Hypothec, the Collateral held may not cover the entire amount of the Bond. Therefore if a situation were to arise whereby the Security Trustee would take action against the Guarantor and the Group, the full amount of the Bond may not be fully recoverable.

In addition, the Bonds constitute a general, direct and unconditional obligation of the Company and the Guarantor. There can be no guarantee that any privileges afforded by law in specific situations, will not arise during the business of each of the Company and the Guarantor (which may rank with priority or preference to the Collateral).

4. Offer

4.1 General

The Offer consists of three million, nine hundred thousand Euro (€ 3,900,000) five point five per cent (5.5%) Bonds 2019, to be issued to the Bondholders pursuant to this Company Admission Document and these Terms and Conditions. The Bonds shall be available for subscription during the Issue Period on a first-come-first-served basis. The Bonds being offered will be the subject of an Application for admission to Prospects MTF. The Bonds are expected to be admitted to Prospects MTF on the 9th January, 2019 and such date shall constitute the date of issue, allotment, as well as Admission of the Bonds.

The Bonds are being issued in Euro (€), in the aggregate Principal amount of three million, nine hundred thousand Euro (€ 3,900,000). Each Bond shall have a nominal value of one hundred Euro (€ 100), which shall also be the Issue Price. There is a Minimum Subscription amount of five thousand Euro (€ 5,000) and no maximum investment amount, subject to such amount not exceeding the total amount of the Offer in the latter case.

Interest shall accrue with effect on and from the 9th January, 2019 and up to (but excluding) the Redemption Date. The Bonds shall cease to bear Interest from and including the Redemption Date. Interest shall be paid at the rate of five point five per cent (5.5%) per annum. Interest shall be payable annually in arrears on each Interest Payment Date. 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 point five per cent (5.5%)

4.2 Use of Proceeds

The estimated net amount of proceeds of the Bond is expected to be of three million, eight hundred forty thousand and five hundred Euro (€ 3,840,500) and shall be used for the following purposes:

- a) Improvements, additions and alterations to the property situated at Bugibba, totalling two million, one hundred thousand Euro (€ 2,100,000). These improvements shall be carried out by Testa Properties Limited, after the Bond issue proceeds have been forwarded to this company by the Escrow Agent. The relevant permits in this regard have been approved by the Planning Authority and are made available for inspection with this Company Admission Document. Until the funds are legally due, such will be held in an escrow account by the Escrow Agent;
- b) Fixed- Term investment to be used to acquire the said property totalling one million, two hundred thousand Euro (€ 1,200,000) in the name of the Company, Testa Finance Plc which amount shall then be used to purchase the immovable property in Bugibba in 2022. The property will be purchased in the name of Testa Properties Limited. Until such a time, the amount shall be put into a fixed deposit account with Bank of Valletta plc, in the name of Testa Finance Plc, which shall be pledged to the Security Trustee. Until the funds are legally due, such will be held in an escrow account by the Escrow Agent;
- c) Repayments of existing borrowings and facilities from credit institutions of Testa Catering Concepts Limited, totalling one hundred and eight five thousand Euro (€ 185,000). Until the funds are legally due, such will be held in an escrow account by the Escrow Agent;
- d) Repayment of a third-party loan of Testa Catering Concepts Limited, totalling two hundred and fifty thousand Euro (€ 250,000). Until the funds are legally due, such will be held in an escrow account by the Escrow Agent;
- e) Working capital obligations and repayments due by Testa Catering Concepts Limited, amounting to one hundred and five thousand, five hundred Euro (€ 105,500). Until the funds are legally due, such will be held in an escrow account by the Escrow Agent;

The Group's primary project is to open three outlets on the premises in Bugibba formerly known as 'Serena Beach Club' at the Islets Promenade, which shall consist of:

- a) Another Cibo Pizzeria Outlet;
- b) A high-end fish restaurant;
- c) A Lido with a pool.

Should subscriptions for a total of at least two million, seven hundred thousand Euro (€ 2,700,000) ("Minimum Amount") not be received, no allotment of Bonds shall be made, the Applications for Bonds shall be deemed not to have been accepted by the Company 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 Company will proceed with the allotment of the amount of Bonds subscribed for and the proceeds shall be used for the following purposes and in the order of priority set out below:

- a) Improvements, additions and alterations to the property situated at Bugibba.
- b) Repayments of existing borrowings and facilities from credit institutions.
- c) Repayment of a third party loan.
- d) Working capital obligations and repayments.
- e) Fixed- Term investment to be used to acquire the said property.

In the event that the Bond Issue is not fully subscribed as described 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 shall be financed from the Group's general cash flow and/or bank financing.

4.3 Subscription

The Company has appointed Jesmond Mizzi Financial Advisors Limited as Placement Broker and Registrar for the purposes of this Bond Issue and interested investors may contact the Placement Broker and Registrar for the purposes of subscribing to Bonds during the Issue Period. Applications for subscriptions to the Bonds will be processed on a first-come-first-served basis and the Issue Period shall close immediately upon attaining full subscription or on the last day of the Issue Period, whichever is the earliest. The Bonds are open for subscription to all categories of investors.

The Bond Issue is not underwritten. Should subscriptions for a total of at least two million, seven hundred thousand Euro (€ 2,700,000) (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 Company 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 Company will proceed with the allotment of the amount of Bonds subscribed.

No Bonds are being reserved for the Placement Broker and Registrar, however the Placement Broker and Registrar may subscribe for Bonds for its own account or for the account of underlying customers, including retail customers.

4.4 Governing Law and Jurisdiction

The Bonds have been created, and the Bond Issue relating thereto is being made, in terms of the Prospect MTF Rules. From their inception, the Bonds, and all contractual arrangements arising therefrom shall be governed by and shall be construed in accordance with Maltese law. Any legal action, suit, action or proceeding against the Company arising out of or in connection with the Bonds shall be brought exclusively before the Maltese courts and the Bondholder shall be deemed to acknowledge that it is submitting to the exclusive jurisdiction of the Maltese courts.

4.5 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 fifty nine thousand, five hundred Euro (€ 59,500) and shall be borne by Testa Catering Concepts Limited.

4.6 Redemption and Purchase

Unless previously purchased and cancelled, the Bonds shall be redeemed on the Redemption Date, being the 9th January, 2029. The Bonds shall be redeemed at their nominal value, including any accrued but unpaid Interest thereon. Subject to the provisions of this paragraph, the Company 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 purchased will be cancelled forthwith and may not be re-issued or resold.

4.7 Payments

Payment of the principal amount of a Bond will be made by the Company in Euro to each Bondholder whose name is entered in the CSD Register, with Interest accrued to the date fixed for redemption, by means of a direct credit against surrender of the Bonds by the Bondholders at the registered office of the Company or at such other place in Malta as may be notified by the Company. The Company 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 CSD Register. Payment of any instalment of Interest on a Bond will be made by the Company in Euro directly to each Bondholder whose name is entered in the CSD Register at the close of business fifteen (15) Business Days prior to the Interest Payment Date by means of a direct credit into such bank account as held by the CSD. The Company shall not be responsible for any charges, loss or delay in transmission.

4.8 Transferability

The Bonds may be transferred in whole for a minimum face value of one hundred Euro (€ 100) in accordance with the Bye-laws of the MSE and any applicable laws, rules or regulations governing the transfer of the Bonds, from time to time. If Bonds are transferred or transmitted in part, the transferee thereof will not be registered as a Bondholder. Any person becoming entitled to a Bond/s 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 Company or the MSE, elect either to be registered himself as holder of the Bond/s 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 Company 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/s, or procuring the transfer of the Bond/s, in favour of that person, provided always that if a Bond is transmitted or transferred in furtherance of this paragraph, a person will not be registered as a Bondholder unless such transmission or transfer is made in multiples of one hundred Euro (€ 100).

All transfers and transmissions are subject in all cases to any pledge (duly constituted in terms of law) of the Bonds and to any applicable laws and regulations. The cost and expenses of affecting any registration of transfer or transmission in the Bonds shall be at the charge of the Bondholder or at the charge of such person as the rules and bye-laws of the MSE may, from time to time, determine. The Company will not register the transfer or transmission of Bonds for a period of fifteen (15) Business Days preceding the due date for any payment of Interest on the Bonds or the due date for redemption.

4.9 Amendments to Terms and Conditions

The provisions of the Terms and Conditions may be amended with the approval of Bondholders in accordance with the terms and procedure set out under the Terms and Conditions.

4.10 Bonds 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 CSD Register. The usufructuary shall for all intents and purposes be deemed, vis-à-vis the Company, to be the holder of the Bond so held and shall have the right to receive the Redemption Value and Interest on the Bond, but shall not, during the continuance of the Bond, have the right to dispose of the Bond so held without the consent of the bare owner.

4.11 Bonds held Jointly

In respect of a Bond held jointly by several persons (including but not limited to husband and wife), the joint Bondholders shall nominate one (1) of their number as their representative and his/her name will be entered in the CSD Register with such designation. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond so held. In the absence of such nomination and until such nomination is made, the person first named on the CSD Register in respect of such Bond shall, for all intents and purposes, be deemed to be the registered holder of the Bond so held.

4.12 Meetings of the Bondholders

The Company may, from time to time, call meetings of Bondholders, through the Security Trustee, for the purpose of consultation with Bondholders or for the purpose of obtaining the consent of Bondholders on matters which in terms of this Company Admission Document require the approval of a Bondholders' meeting.

4.13 Disclosure of Material Issue

Save for any fees payable to the advisors engaged by the Company in connection with this Company Admission Document and the Issue, as far as the Company is aware, no person involved in the issue of the Bonds has an Interest that is material to the Issue.

SECTION D - RISKS

AN INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS. THE FOLLOWING RISKS ARE THOSE IDENTIFIED BY THE COMPANY AS AT THE DATE OF THE COMPANY ADMISSION DOCUMENT. PROSPECTIVE INVESTORS SHOULD CONSIDER CAREFULLY, TOGETHER WITH THEIR INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THIS DOCUMENT AND REFERENCE DOCUMENTS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE COMPANY AND THE BONDS.

PROSPECTIVE INVESTORS ARE WARNED THAT BY INVESTING IN THE BONDS THEY MAY BE EXPOSING THEMSELVES TO SIGNIFICANT RISKS THAT MAY HAVE THE CONSEQUENCE OF LOSING A SUBSTANTIAL PART OR ALL OF THEIR INVESTMENT. THE RISK FACTORS SET OUT BELOW ARE A SUMMARY OF THE RISKS ASSOCIATED WITH AN INVESTMENT IN THE COMPANY AND THE BONDS – THERE MAY BE OTHER RISKS WHICH ARE NOT MENTIONED IN THE DOCUMENT. INVESTORS ARE THEREFORE URGED TO CONSULT THEIR OWN FINANCIAL OR OTHER PROFESSIONAL ADVISORS WITH RESPECT TO THE SUITABILITY OF INVESTING IN THE COMPANY AND THE BONDS.

SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES THAT MAY OR MAY NOT OCCUR AND THE COMPANY IS NOT IN A POSITION TO EXPRESS A VIEW 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 PROBABILITY OF A PARTICULAR CAUSE OF LOSS ARISING OR OF THE EXTENT OF THAT LOSS SHOULD IT ARISE.

SHOULD ANY OF THE RISKS DESCRIBED BELOW MATERIALISE, THEY COULD HAVE A SERIOUS ADVERSE EFFECT ON THE COMPANY'S FINANCIAL RESULTS AND TRADING PROSPECTS AND THE ABILITY OF THE COMPANY TO FULFIL ITS OBLIGATIONS UNDER THE BONDS.

THE RISKS AND UNCERTAINTIES DISCUSSED BELOW MAY NOT BE THE ONLY ONES THAT THE COMPANY FACES. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE THE DIRECTORS OF THE COMPANY MAY NOT CURRENTLY BE AWARE OF, COULD WELL RESULT IN A MATERIAL IMPACT ON THE FINANCIAL CONDITION AND OPERATIONAL PERFORMANCE OF THE COMPANY. ACCORDINGLY, PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS, AND SHOULD CONSIDER ALL OTHER SECTIONS IN THE DOCUMENT BEFORE INVESTING IN THE BONDS. IN ADDITION, PROSPECTIVE INVESTORS OUGHT TO BE AWARE THAT RISK MAY BE AMPLIFIED DUE TO A COMBINATION OF RISK FACTORS.

1. Forward-Looking Statements

The Company Admission Document contains forward-looking statements that include, among others, statements concerning the Company's and Guarantor's strategies and plans relating to the attainment of their respective objectives, capital requirements and other statements of expectations, beliefs, future plans and strategies, anticipated developments and other matters that are not historical facts and which may, accordingly, involve predictions of future circumstances. Prospective investors can generally identify forward-looking statements using 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 Company's and Guarantor's control.

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

Accordingly, the Company 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 Company and/or Guarantor 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 Company Admission Document in its entirety and, in particular, the sections entitled “Risk Factors” for a further discussion of the factors that could affect the Company’s and/or Guarantor’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.

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.

2. General

Authorised financial Intermediaries are to determine the suitability of prospective investors’ investment in the Bonds in the light of said prospective investors’ own circumstances. The Bonds may not be a suitable investment for all investors. In particular, authorised financial intermediaries should determine whether 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 Company 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.

Risks relating to the Company’s reliance on the Group

Since the Company was incorporated on 22nd March 2018, the Company has no trading record nor does it intend to trade, except for the raising of finance through this bond issue. The Company does not have any assets and was specifically set up as a special purpose vehicle under the Group to finance the expansion in Bugibba and the eventual acquisition of land on which the restaurant and lido will be situated.

Since the Company is fully dependent on the Group and its business prospects for the payment of its obligations under this issue, the risks intrinsic to the Group are also the risks intrinsic to the Company and any adverse effect on the Group shall also have a negative effect on the financial position of the Company and thus also the Guarantor. Therefore, the risks intrinsic in the business and operations of Group companies have a direct effect on the ability of the Company and the Guarantor to meet their respective obligations in connection with the payment of Interest on the Bonds and repayment of principal when due. Accordingly, the risks of the Company are indirectly those of the Group, and in turn, all risks relating to the Group are the risks relevant to the Guarantor.

Specifically, the Company is principally dependent on the catering industry, with all its outlets being catering establishments. Factors which might affect this industry might have an impact on the Group’s and the Company’s financial position. These will include yearly customer trends, tourism and weather and the general market of the catering industry.

Risks about the Group and its business

The Group's indebtedness could adversely affect its financial position

As a result of the investments made in furtherance of its growth and developments strategy, the Group has accumulated a material amount of debt. Although the amount of debt funding of the Group is expected to increase due to its new projects, the Group's policy is such as to maintain a balanced debt to equity ratio at prudent levels. A number of financial covenants that the Group may contract to, could give rise to a reduction in the amount of cash available for distribution to the Group, which would otherwise be available for funding of the Group's working capital, capital expenditure, development costs and other general corporate costs. The debt of the Group is listed in a more detailed manner later in this Company Admission Document.

Exposure to general market conditions

The market in which the Company and the Group operate in is affected by a number of general market conditions, which may affect the financial position of the Group and the Company. These would include factors such as the national and international economy and economic outlook, any political developments, government regulations, changes in tax, corporate, sanitary or planning laws and rules, inflation, changes in the tourism market, weather changes and changes to interest rates. The business of the Group is particularly exposed to any elements which might have a detrimental effect on tourism, which would impact the catering industry.

Risks relating to the catering industry

There are a number of elements in the catering industry which may affect the restaurant business, both generally and also relating to the specific customer base targeted by the lido. These include:

- Changes in the economic conditions locally or internationally;
- Changes in customer confidence;
- Changes in spending power, disposable income and spending patterns of customers;
- Competition trends between similar establishments, food, location, service quality and entertainment;
- Changes and projects, out of the control of the Group, which include changes in traffic patterns and related infrastructural projects;
- Weather and tourism patterns in a given year;
- Potential litigation on health concerns and health issues;
- Changes of current laws, regulations, licensing requirements for such establishments;
- Changes in employment trends which may affect the staff of the Group.

Negative changes in any of the above-mentioned factors at any of the Group's outlets and establishments could reduce customer transactions and attendance which would thus require further expenditure by the Group. Such elements would negatively affect its business and operations. The Group's success is also dependent on keeping a high service level to its customers, which a lack thereof, could undermine the Group's reputation and reduce the business generated by the outlets.

In addition, the Group's financial performance is heavily dependent on the opening and success of the new establishments in Bugibba, as well as the continued success of the existing and new establishments. The opening of the new establishments will take time to be fully operational due to staffing and general time required from the business to operate at maximum efficiency. The Group cannot guarantee that it will be able to achieve its expansion goals or that new restaurants will be operated profitably.

Furthermore, the Group cannot guarantee that any restaurant it opens will obtain operating results similar to those of its existing establishments. The success of the planned expansion will depend upon numerous factors, many of which are beyond the Group's control.

Development Risk

The Group's main use of proceeds shall be directed to an expansion project in Bugibba, which project's completion is dependent on the work of third parties and other external factors like weather which may affect the completion date and subsequent opening of the planned establishments. Further issues may arise with the development which are not uncommon, which include risk of cost overruns, insufficiency of resources and higher Interest costs. All the above may affect the opening of the establishment and the financial position of the Group.

Competition Risk

The Group operates in a very competitive environment which may affect the revenues, profits and earnings of the Group. Heavy competition may also influence the Group's ability to meet its targets and goals. The location of both the current planned outlets in Bugibba are situated close to other establishments which provide competing goods and services and therefore, the Group must remain competitive with these establishments to remain profitable.

One of the main competitors of this new venture is the upmarket Lido, 'Café del Mar', which may influence the financial performance of the Group.

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 is unable or unwilling to continue in their present position and may not be replaceable within the short term, 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.

Concentration of Shareholding

The entire Group is owned exclusively by Jean Paul Testa and Hanna Yevheniivna Testa, who are also directors in the Company (and also the Guarantor) and thus have a controlling interest in the Group. In addition, Jean Paul Testa is essential and instrumental for the Group's business, and thus any dilution, transfer or loss of control by the two shareholders, could have adverse effects on the Group and also the Company. There can be no guarantee that the shareholders will not dispose of their interest in the Group, or the Company, throughout the duration of this issue.

Potential Claims and Complaints

The nature of the business of the Group is such which may be subject to complaints from its customers, relating to food and beverage and quality of service. Further claims of a more serious nature relate to food related illness or injuries suffered on the Group's premises. This could lead to adverse publicity towards the Group and its outlets which may lead to a reduction in revenues, loss of clientele and legal action, irrespective of the fact if such complaints or allegations were true or not.

Litigation in this regard would also lead to further expenses and negative publicity. This may arise not only in relation to the clientele of the Group but also when dealing in employee matters. Litigation expenses would divert funds and resources from other projects which would otherwise benefit the Company.

Risk in relation to the Purchase of the Property

The land on which the project shall be carried out shall be subject to a promise of sale agreement and lease until 2022. The project is thus subject to legal risks which may originate between the parties. Such risks relate to the operation of the lease itself and in relation to the finalisation of the sale agreement since the property in question is still subject to a promise of sale. Such risks include:

- i. In the promise of sale agreement, Testa Properties Limited is required to effect an annual payment of forty thousand Euro (€ 40,000) on the first day of March. Should Testa Properties fail to make any one of these payments, the company would lose the right to purchase the property in Bugibba and any amounts paid in this regard would not be refundable;
- ii. In the promise of sale agreement, Testa Properties Limited also has the obligation to finish the works on the Bugibba premises within thirty (30) months from when the permits are issued. In an event of failure, the company would suffer a penalty of two thousand (€ 2,000) Euro per day.
- iii. In terms of the lease agreement, Testa Properties Limited is to pay one hundred thousand (€ 100,000), which is due annually. If Testa Properties Limited is in default of any two (2) payments, the lessor shall have the right to terminate the lease. In such an event, any work carried out and any money spent on improvement on the property in Bugibba will be lost, with no right to reclaim such funds.
- iv. In terms of the promise of sale and lease agreement, should Testa Properties Limited not purchase the Bugibba Property in 2022, the agreement states that the lease shall also be terminated with no immediate option for renewal. Thus, there is the risk that in such an event, the Group would need to re-negotiate a new lease with no guarantee of success.

Furthermore, there is the risk that the Group might not have full required financing to purchase the land in 2022 and thus the Group would need to obtain additional financing.

Legal and Litigation Risk

The Group may be subject to numerous kinds of legal risks, which may negatively impact the performance of the Group or disrupt its operations due to the direct effect of such risks or legal costs. These shall include risks arising from contracts which may be deemed to be unenforceable, null or unclear or litigation. 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 legal proceeding or dispute will not have a material adverse effect on the Group's future cash flow, results of operations or financial condition.

Liquidity Risk

The Bondholders will assume the credit risk of the Company. In the case of insolvency of the Company, the Bondholders may suffer direct and materially adverse consequences, including, deferral of Interest and, if the Company were insolvent, the Bondholders may suffer loss of part of or their entire investment.

Interest Rate Risk

The Company may be exposed to Interest rate risk, which refers to the potential changes in the general interest rates. Such changes in interest rates could increase the interest rate yields of similar investments or could make Bank based interests yield higher rates of interest, reducing the value of these Bonds. Such changes could reduce the value of these Bonds, make them difficult to sell or provide better investment opportunities to investors.

Risk Related to Property Valuations

This Company Admission Document refers to the following immovable property and their respective valuations:

- 1) Valuation of the property located at Apartment 1, Block 1, Salina Park, Triq Andrew Cunningham, Qawra;
- 2) Valuation of the property located at Apartment 2, Les Lapins, Triq il-Markizi Zimmermann Barbaro, Sliema;
- 3) Valuation of the property previously known as Serena Beach Club' at the Islets Promenade, in Bugibba.

These valuations were prepared by an independent architect in terms of the Prospects MTF Rules and with the valuation standards published by the Royal Institution of Chartered Surveyors. In providing these valuations, the architect has made a number of assumptions, especially those relating to the Bugibba Property, which depend on future occurrences, market trends and general economic outlook. Thus the actual future values of these properties may differ from the values listed in the architect's valuations.

Weather Related Risks

Adverse and unexpected weather events may have a negative financial effect on the Group, both during the construction phase and throughout the general operations of the business.

Adverse weather events, such as rain and heavy wind, may cause certain delays in the construction of the Bugibba Property.

Should adverse weather effects occur throughout the general operations, especially in summer, when the business is expected to make most of its profits, such may have a material effect on the customers of the Lido and the fish restaurant. This would have a negative effect on the financial position of the Group.

Concentration Risk

The business of the Company is concentrated on the industry and location of its establishments. The current outlets of the Group are located at Tigne Point and Valletta, with the new outlets to be opened in Bugibba. Any events or occurrences which are outside the control of the Group, may affect the location, the business of catering in Malta and the financial position of the Group.

Operational Risk

Operational risk events can be broadly categorised as: (a) losses arising from internal and external frauds, as well as human errors and omissions; (b) losses arising from loss of key personnel; (c) losses arising from technological failures, telecommunication problems and utility outages; (d) failure of equipment in outlets; (e) losses related to food related issues and (f) losses arising from insurance arrangements not adequately addressing the risk these are intended to cover.

Reliance Risk

The Company issuing the Bond is functioning as a finance company and thus depends on the Group directly for the servicing of the Interest as well as the repayment of the principal amount. Thus, any adverse effect on the business, will negatively affect the Company's ability to honour its obligations in relation to the payment of the principal amount and interest. Accordingly, the risks of the Group are the risks of the Company.

Payments from the Group will also be dependent on the cash flows and income generated by the Group's outlets. These may be affected by a number of elements outside the control of the Company and could also in turn negatively impact the ability of the Company to make the respective payments of Interest and the principal amount.

Strategic and Business Risk

The Company's operations and business may be adversely affected by risks arising from improper strategic choices, and their relative implementation, which risks may be unique to the Group and the Company.

Risks Relating to Taxation

The amount of taxation charged on the Company's activities is subject to changes in tax laws and their practical application. Such changes may negatively impact the financial position of the Group due to increased taxation costs or decreased demand for the products/services of the Group due to higher taxes.

Regulatory Risk

Changes in laws and regulations may negatively impact the performance of the Group and the Company. Changes in local law, European regulation or international regulation may introduce new rules and regulations which will increase compliance and regulatory costs. New regulations on sanitary requirements, food and beverage quality, health and safety issues or construction standards may also increase the costs of the Group. Such costs may negatively affect the performance of the Group.

Risks about the Securities

An investment in the Bond includes certain risks including, but not limited to, the following:

- a) Prior to the Bond Issue, there has been no public market or 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.
- b) Only upon successful admission, may the Bonds be traded on a multilateral trading facility but will NOT be traded on any Regulated Market. Hence, the market for the Bonds may be less liquid than a Regulated Market and a Bondholder may find it more difficult to identify willing buyers for their Bonds. The existence of an orderly and liquid market depends on a number of factors. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or if it develops, that it will continue. Furthermore, there can be no assurance that an Investor will be able to sell or otherwise trade in the Bonds at all.
- c) Investment in the Bonds involves the risk that subsequent changes in market Interest rates may adversely affect the value of the Bonds.
- d) An investor in the Bonds will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the investor's currency of reference, if different.
- e) No prediction can be made about the effect which any future public Offerings of the Company's securities, or any takeover or merger activity involving the Company, will have on the market price of the Bonds prevailing from time to time.
- f) The Company 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 Bonds moves adversely to changes in Interest rates.
- g) 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 on the Redemption Date unless the Bonds are previously repurchased and/or cancelled.
- h) Application has been made to the MSE for the Bonds to be admitted and traded on Prospects MTF once the Bonds are authorised as admissible by the MSE. Prospects MTF is a multilateral trading facility which is operated by the MSE and provides a venue for SMEs to float their securities. Consequently, this market is designed primarily for companies to which a higher risk than that associated with established companies tends to be attached. A prospective investor should be aware of the potential risks in investing in such companies and should make the decision to invest only after careful consideration and consultation with his or her own independent financial advisor.
- i) Even after the Bonds are admitted to trading on Prospects MTF, the Company is required to remain in compliance with certain requirements relating, inter alia, to the free transferability, clearance and settlement of the Bonds in order to remain eligible to trade on Prospects MTF in terms of the Prospects MTF Rules issued by the MSE 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 suspension or discontinuance described above could have a material adverse effect on the liquidity and value of the Bonds.

- j) The Company has not sought, nor does it intend to seek, the credit rating of an independent rating agency and there has been no assessment by an independent rating agency of the Bonds. If the Company wishes to amend any of the Terms and Conditions of issue of the Bonds, it shall call a meeting of Bondholders. The provisions of Section R- 10 of this Company Admission Document 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.
- k) The Bonds and the Terms and Conditions of the Bond Issue are based on the requirements of the Prospects MTF Rules and Maltese Law, including the Companies Act, in effect as at the date of the Company Admission Document. No assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice after the date of the Company Admission Document.
- l) The Bonds shall constitute the general, direct, unconditional, senior and secured obligations of the Company. The Bonds shall at all times rank *pari passu*, without any priority or preference among themselves and, save for such exceptions as may be provided by applicable law, shall rank prior to all other present and future obligations of the Company.
- m) Effect of future public offerings/takeover/merger activity – No prediction can be made about the effect which any future public offerings of the Company's securities, or any takeover or merger activity involving the Company, will have on the market price of any of the Bonds prevailing from time to time;
- p) The Bonds when issued and allotted, shall constitute the general, direct and unconditional obligation of the Company and shall be guaranteed in respect of both the interest due and the principal amount by the Guarantor. The Bond issue shall also be partially secured by means of the Hypothec and the Pledge which shall act as Collateral. The Bonds shall at all times rank *pari passu*, without any priority or preference among themselves. In view of the fact that the Bonds are being guaranteed by the Guarantor jointly and severally with the Company, the Security Trustee, for the benefit of the Bondholders shall be entitled to request the Guarantor to pay both the interest due and the principal amount under these Bonds if the Company fails to meet any amount, when due in terms of the Company Admission Document.

The joint and several Guarantee also entitles the Security Trustee to take action against the Guarantor without having to first take action against the Company. The strength of this guarantee on part of the Guarantor and therefore, the level of recoverability of the principal amount by the Security Trustee from the Guarantor, is dependent upon the financial position and solvency of the Guarantor. The Guarantee is further supported by the Pledge, the General Hypothec and the Special Hypothecs in favor of the Security Trustee. Whilst this grants the Security Trustee a right of preference and priority in relation to the Pledge, the immovable property held under the Special Hypothecs and the General Hypothec, the Collateral held may not cover the entire amount of the Bond. Therefore if a situation were to arise whereby the Security Trustee would take action against the Guarantor and the Group, the full amount of the Bond may not be fully recoverable.

In addition, the Bonds constitute a general, direct and unconditional obligation of the Company and the Guarantor. There can be no guarantee that any privileges afforded by law in specific situations, will not arise during the business of each of the Company and the Guarantor (which may rank with priority or preference to the Collateral).

SECTION E - PERSONS RESPONSIBLE

The Directors of the Company issuing the Bond, who appear in Section F of this Company Admission Document, are fully responsible for the contents and information contained herein. 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 Company 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 Company and of the rights attaching to the Bonds.

SECTION F - IDENTITY AND SENIOR MANAGEMENT OF THE COMPANY AND GUARANTOR

1. Directors of the Company

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

Jean Paul Testa	Mr Testa is an executive Director in the Company and the Chief Executive Officer.
Hanna Yevheniivna Testa	Mrs Testa is an executive Director in the Company and the Chief Operations Officer.
Nigel Scerri	Mr Scerri is an executive Director in the Company and the Chief Financial Officer.
Raymond Pace	Mr Pace has been appointed as an Independent, non-executive Director in the Company.
Reuben Debono	Mr Debono has been appointed as an Independent, non-executive Director in the Company.

Jean Paul Testa, Hanna Yevheniivna Testa and Nigel Scerri are executive Directors and occupy senior management positions within the Company. Raymond Pace and Reuben Debono are independent non-executive Directors who have no links to the Company and are free from any family or other business relationships from the Directors and shareholders of the Company and the Group.

Testa Finance PLC, is a limited liability company registered under the Laws of Malta on the 22nd March, 2018, having company registration number C 85495 and having registered address at Ru 19, The Pjazza, The Point, Tigne Point, Sliema

The Company secretary is Reuben Debono.

The Compliance Officer of the Company is Reuben Debono.

The below are the CV's of the Directors, Company secretary and the Compliance Officer of the Company.

Jean Paul Testa

Jean Paul Testa, age 33, has spent most of his life working in the catering industry learning key management and industry skills needed to establish his own business in the future. Mr Testa further used to run his family's textile business and was also responsible for its restructuring. He also worked as a consultant for Cioconat Ltd.

He established the Cibo Pizzeria Outlet six years ago, which is a family style restaurant at the heart of The Point Shopping Mall, which caters for affordable and relaxed meals for family and friends. Eventually Mr Testa became the full owner of the business. Another establishment under the same name has been established in Valletta in 2018. Furthermore, five years ago, he further established the French Affaire Outlet at Tigne Point. This is a café shop inspired by the artful life of Paris and a romantic feeling evoked when visiting France. The businesses all fall under Testa Catering Concepts Limited, where Mr Testa is a director and CEO.

Hanna Yevheniivna Testa

Hanna Yevheniivna Testa studied in Ukraine and attended the Lviv College of light industry (Faculty of Fine Arts) and the Lviv National Academy of Arts (Faculty of interior design). She had worked in interior design before moving to Malta in 2005. After spending some years working in the catering sector, she entered into business with Jean Paul Testa and became a shareholder and director in Testa Catering Concepts Limited. She has since then taken the role of Chief Operations Officer and has taken a lead role in running the establishments at Tigne Point and Valletta.

Nigel Scerri

Warranted as a Certified Public Accountant and Auditor by age twenty-three, Nigel Scerri obtained a professional degree in Finance (ACCA), a second professional degree in Management Accounting (CIMA) and a Masters Degree in Business Administration. Now in his thirties and having served as Audit and Tax Manager for KSi Malta and subsequently as Group Financial Controller for the Fortel Group, he runs his own private practice (Ennesse) and serves as a financial and management consultant for leading local and international groups of companies. Nigel serves as Director of Dizz Finance p.l.c., D Shopping Malls Finance PLC, Testa Finance PLC, Airmalta Aviation Services Ltd, Mediterranean Offshore Bunkering Co. Ltd, Pafri Limited and Fripa Limited.

Raymond Pace

Mr Raymond Pace was educated at the Lyceum Hamrun Secondary School. His career has been mainly within the Financial Services Industry. He is a former employee of Bank of Valletta plc. He has more than 40 years' experience in Retail banking after joining the Bank in 1974. He worked as a Branch Manager for a number of years. Raymond Pace also held several senior managerial positions within the Bank particularly within the credit arm of the Bank, namely heading Business Centers within the same bank. For the last three years of his banking career he was also assigned the role of an Executive Head at the Bank's Recoveries Department.

Reuben Debono

Dr Reuben Debono is a Notary by profession. He graduated at the University of Malta with a Bachelor of Arts in Law & International Relations in the year 2001, and a year after he obtained the Diploma of Notary Public. Notary Debono obtained the LL.D in the year 2004 and in the same year obtained the warrant to practice as a Notary. Dr Reuben Debono set up the Notarial Firm named D Notaries and the same firm has published more than 6000 contracts mostly in real estate transactions. D Notaries provides all notarial services including property conveyancing, financing and mortgaging, estate and succession planning and also acting as Commissioner for Oaths. Notary Reuben Debono was awarded a certificate in Trust Law and administration by the Institute of Financial services Practitioners Malta.

2. Directors of the Guarantor

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

Jean Paul Testa

Mr Testa is an executive Director in the Company.

Hanna Yevheniivna Testa

Mrs Testa is an executive Director in the Company.

Jean Paul Testa and Hanna Yevheniivna Testa are executive Directors and occupy senior management positions within the Guarantor.

Testa Properties Limited, is a limited liability company registered under the Laws of Malta on the 19th April, 2017, having company registration number C 80524 and having registered address at Ru 19, The Pjazza, The Point, Tigne Point, Sliema.

The Company secretary is Jean Paul Testa.

The CVs of the Directors can be found above.

3. Directors Remuneration

3.1 The Company

Pursuant to the Memorandum and Articles of Association of the Company, the emoluments to the Directors of the Company shall be set and approved by the General Meeting of the Company. The members of the Board may also claim expenses paid for travelling, lodging and other expenses which have been incurred as part of their role as acting as Director or in connection with the business of the Company.

The total emoluments expected to be paid to its Directors for the year ending on the 31st December, 2018, shall be € 4,000.

3.2 The Guarantor

Pursuant to the Memorandum and Articles of Association of the Guarantor, the emoluments to the directors of the Company shall be set and approved by the General Meeting of the Guarantor. The members of the Board may also claim expenses paid for travelling, lodging and other expenses which have been incurred as part of their role as acting as Director or in connection with the business of the Guarantor.

The total emoluments expected to be paid to its Directors for the year ending on the 31st December, 2018, shall be € 4,000.

4. Director's Shareholding

4.1 The Company

Name	Number of ordinary share/s held	Percentage shareholding
Jean Paul Testa	1	0.0002%
Hanna Yevheniivna Testa	1	0.0002%

Through the Guarantor's holding of shares in the Company however, Jean Paul Testa and Hanna Yevheniivna Testa indirectly hold the remaining 79,998 ordinary shares (i.e.99.9996 % of the share capital) each.

4.2 The Guarantor

Name	Number of ordinary share/s held	Percentage shareholding
Jean Paul Testa	320,678	50%
Hanna Yevheniivna Testa	320,678	50%

5. Powers of Directors

5.1 The Company

Loans to Directors - There are no loans to any of the Directors of the Company and no loans will be issued to the Directors throughout the duration of the Bond issue.

Appointment and Removal of Directors - Members of the Board of Directors are appointed by the annual general meeting and their appointment lasts until the next annual general meeting, unless such Directors are removed or resign on terms of the law. Any Director may be removed at any time by the Company in terms of article 140 of the Companies Act.

Frequency of Board Meetings - The Board of Directors may meet as necessary by the Company. The Chairman of the Board or any two (2) Directors may at any time summon a meeting of the Directors.

Powers to act on behalf of the Company - The Judicial representation of the Company is vested in any two (2) Directors and thus any two (2) Directors may act together in representing the Company.

Powers to commit the Company - The legal representation of the Company is vested in any two (2) Directors and thus any two (2) Directors may commit the Company subject to the authority of the Board.

5.2 The Guarantor

Loans to Directors - There are no loans to any of the Directors of the Guarantor and no loans will be issued to the Directors throughout the duration of the Bond issue.

Appointment and Removal of Directors - Members of the Board of Directors are appointed by the annual general meeting and their appointment lasts indefinitely, unless such Directors are removed or resign on terms of the law. Any Director may be removed at any time by the Guarantor in terms of article 140 of the Companies Act.

Frequency of Board Meetings - The Board of Directors may meet as necessary by the Guarantor. The Chairman of the Board or any two (2) Directors may at any time summon a meeting of the Directors.

Powers to act on behalf of the Guarantor - The Judicial representation of the Guarantor is vested in any one (1) Director and thus any one of the Directors may represent the Guarantor.

Powers to commit the Guarantor - The legal representation of the Guarantor is vested in any one (1) Director and thus any one (1) Director may commit the Guarantor subject to the authority of the Board.

SECTION G - INFORMATION ABOUT THE COMPANY AND GUARANTOR

1. Basic Information about the Company

Legal Name of the Company	Testa Finance PLC
Registered Address	RU 19, The Pjazza, The Point, Tigne Point, Sliema, Malta
Place of Registration and Domicile	Malta
Date of Registration	22 nd March, 2018
Legal Form	Public Limited Liability Company
Telephone Number	+356 79990996
Email Address	info@testacatering.com.mt
Website	www.testacatering.com.mt

The Company issuing the Bonds is a fully owned subsidiary of the Guarantor (the parent company of the Group) except for two shares, one (1) share held by Mr Jean Paul Testa and one (1) share held by Ms Hanna Yevheniivna Testa.

The authorised share capital of the Company is five hundred thousand Euro (€500,000) divided into five hundred thousand (500,000) ordinary shares of one Euro (€ 1) each.

The issued share capital is fifty thousand Euro (€ 50,000) divided into fifty thousand (50,000) ordinary shares of one Euro (€ 1) each of which are twenty five (25) % paid up and allotted as follows:

Shareholder details

Number of Shares

Testa Properties Limited	49,998
Ru 19, The Pjazza, The Point, Tigne Point, Sliema, Malta	
Company registration number C 80524	
Hanna Yevheniivna Testa	1
Block 5, Apartment 3 Back, Tigne Point, Sliema TPO 100, Malta	
Maltese ID 2617L	
Jean Paul Testa	1
Block 5, Apartment 3 Back, Tigne Point, Sliema TPO 100, Malta	
Maltese ID 566184M	
	<hr/> 50,000 Ordinary Shares <hr/>

The principal object of the Company, which was set up and established to act as a finance company, is to lend and advance money, give credit, grant or provide guarantees, hypothecs, privileges, charges, security Interests or other security, exclusively to, or in favour of companies or partnerships which form part of the same Group of companies. The issue of Bonds falls within the objects of the Company.

The Company has set up a website (www.testacatering.com.mt) which includes an 'Investor Information' section from which investors can obtain current information on the Company. This Section shall include all electronic communications for all information required to be disclosed under the Rules and/or applicable law to all holders of admitted securities.

2. Basic information about the Guarantor

Legal Name of the Company	Testa Properties Limited
Registered Address	RU 19, The Pjazza, The Point, Tigne Point, Sliema, Malta
Place of Registration and Domicile	Malta
Date of Registration	19 th April, 2017
Legal Form	Private Limited Liability Company
Telephone Number	+ 356 79990996
Email Address	info@testacatering.com.mt
Website	www.testacatering.com.mt

The authorised share capital of the Guarantor is six hundred and forty one thousand, three hundred and fifty six Euro (€ 641,356) divided into six hundred and forty one thousand, three hundred and fifty six (641,356) ordinary shares of one Euro (€ 1) each.

The issued share capital is six hundred and forty one thousand, three hundred and fifty six Euro (€ 641,356) divided into six hundred and forty one thousand, three hundred and fifty six (641,356) ordinary shares of one Euro (€ 1) each of which are one hundred (100) % paid up and allotted as follows:

<u>Shareholder details</u>	<u>Number of Shares</u>
Hanna Yevheniivna Testa	320,678
Block 5, Apartment 3 Back, Tigne Point, Sliema TPO 100, Malta	
Maltese ID 2617L	
Jean Paul Testa	320,678
Block 5, Apartment 3 Back, Tigne Point, Sliema TPO 100, Malta	
Maltese ID 566184M	
	<hr/> 641,356 Ordinary Shares <hr/>

The Guarantor's principal activity is acting as a holding company for the Group and raise finance and capital for its operations. The Guarantor is also the owner of a number of immovable properties for the purpose to provide a security for the Bond being issued.

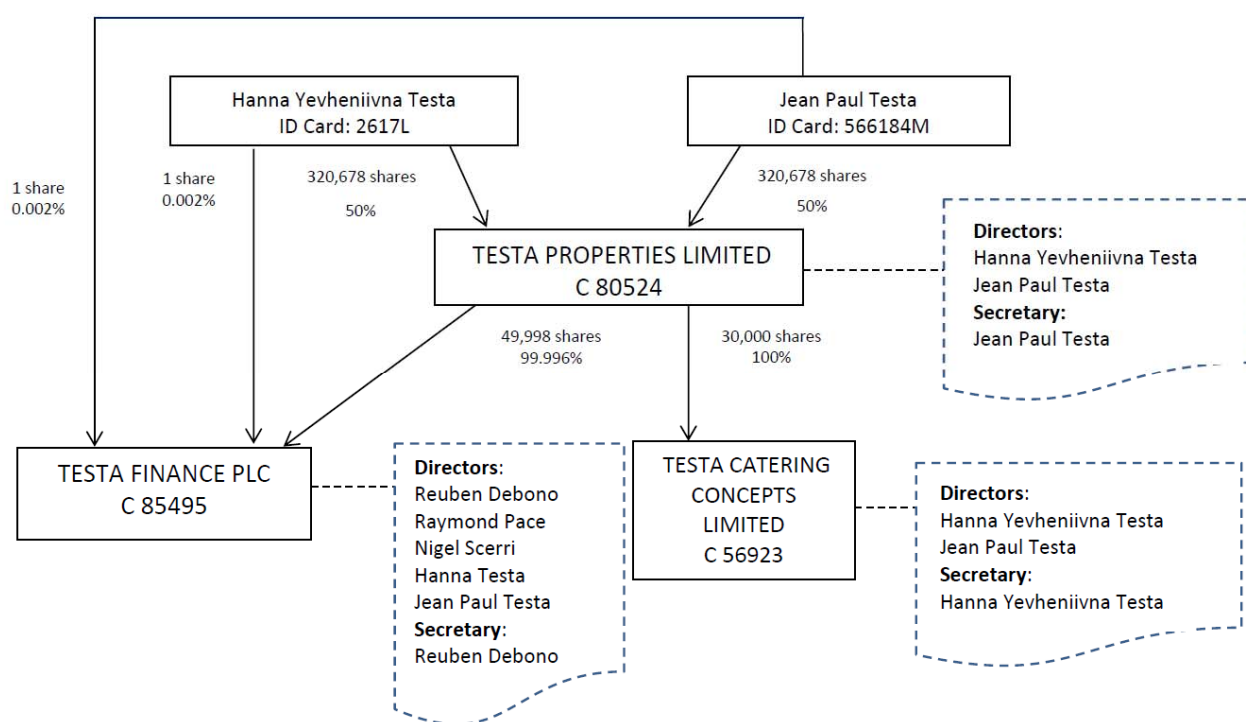
3. Business Overview of the Group

The Group's main line of business is the operation of catering establishments in high-traffic areas in Malta, including Sliema, Valletta and soon Bugibba. The Group operates establishments with the brand names French Affaire and Cibo Pizzeria and has managed to bring these outlets to a healthy operation with good profitability. The Group's strategy of expansion includes the acquisition, development and operation of prime land on the shores of Bugibba that will allow the Group to expand the brand of the existing outlets as well as diversify in the fine-dining sector of the catering industry.

4. The Goods and Services Provided by the Company and the Group

As stated above, the Guarantor is the parent company of the Group, which fully owns the subsidiaries being Testa Finance plc and Testa Catering Concepts Ltd. The Group's main service provided is the operation of catering establishments around the Island. The Group operates cafeterias with the brand name French Affaire and a casual dining establishment with the brand name Cibo Pizzeria. The Group intends to expand the Cibo Pizzeria brand with a new outlet in Bugibba, as well as open two other establishments: a fine-dining fish restaurant and a lido with bar/pool overlooking the Mediterranean Sea.

5. Organisational Structure



Information about the Group companies:

- Testa Properties Limited, a company incorporated under the Laws of Malta, with Company registration number C 80524 and registered address at RU 19, The Pjazza, The Point, Tigne Point, Sliema. Malta. The company was primarily established to act as a holding company and to hold immovable property to act as security for the Group's debt.

- b) Testa Finance PLC, a Company incorporated under the Laws of Malta with Company registration number C 85495 and registered address at RU 19, The Pjazza, The Point, Tigne Point, Sliema, Malta. The company was primarily established to act as a finance company and raise capital and finance for the Group.
- c) Testa Catering Concepts Limited, a company incorporated under the Laws of Malta, having company registration number C 56923 and registered address at RU 19, The Pjazza, The Point, Tigne Point, Sliema, Malta. The company was primarily established to be the food business conducting arm of the Group. All catering establishments are operated by Testa Catering Concepts Limited and all new establishments in Bugibba, will also be operated by this company.

SECTION H - TREND INFORMATION

1. Trend information

The Issuer was registered and incorporated on 22 March 2018 as a special purpose vehicle to act as the financing arm of the Group. The Issuer is dependent on the business prospects of the Group and, therefore, the trend information of the main activities of the Group (detailed below) has a material effect on its financial position and prospects.

As at the time of publication of this Company Admission Document, the Guarantor 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 the Company Admission Document.

The main business activity of the Group remains Catering and Entertainment. The trend analysis and strategy of the Group therefore revolves around this sector of the economy.

Tourism in Malta has in recent years been performing at a strong level and this trend continued in 2017. As per NSO News Release 016/2018, inbound tourist trips from January to December 2017 amounted to two million, two hundred and seventy thousand (2,270,000), an increase of 15.7% when compared to the same period in 2016. Total tourism expenditure surpassed one billion, nine hundred million Euro (€1,900,000,000), an increase of 13.9% from the previous year. This has a direct effect on the main business activity of the Group being that of operating catering establishments in high-traffic areas including Sliema and Valletta.

The above-mentioned positive trend directly impacted the outlets of French Affaire and Cibo Pizzeria, as both have performed particularly well in terms of revenue generation and profitability when compared to the initial years of operation. The Directors believe that the operating performance of the outlets, together with the new ventures undertaken, will be further enhanced by the solidification of the brand name through the new outlets and works at the new property located at the Bugibba seafront.

The opportunities for further expansion in the regions in which the Group operates will depend on a number of factors that could have a material impact on the Group's strategy to increase its operational presence in these territories. These factors are driven principally by the level of penetration that management reckons is sustainable in each of these territories to conduct profitable operations.

In devising future strategy, the Group's management takes a view of: general macro-economic conditions; the social development of the population; competition; regulation; and affluence. This analysis is carried out with a view to determining how best to approach the expansion or development of new outlets. Indeed, different considerations apply for the purpose of: determining whether to develop further restaurants in different locations around the Island; and selecting the type of restaurants that are developed, whether casual or fine-dining. In essence, there can be no one single model or blue print for expansion. However, the Group keeps under review all the relevant market conditions that could have an impact on its development strategy and in order to enable it to react in a timely manner as and when market conditions so dictate.

The Group already has three outlets in high-value locations in Malta – two at Tigne Point, Sliema and one in Merchant Street, Valletta. The Group's management believe that further expansion in Malta is sustainable, particularly by means of further geographical diversification of its restaurants within the Islands; particularly in high-traffic areas such as Bugibba. In addition, the market recognition of the brand - combined with the changing gastronomic habits of the young and increasing population in Malta, is believed to create the appropriate parameters for further expansion.

The Group's management believe that the ability to select attractive locations and develop new restaurants, internally or through acquisitions, is important in ensuring its continued growth. The Group undergoes a detailed and comprehensive process to: select and approve the best locations for new outlets; negotiate attractive lease or acquisition terms; acquire properties at attractive values; and design and manage restaurants effectively. The promise of sale agreement entered into by Testa Properties Limited to acquire the high-value property on the shores of Bugibba is testament to this strategy.

SECTION I - HISTORICAL AND PROJECTED FINANCIAL INFORMATION

1. Financial Information on the Company

The Company, Testa Finance plc, was incorporated on 22nd March, 2018 as a special purpose vehicle to act as the financing arm of the Group. Therefore, the Issuer has no financial information to report. The Company will issue its first audited financial statements for the period 22nd March, 2018 to 31st December 2018. The parent company of the Group is the Guarantor, Testa Properties Limited, which fully owns Testa Finance plc and Testa Catering Concepts Limited. The latter company is the main operational arm of the group and has been operating from the 11th July, 2012.

The historical information of Testa Catering Concepts Limited is set out in the audited financial statements, for the financial years ended 31 December 2015 to 31 December 2017 as audited by Charles Scerri & Associates, The Penthouse, Carolina Court, Giuseppe Cali Street, Ta' Xbiex, XBX1425, Malta. There has not been any significant change in the financial or trading position of Testa Catering Concepts Limited which has occurred from the date of its latest audited financial statements.

The Group will prepare its first consolidated accounts for the period ended 31 December 2018. Consequently, this section contains a proforma consolidation of the Group (which includes Testa Properties Limited and its subsidiaries Testa Finance plc and Testa Catering Concepts Ltd) for the projections for the financial years ending 31 December 2018 to 31 December 2020.

Testa Catering Concepts Limited's statement of financial position

	2015	2016	2017
	Actual	Actual	Actual
	€	€	€
Assets			
Property, plant and equipment	211,034	274,957	279,034
Intangible assets	-	233,334	216,668
Investment property	220,500	-	-
	<hr/>	<hr/>	<hr/>
Total non-current assets	431,534	508,291	495,702
	<hr/>	<hr/>	<hr/>
Current assets			
Inventories	98,719	37,058	45,408
Trade and other receivables	204,666	66,289	323,836
Amounts due from related company	-	-	75,000
Deferred tax asset	12,016	-	-
Cash and cash equivalents	70,124	266,512	143,838
	<hr/>	<hr/>	<hr/>
Total current assets	385,525	369,859	588,082
	<hr/>	<hr/>	<hr/>
Total assets	817,059	878,150	1,083,784
	<hr/>	<hr/>	<hr/>

Equity			
Share capital	30,000	30,000	30,000
Retained earnings	(18,051)	25,469	151,932
	<hr/>	<hr/>	<hr/>
Total equity	11,949	55,469	181,932
	<hr/>	<hr/>	<hr/>
Liabilities			
Third party loan	300,000	275,000	77,548
Interest bearing liability	114,371	95,586	-
	<hr/>	<hr/>	<hr/>
Total non-current liabilities	414,371	370,586	77,548
	<hr/>	<hr/>	<hr/>
Current liabilities			
Interest bearing liabilities	101,813	95,159	106,053
Trade and other payables	237,451	328,156	396,337
Third party loan	47,695	25,000	275,000
Taxation payable	3,780	3,780	46,914
	<hr/>	<hr/>	<hr/>
Total current liabilities	390,739	452,095	824,304
	<hr/>	<hr/>	<hr/>
Total liabilities	805,110	822,681	901,852
	<hr/>	<hr/>	<hr/>
Total equity and liabilities	817,059	878,150	1,083,784
	<hr/>	<hr/>	<hr/>

Testa Catering Concepts Limited's income statement

	2015 Actual €	2016 Actual €	2017 Actual €
Revenue	951,109	963,973	1,386,219
Cost of sales	(381,216)	(331,540)	(376,160)
Gross Profit	569,893	632,433	1,010,059
Administrative expenses	(483,932)	(529,328)	(739,641)
Other income	25,200	36,476	-
EBITDA	111,161	139,581	270,418
Financial expenses	(22,264)	(12,896)	(19,029)
Depreciation and amortisation expense	(44,028)	(56,369)	(78,012)
Profit before tax	44,869	70,316	173,377
Income tax expense	(13,670)	(26,796)	(46,914)
Profit after tax	31,199	43,520	126,463

Testa Catering Concepts Limited's statement of cash flows

	2015 Actual €	2016 Actual €	2017 Actual €
Cash flows from operating activities			
Profit before interest, tax, disposals, depreciation and amortisation	99,605	123,718	258,557
(Increase)/decrease in trade receivables	(56,213)	138,378	(257,547)
Increase/(decrease) in trade payables	46,300	38,236	68,181
(Increase)/decrease in inventories	36,024	61,660	(8,350)
Interest paid	(10,708)	(8,310)	(7,168)
Taxation paid	-	(14,780)	(3,780)
	<hr/>	<hr/>	<hr/>
Net cash generated from operating activities	115,008	338,902	49,893
Cash flows from investing activities:			
Purchase of property, plant and equipment	(13,680)	(141,880)	(65,423)
Disposal of property, plant and equipment	-	50,031	-
Disposal of investment property	-	220,000	-
Purchase of intangible assets	-	(250,000)	-
	<hr/>	<hr/>	<hr/>
Net cash used in investing activities	(13,680)	(121,849)	(65,423)
Cash flows from financing activities:			
Amounts due from related parties	-	-	(75,000)
Repayment of third party loan	(44,278)	4,774	(25,000)
Repayment of borrowings	(20,846)	(18,785)	(18,038)
	<hr/>	<hr/>	<hr/>
Net cash used in financing activities	(65,124)	(14,011)	(118,038)
Cash and cash equivalents at beginning of year	(42,925)	(6,721)	196,321
Net (decrease)/increase in cash and cash equivalents	36,204	203,042	(133,568)
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at end of year	(6,721)	196,321	62,753

2. Projected Financial Information

The consolidated projected statement of financial position and the consolidated projected income statement of Testa Properties Limited, Testa Finance PLC and Testa Catering Concepts Limited (together the “Group”) for the three year period from 1 January 2018 to 31 December 2020 (“the consolidated prospective financial information”) have been prepared to provide financial information for the purpose of inclusion in the Company Admission Document of Testa Finance PLC dated 20th December, 2018.

The consolidated prospective financial information has been prepared on the basis of a bond issue of €3,900,000 at a nominal value of €100 per bond offered by Testa Finance PLC.

The consolidated prospective financial information for the three-year period ending 31 December 2020 has been based on the projections of the Group covering the period 1 January 2018 to 31 December 2020.

The consolidated prospective financial information is intended to show a possible outcome based on a mix of best-estimate assumptions as to future events which the Directors expect to take place and hypothetical assumptions about future events and management actions which are not necessarily expected to take place. Events and circumstances frequently do not occur as expected and therefore actual results may differ materially from those included in the consolidated prospective financial information. Attention is drawn, in particular, to the risk factors set out in Section D which describes the primary risks associated with the business and operations to which the consolidated prospective financial information relates.

The consolidated projected 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 financial results, financial position and cash flows of the Group in accordance with International Financial Reporting Standards as adopted by the EU.

The Directors have exercised due care and diligence in adopting the assumptions below. The consolidated prospective financial information was formally approved on the 8th November, 2018 by the Directors of the Issuer and the stated assumptions reflect the judgements made by the Directors on the date. The assumptions that the Directors believe are significant to the consolidated prospective financial information are set out in Section 3 of Annex 7.

The Group’s projected revenue is based on the assumption that it will continue to operate the new catering establishments with the same profitability as the existing ones, based on the covers of each outlet and the variable and fixed costs associated with their operation.

It is being assumed that Cibo Pizzeria Bugibba and the Fish Restaurant will start operating in May 2019, while the Lido/Bar will start in June 2019. Although the total revenue calculation for 2019 amounts to approximately €3,795,000, a 10% decrease was applied for prudence given that it will be the first year of operation. Full maturity of the new outlets is expected in 2020.

Administrative expenses consist primarily of payroll costs and Directors’ fees, professional fees, rental costs, utilities and general overheads. Administrative expenses are based on historical trends but are expected to increase gradually in line with expected inflation.

Depreciation and amortisation are calculated using the straight-line method to allocate the cost of all items comprised within property, plant and equipment and intangible assets respectively to their residual values over their estimated useful lives.

The Group

The Group's consolidated statement of financial position

	2018	2019	2020
	Projected	Forecast	Forecast
	€	€	€
Assets			
Property, plant and equipment	3,191,012	2,947,158	2,703,304
Intangible assets	200,000	183,332	166,664
Fixed term investment	1,200,000	1,200,000	1,200,000
	<hr/>	<hr/>	<hr/>
Total non-current assets	4,591,012	4,330,490	4,069,968
	<hr/>	<hr/>	<hr/>
Current assets			
Inventories	51,105	95,000	140,000
Trade and other receivables	169,950	159,400	148,850
Cash and cash equivalents	126,559	428,229	1,111,822
	<hr/>	<hr/>	<hr/>
Total current assets	347,614	682,629	1,400,672
	<hr/>	<hr/>	<hr/>
Total assets	4,938,626	5,013,119	5,470,640
	<hr/>	<hr/>	<hr/>
Equity			
Share capital	670,152	670,152	670,152
Retained earnings	(128,886)	15,039	478,705
	<hr/>	<hr/>	<hr/>
Total equity	541,266	685,191	1,148,857
	<hr/>	<hr/>	<hr/>
Liabilities			
Bond issue	3,900,000	3,900,000	3,900,000
	<hr/>	<hr/>	<hr/>
Total non-current liabilities	3,900,000	3,900,000	3,900,000
	<hr/>	<hr/>	<hr/>
Current liabilities			
Trade and other payables	497,360	427,928	421,783
	<hr/>	<hr/>	<hr/>
Total current liabilities	497,360	427,928	421,783
	<hr/>	<hr/>	<hr/>
Total liabilities	4,397,360	4,327,928	4,321,783
	<hr/>	<hr/>	<hr/>
Total equity and liabilities	4,938,626	5,013,119	5,470,640
	<hr/>	<hr/>	<hr/>

The Group's consolidated income statement

	2018 Projected €	2019 Forecast €	2020 Forecast €
Revenue	1,641,792	3,438,300	3,946,800
Cost of sales	(463,861)	(936,249)	(975,240)
	<hr/>	<hr/>	<hr/>
Gross Profit	1,177,931	2,501,946	2,971,560
Administrative expenses	(1,125,276)	(1,815,920)	(1,962,907)
	<hr/>	<hr/>	<hr/>
EBITDA	52,655	686,026	1,008,653
Financial expenses	(32,951)	(241,579)	(244,465)
Depreciation and amortisation expense	(300,522)	(300,522)	(300,522)
	<hr/>	<hr/>	<hr/>
Profit before tax	(280,818)	143,925	463,666
Income tax expense	-	-	-
	<hr/>	<hr/>	<hr/>
Profit after tax	(280,818)	143,925	463,666
	<hr/>	<hr/>	<hr/>

The Group's consolidated statement of cash flows

	2018 Projected €	2019 Forecast €	2020 Forecast €
Cash flows from operating activities			
Profit before interest, tax, disposals, depreciation and amortisation	52,655	686,026	1,008,653
(Increase)/decrease in trade receivables	228,886	10,550	10,550
Increase/(decrease) in trade payables	101,023	(69,432)	(6,145)
(Increase)/decrease in inventories	(5,697)	(43,895)	(45,000)
Interest paid	(32,951)	(241,579)	(244,465)
Taxation paid	(46,914)	0	0
	<hr/>	<hr/>	<hr/>
Net cash generated from operating activities	297,002	341,670	723,593
Cash flows from investing activities:			
Purchase of property, plant and equipment	(3,195,832)	(40,000)	(40,000)
Fixed term investment	(1,200,000)	0	0
	<hr/>	<hr/>	<hr/>
Net cash used in investing activities	(4,395,832)	(40,000)	(40,000)
Cash flows from financing activities:			
Issue of share capital	640,152	-	-
Repayment of third party loan	(275,000)	-	-
Bond issue	3,900,000	-	-
Repayment of borrowings	(102,516)	-	-
	<hr/>	<hr/>	<hr/>
Net cash generated from/(used in) financing activities	4,162,636	-	-
Cash and cash equivalents at beginning of year	62,753	126,559	428,229
Net (decrease)/increase in cash and cash equivalents	63,806	301,670	683,593
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at end of year	126,559	428,229	1,111,822

The Company

Testa Finance plc's statement of financial position

	2018 Projected €	2019 Forecast €	2020 Forecast €
Assets			
Fixed term investment	1,200,000	1,200,000	1,200,000
Total non-current assets	1,200,000	1,200,000	1,200,000
Current assets			
Trade and other receivables	2,706,550	2,705,600	2,719,650
Cash and cash equivalents	4,000	5,440	8,980
Total current assets	2,710,550	2,711,040	2,728,630
Total assets	3,910,550	3,911,040	3,928,630
Equity			
Share capital	12,500	12,500	12,500
Retained earnings	(1,950)	(1,460)	16,130
Total equity	10,550	11,040	28,630
Liabilities			
Bond issue	3,900,000	3,900,000	3,900,000
Total liabilities	3,900,000	3,900,000	3,900,000
Total equity and liabilities	3,910,550	3,911,040	3,928,630

Testa Finance plc's income statement

	2018 Projected €	2019 Forecast €	2020 Forecast €
Revenue	20,000	20,000	20,000
Administrative expenses	(16,000)	(16,000)	(16,000)
	<hr/>	<hr/>	<hr/>
EBITDA	4,000	4,000	4,000
Finance income	-	216,940	234,040
Financial expenses	(5,950)	(220,450)	(220,450)
	<hr/>	<hr/>	<hr/>
Profit before tax	(1,950)	490	17,590
Income tax expense	-	-	-
	<hr/>	<hr/>	<hr/>
Profit after tax	(1,950)	490	17,590
	<hr/>	<hr/>	<hr/>

Testa Finance plc's statement of cash flows

	2018 Projected €	2019 Forecast €	2020 Forecast €
Cash flows from operating activities			
Profit before interest, tax, disposals, depreciation and amortisation	4,000	4,000	4,000
(Increase)/decrease in trade receivables	(53,550)	950	(14,050)
Finance income received	-	216,940	234,040
Interest paid	(5,950)	(220,450)	(220,450)
	<hr/>	<hr/>	<hr/>
Net cash generated from operating activities	(55,500)	1,440	3,540
Cash flows from investing activities:			
Fixed term investment	(1,200,000)	0	0
	<hr/>	<hr/>	<hr/>
Net cash used in investing activities	(1,200,000)	0	0
Cash flows from financing activities:			
Issue of share capital	12,500	-	-
Amounts advanced to related parties	(2,653,000)	-	-
Bond issue	3,900,000	-	-
	<hr/>	<hr/>	<hr/>
Net cash generated from/(used in) financing activities	1,259,500	-	-
Cash and cash equivalents at beginning of year	-	4,000	5,440
Net (decrease)/increase in cash and cash equivalents	4,000	1,440	3,540
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at end of year	4,000	5,440	8,980
	<hr/>	<hr/>	<hr/>

3. Financial Information on the Guarantor

The Guarantor, Testa Properties Limited, was incorporated on the 19th April, 2017. The Guarantor has issued its first audited financial statements for the period 19th April 2017 to 31st December 2017. The Guarantor, Testa Properties Limited, is the parent company of the Group which also fully owns Testa Finance plc and Testa Catering Concepts Limited.

The historical information of Testa Properties Limited is set out in the audited financial statements, for the financial period ended 31st December 2017 as audited by Charles Scerri & Associates, The Penthouse, Carolina Court, Giuseppe Cali Street, Ta' Xbiex, XBX1425, Malta.

Testa Properties Limited's statement of financial position

	2017 Actual €
Assets	
Trade and other receivables	76,200
	<hr/>
Total current assets	76,200
	<hr/>
Total assets	76,200
	<hr/>
Equity	
Share capital	1,200
Retained earnings	(900)
	<hr/>
Total equity	300
	<hr/>
Liabilities	
Amounts due to related party	75,000
	<hr/>
Total non-current liabilities	75,000
	<hr/>
Current liabilities	
Trade and other payables	900
	<hr/>
Total current liabilities	900
	<hr/>
Total liabilities	75,900
	<hr/>
Total equity and liabilities	76,200
	<hr/>

Testa Properties Limited's income statement

	2017 Actual €
Revenue	-
Gross Profit	-
Administrative expenses	(900)
Profit before tax	(900)
Income tax expense	-
Profit after tax	(900)

The Company's current operations include:

- The operation of a 'French Affaire' at The Point, Tigne Point, Sliema; and
- The operation of 'Cibo Pizzeria' at The Point, Tigne Point, Sliema and Merchant Street, Valletta.

The projections incorporate new business activities financed through the issue as follows:

- The development and refurbishment of a prime site located in Bugibba, Malta to be used to operate:
 - A restaurant using the current brand name of Cibo Pizzeria;
 - An additional restaurant that will offer a finer dining experience in the form of a Fish Restaurant; and
 - A Lounge Bar and Lido with pool directly facing the Mediterranean Sea.
- The acquisition of the above-mentioned site at an aggregate price of Euro 3m in March 2022.

The group has been restructured to incorporate a public limited company (Testa Finance plc) that will be the issuer of the bond and act as the finance company of the group. Testa Properties Limited is the parent company owning both Testa Finance plc and Testa Catering Concepts Limited.

SECTION J - MANAGEMENT AND ADMINISTRATION

1. Management and Administration of the Company

1.1 Board of Directors

In terms of the Memorandum and Articles of Association of the Company, the Company shall be managed by a Board of Directors composed of 5 to 6 Directors, where at least 2 Directors shall be non-executive Directors. The Board of Directors shall be appointed by the shareholders.

Directors, which are nominated by the shareholders of the Company, are then appointed through an ordinary resolution by the general meeting of the Company. With the Company being 99% owned by the Guarantor, all Directors shall be nominated and approved by the same.

At the moment of this issue, the Board of Directors consists of 5 Directors, 2 of whom are independent non-executive Directors. The day to day running and management of the Company is entrusted to the 3 executive Directors, while the 2 non-executive Directors, who are also independent from the Company, monitor the operations of the executive Directors and the performance of the Company.

Meetings of the Board of Directors are held as required by the Company with proper attendance of the appointed Directors at the Board meetings. All executive Directors are appointed in senior management roles, CEO, COO and CFO respectively and thus are essential for any Board meeting. In certain cases the Board may also require other individuals to attend certain Board meetings, like professional advisors, when such is required.

None of the Directors have been:

- convicted in relation to fraud or fraudulent conduct in the last five years;
- 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 in the last five years.

The Directors believe that the Company'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.

1.2 Executive Directors

In terms of the Prospect MTF Rules, the Company has three (3) executive Directors, who are the following:

- Jean Paul Testa
- Hanna Yevheniivna Testa
- Nigel Scerri

The Executive Directors are responsible for the general day to day running of the Company in terms of the authority given to them in terms of the Memorandum and Articles of Association of the Company. Executive Directors are also responsible for the general Director of the Company and for any strategic decisions that need to be taken as they arise from time to time.

1.3 Non-Executive Directors

In terms of the Prospect MTF Rules, the Company has two (2) non-executive Directors, who are the following:

- Reuben Debono
- Raymond Pace

Non-Executive Directors are independent third parties appointed to be on the Board to oversee and monitor the activities of the executive Directors as well as other senior management of the Company. All of the non-executive Directors are fully independent from the Group and not related to any of the shareholders and Directors in the Group, which serves so that no conflicts of interest arise for the non-executive Directors.

1.4 Directors Services Contracts

Any professional fees paid to the Directors for acting as such are in terms of their services contracts. Such fees are fixed and not performance based and do not have a variable component which may vary the calculation.

1.5 Conflicts of Interest

Some of the members of the board of directors, have in addition to their role in the Company, also been appointed as directors in other entities, as outlined in Annex 5 of this Admission Document which may give rise to conflicts of interest. In this regard, in relation to the directors Reuben Debono, Raymond Pace and Nigel Scerri, to the maximum extent possible, there should not be any conflicts of interest in relation to any such roles of these individuals.

In relation to the Directors Jean Paul Testa and Hanna Yevheniivna Testa, such directors are also appointed as directors of the companies Testa Properties Limited and Testa Catering Concepts Limited. In addition, both individuals are the ultimate beneficial owners of the Group in equal proportions. Such could give rise to potential conflicts of interests between these companies and also the personal interest of directors due to their stake as shareholders.

The Audit Committee has been established at the level of the Company to monitor such potential conflicts of interest in terms of the Prospects MTF Rules, which conflicts may arise at any time throughout the normal business of the Company. The Audit Committee is composed of the independent non-executive Directors to be able to properly evaluate such potential conflicts of interest. It has exclusive power of vetting all Related Party Transactions in advance, and that its decision on such vetting shall be final and conclusive.

The Audit Committee also has access to all the information on the financial position of the Company and the Group. In this regard the Company and the Group is bound to prepare bi-annual financial statements which are to be submitted to the Audit Committee for review, which financial statements are to contain actual data and projections.

1.6 Loans to Directors

The Company has no outstanding loan agreements with the Directors of the Company and thus the Directors are not due to receive any payments or to make any payments to the Company in relation to any borrowings between the Company and each individual Director.

1.7 Removal of Directors

Directors are appointed in terms of the Articles of Association of the Company in the Annual General Meeting of the Company and are appointed for a period of one (1) year until the next annual general meeting of the Company, or until their resignation, removal or death. In terms of article 140 of the Companies Act, chapter 386 of the Laws of Malta, the Company may remove a Director 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 or holders thereof to more than fifty per cent (50%) of the voting rights attached to shares represented and entitled to vote at the meeting, and this notwithstanding anything contained in the Memorandum and Articles of Association of the Company.

1.8 Powers of Directors

The Directors of the Company are empowered to transact all the business of the Company as they deem fit unless such a power is specifically reserved for the shareholders in terms of the Memorandum and Articles of Association of the Company.

Legal and Judicial Representation of the Company shall be vested in any two (2) Directors.

1.9 Emoluments of Directors

Information regarding Director remuneration is listed under Section F 3.

1.10 Employees

The Company is a newly set-up company intended to act as a finance vehicle and thus has no employees.

1.11 Working Capital

The Company is of the opinion that the current working capital of the Company is sufficient for the attainment of the objects of the Company for the next twelve (12) months and for the carrying out of the normal business of the Company

2. Management and Administration of the Guarantor

2.1 Board of Directors

In terms of the Memorandum and Articles of Association of the Guarantor, the Guarantor shall be managed by a Board of Directors composed of one to five Directors. The Board of Directors shall be appointed by the shareholders. Directors, which are nominated by the shareholders of the Guarantor, are then appointed through an ordinary resolution by the general meeting of the Guarantor. At the moment of this issue, the Board of Directors consists of 2 Directors.

None of the Directors have been:

- convicted in relation to fraud or fraudulent conduct in the last five years;
- 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 in the last five years.

2.2 Directors

The Guarantor has two (2) Directors, who are the following:

- Jean Paul Testa
- Hanna Yevheniivna Testa

2.3 Directors Services Contracts

There are no service contracts for the Directors of the Guarantor.

2.4 Conflicts of Interest

Jean Paul Testa and Hanna Yevheniivna Testa who act as directors for the Guarantor also act as directors of the companies Testa Finance Limited and thus the Issuer and Testa Catering Concepts Limited. In addition, both individuals are the ultimate beneficial owners of the Group in equal proportions. Such could give rise to potential conflicts of interests due to their role in the companies of the Group and also the personal interest of directors due to their stake as shareholders.

2.5 Loans to Directors

The Guarantor has no outstanding loan agreements with the Directors of the Guarantor and thus the Directors are not due to receive any payments or to make any payments to the Guarantor in relation to any borrowings between the Guarantor and each individual Director.

2.6 Removal of Directors

Directors are appointed in terms of the Articles of Association of the Guarantor in the Annual General Meeting of the Company and are appointed indefinitely until their resignation, removal or death. In terms of article 140 of the Companies Act, chapter 386 of the Laws of Malta, the Guarantor may remove a Director 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 or holders thereof to more than fifty per cent of the voting rights attached to shares represented and entitled to vote at the meeting, and this notwithstanding anything contained in the Memorandum and Articles of Association of the Guarantor.

2.7 Powers of Directors

The Directors of the Guarantor are empowered to transact in all the business of the Guarantor as they deem fit unless such a power is specifically reserved for the shareholders in terms of the Memorandum and Articles of Association of the Guarantor.

Legal and Judicial Representation of the Guarantor shall be vested in any one (1) of its Directors.

2.8 Emoluments of Directors

Information regarding Director remuneration is listed under Section F 3.

2.9 Employees

The Guarantor has no employees however the Group as a whole, through Testa Catering Concepts Ltd, has 28 employees.

2.10 Working Capital

The Guarantor is of the opinion that the current working capital of the Guarantor is sufficient for the attainment of the objects of the Guarantor for the next twelve (12) months and for the carrying out of the normal business of the Guarantor.

SECTION K - MAJOR SHAREHOLDERS

1. Major Shareholding of the Company

The authorised share capital of the Company is five hundred thousand Euro (€500,000) divided into five hundred thousand (500,000) ordinary shares of one Euro (€ 1) each.

The issued share capital is fifty thousand Euro (€ 50,000) divided into fifty thousand (50,000) ordinary shares of one Euro (€ 1), each of which are twenty five per cent (25%) paid up.

The shareholders of the Company are the following:

<u>Name of Shareholder</u>	<u>ID Number</u>	<u>Number and class of Shares</u>	<u>Address of Shareholder</u>
Testa Properties Limited	C 80524	4998	RU 19, The Pjazza, The Point, Tigne Point, Sliema, Malta
Jean Paul Testa	566184M	1	Block 5, Apartment 3 Back, Tigne Point, Sliema, TPO 100, Malta
Hanna Yevheniivna Testa	2617L	1	Block 5, Apartment 3 Back, Tigne Point, Sliema, TPO 100, Malta

2. Major Shareholding of the Guarantor

The authorised share capital of the Guarantor is six hundred and forty one thousand, three hundred and fifty six Euro (€ 641,356) divided into six hundred and forty one thousand, three hundred and fifty six (641,356) ordinary shares of one Euro (€ 1) each.

The issued share capital is six hundred and forty one thousand, three hundred and fifty six Euro (€ 641,356) divided into six hundred and forty one thousand, three hundred and fifty six (641,356) ordinary shares of one Euro (€ 1) each of which are one hundred (100) % paid up and allotted as follows:

The shareholders of the Guarantor are the following:

<u>Name of Shareholder</u>	<u>ID Number</u>	<u>Number and class of Shares</u>	<u>Address of Shareholder</u>
Jean Paul Testa	566184M	320,678	Block 5, Apartment 3 Back, Tigne Point, Sliema, TPO 100, Malta
Hanna Yevheniivna Testa	2617L	320,678	Block 5, Apartment 3 Back, Tigne Point, Sliema, TPO 100, Malta

SECTION L - BOARD COMMITTEES

1. The Audit Committee

The Group has set up an Audit Committee on the 22nd March, 2018 in Testa Finance PLC. The Prospect MTF Rules state that the Audit Committee shall be composed of at least three (3) individuals, all of which must be Directors. The majority of the members of the Audit Committee must be non-executive Directors. The Audit Committee will be regulated by its terms of reference which shall be reviewed by the Corporate Advisor and submitted to the MSE. The Audit Committee shall meet whenever required but shall be required to meet at least once every quarter.

The Audit Committee is composed by the following:

- i. Raymond Pace, who has also been appointed as the Chairman of the Audit Committee;
- ii. Nigel Scerri; and
- iii. Reuben Debono, who has also been appointed as the secretary of the Audit Committee.

In the event of a deadlock, the Chairman shall have an additional casting vote.

The primary purpose of the Audit Committee is to safeguard the Interest of the shareholders and the Bond Holders of the Company by reviewing and monitoring the affairs and dealings of the Company and the Board of Directors. In doing so the Audit Committee seeks to maintain a high level of transparency and ensure that the Board of Directors adheres to the standard principles of good corporate governance.

The duties of the Audit Committee shall be as follows:

- i. To review the procedures of the Company and the Guarantor and assess the effectiveness on their internal controls;
- ii. Drafting, establishing, reviewing and monitoring of internal procedures as required by law and the Prospects Rules and providing access and support to the external auditor as required under;
- iii. The monitoring of the financial reporting process and any related financial policies of the Company;
- iv. The monitoring of the performance of the entity borrowing the funds (Guarantor) from the Company;
- v. The monitoring of the effectiveness of the Company's and the Guarantor's internal quality control and risk managements system and the financial reporting standards of the Company and the Guarantor. The Audit Committee shall carry out these obligations without breaching its independence obligations;
- vi. The monitoring of the audit of both the annual financial statements of the individual companies and the annual consolidated financial statements of the Group.;
- vii. The reviewing of the additional report prepared by the statutory auditor/s or audit firm/s in terms of the applicable legal provisions, provided to the Audit Committee explaining the results of the statutory audit carried out. The Audit Committee may disclose the additional report to third parties in order to execute its functions in line with the terms of reference or as required by law;
- viii. The monitoring and reviewing of the independence of the statutory auditors or audit firms and ensuring that this is present particularly during the period covered by the financial statements to be audited and the period during which the statutory audit is carried out;
- ix. Assuming the responsibility for the procedure for the selection of statutory auditor/s or audit firm/s;

- x. Submitting its recommendations to the Board of Directors on the statutory auditor/s or the audit firm/s to be appointed, which recommendations must contain at least two choices for audit engagements and the Audit Committee's justified preference for one of them;
- xi. In case any of the Audit Committee's monitoring and reviewing activities reveal cause for concern or scope for improvement, the Committee is to make recommendations to the Board on any action needed to address the concerns or make improvements; and
- xii. The role and function of considering and evaluating the arm's length nature of any proposed transactions to be entered into by the Company, the Guarantor and a related party, given the role and position of the Company and the Guarantor within the Group, 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 Company and the Guarantor. In this regard, the Audit Committee has the task of ensuring that any potential abuse which may arise in consequence of the foregoing state of affairs is immediately identified and resolved.
- xiii. With respect to the financial statements and other financial information of the Company and the Guarantor, the Audit Committee will review and recommend for approval to the Board of Directors the financial information that will be made available to the shareholders of the Company and the Guarantor, and continuously assess financial reporting methodologies and accounting policies adopted by the Company and the Guarantor, and for such purpose shall:
 - a) review, approve and recommend to the Board of Directors' for approval the Company's and the Guarantor' s annual and semi-annual financial statements as applicable;
 - b) review the formal representation letter provided by the Board of Directors' to the external auditors;
 - c) review and recommend to the Board of Directors' the release of the Company's financial statements;
 - d) review and recommend to the Board of Directors' for approval the financial content of the Annual and Semi-Annual Report.
 - e) assess the appropriateness of accounting policies and financial reporting practices used by the Company the Guarantor;
 - f) assess any significant proposed changes in financial reporting and accounting policies and practices to be adopted by the Company the Guarantor;
 - g) assess any new or pending developments in accounting and reporting standards that may affect the Company the Guarantor;
 - h) assess the key estimates and judgments of Management that may be material to the financial reporting of the Company the Guarantor; and
 - i) assess responses by Management to material information requests from regulatory authorities.
- xiv. Vetting related party transactions in terms of these Terms of Reference.

In addition to the aforesaid, the Audit Committee will also regularly:

- a) review all investments and transactions that could adversely affect the return on the Company's the Guarantor's investments that are brought to the Audit Committee's attention by the external auditor or officers of the Company the Guarantor;
- b) review insurance coverage of significant business risks and uncertainties;
- c) review any legal claims; and
- d) carry out other duties as may be determined from time to time by resolution of the Board.

For this purpose, the Audit Committee has, pursuant to the relative terms of reference, been granted express powers to be given access to the financial information of the Company, the Guarantor, and all other entities forming part of the Group at all times, but at least on a quarterly basis.

All Related Party transactions shall require prior approval of the Audit Committee unless such approval is not required under the Prospect MTF Rules.

SECTION M - COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

1. The Company

The Company is committed to comply with the Code, issued by the MFSA and part of the Listing Rules, subject to the exceptions listed below.

The Board of Directors of the Company shall take all the necessary actions under law to safeguard the Interests of the Bondholders while carrying out the business of the Company. The Board of Directors is also responsible to ensure that the Company adheres to the Code and the Prospect MTF Rules. Even though the Code is not mandatory, the Company is committed to adhering to its principles since it believes that good corporate governance is essential in the smooth running of an entity which has listed its securities publicly.

To safeguard the Interests of the Bondholders and other interested third parties, the Company has appointed non-executive Directors as well as the Audit Committee, which have the duty and obligation to oversee the operations of the Company so that such Bondholder or third party Interests are not harmed. Since the non-executive Directors are not involved in the day to day running of the Company, they are fully independent from the general functions of the Company and can bring a neutral and independent judgment to bear on the various issues of the Company as they may arise.

The Company shall fully observe the Code subject to the below exceptions:

Principle 7: Evaluation of the Board's Performance- The Company is of the opinion that considering the size of its operations and their scope, it does not need a performance evaluation committee to evaluate the performance of the Company. The Board of Directors is always responsible to the shareholders either way and the Group is not large enough to require such a committee.

Principle 8: Committees- The Company is of the opinion that it does not require a Remuneration Committee or a Nomination Committee due to its small size and scale. The shareholders consider that the Board of Directors are fit and proper in terms of the law to be able to carry out their obligations properly to the Company and the Group.

2. The Guarantor

The Guarantor is a private limited liability company which is not admitted on Prospects MTF or any other MTF or Regulated Market in Malta or abroad. Therefore, the Guarantor is not obliged to have an audit committee, non-executive Directors and is also not obliged to follow the Code.

SECTION N - LITIGATION PROCEEDINGS

The Company or the Group have not been subject to any legal action in court or by arbitration, local or internationally by any third party or government authority during the past twelve (12) months prior to the issue of this Company Admission Document which action may have or has had any significant effects on the financial position or profitability of the Company or the Group. No such action against the Company or Group has been issued which may hamper the Company's ability to pay back the Bond on maturity.

SECTION O - ADDITIONAL INFORMATION

1. Corporate Information about the Company

The below is a summary of the salient points of the Memorandum and Articles of Association of the Company. The Memorandum and Articles of Association of the Company may be inspected at any time by any interested third party at the registered office of the Company located at RU 19, The Pjazza, The Point, Tigne Point, Sliema, Malta.

1.1 Incorporation

The Company was incorporated on the 22nd March, 2018 as a public limited liability company in Malta and was assigned the company registration number C 85495.

The Memorandum and Articles of Association of the Company fully authorise the Company to issue this Bond on the Prospects MTF.

1.2. Share Capital

The Company is currently admitting a Bond on the Prospects MTF and therefore none of its ordinary shares are being Offered to the public.

The current share capital of the Company is as follows:

The authorised share capital of the Company is five hundred thousand Euro (€500,000) divided into five hundred thousand (500,000) ordinary shares of one Euro (€ 1) each.

The issued share capital is fifty thousand Euro (€ 50,000) divided into fifty thousand (50,000) ordinary shares of one Euro (€ 1) each of which are twenty-five (25) % paid up and allotted as follows:

<u>Shareholder details</u>	<u>Number of Shares</u>
Testa Properties Limited Ru 19, The Pjazza, The Point, Tigne Point, Sliema, Malta Company registration number C 80524	49,998
Hanna Yevheniivna Testa Block 5, Apartment 3 Back, Tigne Point, Sliema TPO 100, Malta Maltese ID 2617L	1

Jean Paul Testa

1

Block 5, Apartment 3 Back,
Tigne Point, Sliema TPO 100,
Malta

Maltese ID 566184M

50,000 Ordinary Shares

1.3. Objects

The Company was immediately set up as a Public Limited Company (PLC) for the objective to raise finance for the Group, with the following principal activity: to *'carry on the business of a finance and investment company and in particular but without prejudice to the generality of the foregoing, the financing or re-financing of the funding requirements of the business of the Group of companies of which the Company forms part'*. Up till the date of this issue, the Company has not engaged in any activity in relation to the raising of any capital and finance from the Capital markets.

The Company will also not engage in any trading activities, except the above-mentioned raising of finance. Being part of the Group, the Company is thus fully dependent on the rest of the Group and the performance of the Company shall be directly linked to the performance of the catering business of the Group.

The issuing of this Bond is fully in line with the main objects of the Company and the Company is thus fully and legally capable to enter into this issue.

1.4. Voting and Dividend Rights

The Company's share capital is composed only of ordinary shares with equal voting rights and therefore each share grants its holder one (1) vote. Each share shall also rank *Pari Passu* in relation to dividends. There are no further specific rights given to any special classes of shares, and thus all shares in the Company are equal.

1.5. Transferability of Shares

Shares in the Company are freely transferable.

1.6. Ranking of Shares

All the shares of the Company rank equally.

1.7. Appointment and Removal of Directors

The Company is composed of ordinary shares with equal voting rights. Appointment of a Director requires an ordinary resolution passed by the shareholders of the Company. Each Director shall serve at his post for one (1) year until the next Annual General Meeting unless the Director resigns or is otherwise removed. Past Directors can stand for re-election. A Director can be removed from office in terms of article 140 of the Companies Act.

1.8. Power of Directors

The Directors of the Company are empowered by law and by the Memorandum and Articles of Association of the Company to do all such acts and exercise all such powers which are given to them in terms of law and the Memorandum and Articles of Association. The Directors may represent the Company, take out debt obligations, enter into agreements and generally take all actions as required in the general management of the Company. Legal and judicial representation of the Company shall be vested in five (5) Directors.

The Directors are required to declare any conflicts of Interests that they may have in an arrangement and may not vote on any such arrangements when such Directors would derive a personal benefit.

1.9. Director Interests

The Interests of the Directors are as follows:

- a. Jean Paul Testa, is an executive Director while also being one of the beneficial owners of the Group. Mr Testa is also the CEO of Group.
- b. Hanna Yevheniivna Testa, is an executive Director while also being one of the beneficial owners of the Group. Mrs Testa is also the COO of the Group.
- c. Nigel Scerri, is an executive Director while also being the CFO and providing further professional services to the Group.
- d. Raymond Pace, is a non-executive Director who is fully independent and have no financial interest in the Company or the Group save their personal remuneration.
- e. Reuben Debono, is a non-executive Director who is fully independent and have no financial interest in the Company or the Group save their personal remuneration.

1.10. Dividend Policy

At the moment there is no dividend policy adopted by the Company in place. This shall however be decided by the Board of Directors of the Company on an annual basis.

1.11. Proxy Rights

Shareholders of the Company may appoint a proxy in the prescribed form as dictated by the Prospect MTF Rules and submitted to the Company at least forty-eight (48) hours prior to the meeting whereby the proxy is to apply. A proxy holder shall have the same rights as the original holder of the shares. A proxy holder may act as a proxy for more than one (1) shareholder.

1.12. Electronic Communication with Shareholders

Electronic communication with shareholders is regulated under terms or clause 11.14 of the Articles of Association of the Company. The Company allows for such method of communication, provided that the Board of Directors can regulate how such communication can take place.

2. Corporate Information about the Guarantor

The below is a summary of the salient points of the Memorandum and Articles of Association of the Guarantor. The Memorandum and Articles of Association of the Guarantor are public documents and may be viewed at any time on the ROC Website.

2.1. Incorporation

The Guarantor was incorporated on the 19th April, 2017 as a private limited liability company in Malta. The Registered address of the Guarantor was located at RU 19, The Pjazza, The Point, Tigne Point, Sliema, Malta and was assigned the company registration number C 80524.

The Memorandum and Articles of Association of the Company fully authorise the Company to issue the guarantee in terms of its Memorandum and Articles of Association.

2.2. Share Capital

The Guarantor is not listing or has ever listed in the past, any of its securities on any Regulated Market, or MTF, locally or internationally.

The current share capital of the Company is as follows:

The authorised share capital of the Guarantor is six hundred and forty one thousand, three hundred and fifty six Euro (€ 641,356) divided into six hundred and forty one thousand, three hundred and fifty six (641,356) ordinary shares of one Euro (€ 1) each.

The issued share capital is six hundred and forty one thousand, three hundred and fifty six Euro (€ 641,356) divided into six hundred and forty one thousand, three hundred and fifty-six (641,356) ordinary shares of one Euro (€ 1) each of which are one hundred (100) % paid up and allotted as follows:

<u>Shareholder details</u>	<u>Number of Shares</u>
Hanna Yevheniivna Testa	320,678
Block 5, Apartment 3 Back, Tigne Point, Sliema TPO 100, Malta	
Maltese ID 2617L	
Jean Paul Testa	320,678
Block 5, Apartment 3 Back, Tigne Point, Sliema TPO 100, Malta	
Maltese ID 566184M	
	<u>641,356 Ordinary Shares</u>

2.3. Objects

The Guarantor acts as a holding company for the Group's companies as well as holding immovable properties, either for the business or to act as a security for any financial debt which would be incurred by the Group. The primary objects of the Guarantor is: *to act as a property holding company and invest in shareholdings of subsidiary companies.*

The Guarantor is fully capable to provide the guarantee listed under this Company Admission Document.

2.4. Voting Rights

The Guarantor's share capital is composed only of ordinary shares with equal voting rights and therefore each share grants its holder one (1) vote. Each share shall also rank *Pari Passu* in relation to dividends.

2.5. Transferability of Shares

Shares in the Guarantor are freely transferable.

2.6. Ranking of Shares

All shares in the Guarantor rank equally.

2.7. Appointment and Removal of Directors

The Guarantor is composed of ordinary shares with equal voting rights. Appointment of a Director requires an ordinary resolution passed by the shareholders of the Guarantor. Each Director shall serve at his post indefinitely unless the Director resigns or is otherwise removed. Past Directors can stand for re-election. A Director can be removed from office in terms of article 140 of the Companies Act.

2.8. Power of Directors

The Directors of the Guarantor are empowered by law and by the Memorandum and Articles of Association of the Guarantor to do all such acts and exercise all such powers which are given to them in terms of law and the Memorandum and Articles of Association. The Directors may represent the Guarantor, take out debt obligations, enter into agreements and generally take all actions as required in the general management of the Guarantor. Legal and judicial representation of the Company shall be vested in any one (1) Director.

The Directors are required to declare any conflicts of Interests that they may have in an arrangement and may not vote on any such arrangements when such Directors would derive a personal benefit.

2.9. Director Interests

The Interests of the Directors are as follows:

- a. Jean Paul Testa is an executive Director of the Guarantor and a 50% shareholder.
- b. Hanna Yevheniivna Testa is an executive Director of the Guarantor and a 50% shareholder.

2.10. Dividend Policy

The Guarantor's dividends are to be distributed equally to shareholders, in line with their holding in the Guarantor.

2.11. Proxy Rights

Shareholders of the Company may appoint a proxy in the prescribed form and submitted to the Company at least twenty four (24) hours prior to the meeting whereby the proxy is to apply. A proxy holder shall have the same rights as the original holder of the shares.

2.12. Electronic Communication with Shareholders

Electronic Communication with shareholders is regulated under terms or clause 15 of the Articles of Association of the Company. The Company allows for such method of communication, provided that the Board of Directors can regulate how such communication can take place.

SECTION P - MATERIAL CONTRACTS

The Group has entered into the below contract which has a material effect on the Bond Issue as follows:

The Agreement is dated on the 19th April, 2017 and is between TUM Invest Limited, a company registered under the laws of Malta, having company registration number C 69572 and registered address as Easysell, Mdina Road, Qormi, QRM 9010 and Testa Properties Limited, a company incorporated under the Laws of Malta, with Company registration number C 80524 and registered address at RU 19, The Pjazza, The Point, Tigne Point, Sliema Malta.

This Agreement regulates the promise of sale agreement on the piece of land in Bugibba, in terms of which the said Property forming the subject of this Bond issue shall be developed. The Promise of sale lapses on 30th April 2022, by which date the Group will then purchase the immovable property. This Agreement also covers the lease of the same piece of land in Bugibba. The lease will last until the property is purchased by the 30th April 2022 subject to assurance of proper legal title for the Group when purchasing the immovable property.

SECTION Q - THIRD PARTY INFORMATION, STATEMENTS BY EXPERTS AND DECLARATIONS OF ANY INTEREST

1. Statement of Independence

Save for the accountants' report on the consolidated profit forecast and the property valuations, the Company Admission Document does not contain any statement or report attributed to any person as an expert. The property valuations mentioned in this Company Admission Document are all available for inspection at the registered address of the Company.

The valuation reports on the properties have been included in the form and context in which they appear with the authorisation of Architect Kurt Vella of MMK Studio, 48, Main Street, St. Julian's, STJ 1217, Malta. Architect Kurt Vella has given and has not withdrawn consent to include the reports in this document. Architect Kurt Vella does not have any material interest in the Company. The Company confirms that the valuation reports have been accurately reproduced in the Company Admission Document and that there are no facts of which the Company is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

The accountants' report dated 18th October 2018, has been included in Annex 7 of the Company Admission Document in the form and context in which it appears with the authorisation of KSi Malta, the accounting firm responsible for the report and having registered address at Villa Gauci, Mdina Road, Balzan, BZN 9031, Malta.

2. Interest of professional advisors and experts

The Corporate Advisor, the Reporting Accountant, the Placement Broker and Registrar, and the Auditor are all independent from the Company. Save for the possible subscription for Bonds by the Placement Broker and Registrar in terms of the subscription agreement, and any fees payable to the Placement Broker and Registrar by the Company in connection with the Bond Issue, no person involved in the Issue, other than the Company, has an Interest material to the Bond Issue.

3. Accountants Report

The accountants' report was prepared by KSi Malta who are certified public accountants. The accountants report was issued on the 18th of October, 2018.

Below are the contact details of the accountants:

KSİ Malta
Villa Gauci,
Mdina Road,
Balzan, BZN 9031,
Malta

4. Architect's Report

The Company commissioned Architect Kurt Vella of MMK Studio to issue a valuation report on the below properties:

- i. Valuation of the property located at Apartment 1, Block 1, Salina Park, Triq Andrew Cunningham, Qawra dated on the 2nd November, 2018.
- ii. Valuation of the property located at Apartment 2, Les Lapins, Triq il-Markizi Zimmermann Barbaro, Sliema dated on the 2nd November, 2018.
- iii. Valuation of the property previously known as Serena Beach Club' at the Islets Promenade, in Bugibba dated on the 2nd, November, 2018.

The business address of MMK Studio is 48, Main Street, St. Julian's, STJ 1217, Malta.

Prospects MTF Rule 4.13.04.03 provides that property valuations to be included in a company admission document must not be dated (or be effective from) more than 60 days prior to the date of publication of the Company Admission Document and thus these valuations are in line with the rules.

SECTION R- INFORMATION CONCERNING THE BONDS

The Bonds subject to this issue shall be issued in terms of the Terms and Conditions set out by the Company in this Company Admission Document. Subscribers of the Bonds shall be deemed to have fully read and understood the full contents of this Company Admission Document including the Terms and Conditions in relation to the subscription of the Bonds. Prospective investors are advised to seek professional advice in relation to the implications of subscribing to these Bonds.

1. General

The Company is hereby issuing the Bond amounting to a total aggregate value of three million, nine hundred thousand Euro (3,900,000), bearing an Interest rate of five point five per cent (5.5%) and having a nominal value of one hundred euro (€ 100) per Bond. The Bonds shall be issued on 7th January 2019 and shall be redeemed on the 9th January 2029. The Bonds shall be redeemed on the Redemption Date.

The currency of the Bond shall be in Euro (€).

The ISIN number that the Bonds are expected to be assigned is ISIN: MT0002051200

The subscription period of the Bonds shall be between 20th December 2018 and 4th January, 2019. Prospective investors are invited to apply for the Bonds during such dates in terms of the Terms and Conditions listed under this Company Admission Document.

The Issue of the Bonds has been made in terms of the Prospect MTF Rules and the Laws of Malta.

The estimated net amount of the proceeds of the Bond is expected to be of three million, eight hundred and forty thousand, five hundred Euro (€ 3,840,500) and shall be used for the following purposes:

- a) Improvements, additions and alterations to the property situated at Bugibba, totalling two million, one hundred thousand Euro (€ 2,100,000). These improvements shall be carried out by Testa Properties Limited, after the Bond issue proceeds have been forwarded to this company by the Escrow Agent. The relevant permits in this regard have been approved by the Planning Authority and are made available for inspection with this Company Admission Document. Until the funds are legally due, such will be held in an escrow account by the Escrow Agent;
- b) Fixed- Term investment to be used to acquire the said property totalling one million, two hundred thousand Euro (€ 1,200,000) in the name of the Company, Testa Finance Plc. This amount shall then be used to purchase the immovable property in Bugibba in 2022. The property will be purchased in the name of Testa Properties Ltd. Until such a time, the amount shall be put into a fixed deposit account with Bank of Valletta plc, in the name of Testa Finance Plc, which shall be pledged to the Security Trustee. Until the funds are legally due, such will be held in an escrow account by the Escrow Agent;
- c) Repayments of existing borrowings and facilities from credit institutions of Testa Catering Concepts Limited, totalling one hundred and eight five thousand Euro (€ 185,000). Until the funds are legally due, such will be held in an escrow account by the Escrow Agent;
- d) Repayment of a third-party loan of Testa Catering Concepts Limited, totalling two hundred and fifty thousand Euro (€ 250,000). Until the funds are legally due, such will be held in an escrow account by the Escrow Agent;
- e) Working capital obligations and repayments due by Testa Catering Concepts Limited, amounting to one hundred and five thousand, five hundred Euro (€ 105,500). Until the funds are legally due, such will be held in an escrow account by the Escrow Agent;

The Group's primary project is to open three outlets on the premises in Bugibba formerly known as 'Serena Beach Club' at the Islets Promenade, which shall consist of:

- d) Another Cibo Pizzeria Outlet;
- e) A high-end fish restaurant;
- f) A Lido with a pool.

Should subscriptions not exceed two million, seven hundred thousand Euro (€ 2,700,000) ("Minimum Amount"), no allotment of Bonds shall be made, the Applications for Bonds shall be deemed not to have been accepted by the Company 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 Company will proceed with the allotment of the amount of Bonds subscribed for and the proceeds shall be used for the following purposes in the order of priority set out below:

- f) Improvements, additions and alterations to the property situated at Bugibba;
- g) Repayments of existing borrowings and facilities from credit institutions;
- h) Repayment of a third party loan;
- i) Working capital obligations and repayments;
- j) Fixed- Term investment to be used to acquire the said property.

The Bond subject to this issue shall not be listed on any other Regulated Market or MTF.

2. Subscription

Jesmond Mizzi Financial Advisors Limited has been appointed by the Company as Placement Broker and Registrar for this Bond issue. Therefore, any prospective investors interested in subscribing to the Bond are advised to contact the Placement Broker and Registrar during the Issue Period for the purpose of subscribing to the Bond. Applications for the Bond shall be dealt with on a first come first serve basis and the subscription for the Bonds shall close immediately upon the Bond being fully subscribed to. If, however, the full subscription value is not reached, the subscription period might have to be extended. The Bond shall be guaranteed by the Guarantor in respect to both the principal amount and accrued interest in terms of the Guarantee.

3. Ranking

The Bonds constitute the general, direct and unconditional obligations of the Company, guaranteed by the Guarantor, and shall at all times rank *pari passu*, without any priority or preference among themselves and with other debt of each of the Company and the Guarantor, if any. Pursuant to the Pledge, the General Hypothec and the Special Hypothec agreements, these securities shall constitute a preferential claim in favour of the Security Trustee for the benefit of the Bondholders in the event of any claim against the Company or the Guarantor for any payment of any interest or of the principal amount.

4. Bank Borrowings of the Group (In the name of Testa Catering Concepts Ltd)

The Group has the below banking debt in the name of Testa Catering Concepts Ltd:

<u>Bank</u>	<u>Amount</u>	<u>Type of Facility</u>	<u>Security</u>
Bank of Valletta	€ 50,000	Overdraft	*Joint listed below
Bank of Valletta	€ 88,540.96	JEREMIE Facility	*
Bank of Valletta	€ 65,000	Bank Guarantee	*
Bank of Valletta	€ 21,113.36	Business Loan	*
Third Parties	€ 250,000	Loan	None

Bank of Valletta Security on credit facilities;

- i. 1st General Hypothec over the assets of Testa Catering Concepts Ltd for Overdraft € 50,000
- ii. 1st General Hypothecary Guarantee over the assets of Mrs. Silvana Testa and Mr. Alfred Testa for Overdraft € 50,000
- iii. 1st Special Hypothecary Guarantee given by Mrs. Silvana Testa and Mr. Alfred Testa for Overdraft € 50,000 on: Warehouse Honey Clothing, Olaf Gollcher Street, Birkirkara

- iv. 1st General Hypothecary Guarantee over the assets of Mr. Jean Paul Testa and Mrs. Hanna Yevheniivna Testa for Overdraft € 50,000
- v. 1st Special Hypothecary Guarantee given by Mrs. Silvana Testa and Mr. Alfred Testa for JEREMIE Loan € 49,000 on: Warehouse Honey Clothing, Olaf Gollcher Street, Birkirkara
- vi. 1st General Hypothec over the assets of Testa Catering Concepts Ltd for JEREMIE Loan €97,448
- vii. 1st General Hypothecary Guarantee over the assets of Mr. Jean Paul Testa and Mrs. Hanna Yevheniivna Testa for JEREMIE Loan €97,448
- viii. 1st General Hypothecary Guarantee over the assets of Mrs. Silvana Testa and Mr. Alfred Testa for JEREMIE Loan €97,448
- ix. 1st General Hypothec over the assets of Testa Catering Concepts Ltd for Guarantee € 65,000
- x. 1st Special Hypothecary Guarantee given by Mrs. Silvana Testa and Mr. Alfred Testa for Guarantee € 65,000 on: Warehouse Honey Clothing, Olaf Gollcher Street, Birkirkara
- xi. 1st General Hypothecary Guarantee over the assets of Mr. Jean Paul Testa and Mrs. Hanna Yevheniivna Testa for Guarantee € 65,000.
- xii. 1st General Hypothecary Guarantee over the assets of Mrs. Silvana Testa and Mr. Alfred Testa for Guarantee € 65,000.
- xiii. Pledge on Protection Plan Policy, number FP 473610, issued by MAPFRE MSV Life plc in the name of Jean Paul Testa for a value of € 50,000.00. Sum insured.
- xiv. Pledge on Loan Protection Plan Policy, number FP473609, issued by MAPFRE MSV Life plc in the name of Jean Paul Testa for a value of € 196,000.00. Initial sum insured.
- xv. Pledge on Protection Plan Policy, number FP489067, issued by MAPFRE MSV Life plc in the name of Jean Paul Testa for a value of € 65,000.00. Sum Insured.
- xvi. Guarantee on bank's form Leg 01 dated 10/08/2012 for € 50,000, given by Mr. Jean Paul Testa and Mrs. Hanna Yevheniivna Testa.
- xvii. Guarantee on bank's form Leg 01 dated 03/08/2012 for €196,000, given by Mr. Jean Paul Testa and Mrs. Hanna Yevheniivna Testa.
- xviii. Guarantee on bank's form Leg 01 dated 27/08/2012 for € 50,000, given by Mr. Alfred Testa and Mrs. Silvana Testa
- xix. Guarantee on bank's form Leg 01 dated 03/08/2012 for €196,000, given by Mrs. Silvana Testa and Mr. Alfred Testa.
- xx. Guarantee on bank's form Leg 01 dated 10/09/2014 for €65,000, given by Mr. Alfred Testa and Mrs. Silvana Testa.
- xxi. Guarantee on bank's form Leg 01 dated 18/08/2014 for € 65,000, given by Mrs. Hanna Yevheniivna Testa and Mr. Jean Paul Testa
- xxii. Letter of Undertaking dated 03/08/2012 not to pay shareholders' loans and/ or dividends without the Bank's prior written consent.
- xxiii. Pledge on Business Combined Insurance policy covering the catering establishments/ stores.
- xxiv. Guarantee on bank's form Leg 01 for € 60,000, to be given by Jean Paul & Hanna spouses Testa.

Upon settlement of payment of all interest and principle due to the lender, the above-mentioned security/ collateral shall be released.

5. Rights Attached to the Bonds

Bondholders shall not be entitled to any special rights apart from the following:

- a. the payment of Interest;
- b. the payment of capital;
- c. the benefit of the Collateral through the Security Trustee;
- d. attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and
- e. enjoy all such other rights attached to the Bonds emanating from the Company Admission Document.

6. Interest

The Bond shall provide an Interest rate to Bondholders equal to five point five per cent (5.5%), payable per annum in arrears to Bondholders. The first Payment Date shall be on the 9th January, 2020. If the Interest Payment date shall fall on a day which is not a Business Day, payment of the Interest shall be carried forward and payable on the next Business Day. Interest shall be calculated on a three hundred and sixty (360) day year, consisting of twelve (12) months of thirty (30) days each. Days of months which are longer or shorter than thirty (30) days shall be ignored. When Interest is to be calculated on a period less than one (1) year, such Interest shall be calculated pro rata.

Interest shall cease to accrue on the day of redemption of the Bonds unless the payment of the principal amount back to the Bondholder is delayed. In such an event, Interest shall continue to accrue in favour of the Bondholder at the rate of five point five per cent (5.5%).

7. Yield

The gross yield calculated for the Bond listed in this Company Admission Document is five point five per cent (5.5%).

8. Form, Denomination and Title

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 Company 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. 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.

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.

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 details on the e-portfolio can be found on <https://eportfolio.borzamalta.com.mt/Help>.

The Bonds will be issued in fully registered form, without Interest coupons, in denominations of any integral multiple of one hundred Euro (€ 100) provided that on subscription the Bonds will be issued for a minimum of five thousand Euro (€ 5,000) per individual Bondholder. Authorised intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of five thousand Euro (€ 5,000) to each underlying client.

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

9. Pricing

The Bonds are being issued at one hundred Euro (€ 100) per bond.

10. Payments

Payment of the principal amount of a Bond will be made in Euro (€) by the Company to the person in whose name such Bonds are registered, with Interest accrued up to the Redemption Date, by means of direct credit transfer into such bank account as the Bondholder may designate from time to time, provided such bank account is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven (7) days of the Redemption Date. The Company 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.

In the case of Bonds held subject to usufruct, payment of principal will be made against the joint instructions of all bare owners and usufructuaries. Before effecting payment the Company 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.

Payment of Interest on a Bond will be made to the person in whose name such Bond is registered at the close of business fifteen (15) days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time, which is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven (7) days of the Interest Payment Date. The Company shall not be responsible for any loss or delay in transmission. Interest payments on Bonds held subject to usufruct shall be made out to the usufructuary/-ies.

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 Company in respect of the Bonds shall be made net of any amount which the Company 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.

No commissions or expenses shall be charged by the Company to Bondholders. The Company shall not be liable for charges, expenses and commissions levied by parties other than the Company.

11. Redemption and Purchase

The Bonds shall be repayable in full upon maturity on 9th January, 2029 unless previously re-purchased, cancelled or redeemed, provided that the Company reserves the right to redeem any one or more of the Bonds or any part thereof on any of the Early Redemption Dates. The Company may determine Early Redemption Dates with the prior approval of the Exchange by giving not less than thirty (30) days' notice to the Bondholder/s.

Unless previously purchased and cancelled, the Company 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 9th January, 2029.

12. Events of Default

In terms of the Security Trust Deed, the Security Trustee may, in its absolute discretion and upon receiving in writing from more than 75 % of the Bondholders, issue by notice in writing to the Company and the Guarantor that the Bonds are to become immediately due and repayable at their principal amount, together with any accrued Interest, if any of the following events ("Events of Default") occur:

- a) the Company and/or the Guarantor, as the case may be, fail to pay any Interest on any Bond when due and such failure continues for thirty (30) days after written notice has been received by the Company and/or the Guarantor, as the case may be, from any Bondholder; or
- b) the Company fails duly to perform or otherwise be in breach of any other material obligation contained in the Terms and Conditions of the Bonds and such failure continues for sixty (60) days after written notice is received by the Company by any Bondholder; or
- c) an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Company; or
- d) the Company 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
- e) the Company is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or
- f) there is against the Company 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
- g) any default occurs and continues for ninety (90) days under any contract or document relating to any debt of the Company in excess of one million (€ 1,000,000) or its equivalent at any time; or
- h) a provisional administrator is appointed upon the property of the Company or the Guarantor and in the opinion of the Security Trustee, such appointment is detrimental to the rights of the Bondholders; or
- i) the Company or the Guarantor commits a serious breach of the Hypothec agreements or the Pledge Agreement and the said breach is not redeemed within 45 days after being notified in writing by the Security Trustee. In this regard a serious breach shall mean any significant breach of the obligations of the Company or the Guarantor; or
- j) in the event that a material breach in the Promise of Sale and Lease Agreement which results in the termination of the said agreement; or
- k) the Company fails to register the special hypothec on the Property in Buġibba upon purchase of such Property in favour of the Security Trustee in favour the Bondholders as mentioned in Section 1.13 (sub-paragraph 5); or
- l) any guarantee or indemnity provided by the Company or the Guarantor is deemed to be incorrect or null in any material aspect in the sole opinion of the Security Trustee.

Upon any such declaration being made as aforesaid, the said principal amount and interest accrued under the Bonds shall be deemed to have become immediately payable.

Provided that in the event of any breach by the Company of any of the covenants, obligations or provisions herein contained due to any fortuitous event of a calamitous nature beyond the control of the Company, then the Security Trustee may, but shall be under no obligation to do so, give the Company such period of time to remedy the breach as in its sole opinion may be justified in the circumstances and if in its sole opinion the breach is remediable within the short-term and without any adverse impact on the Bondholders. Provided further that in the circumstances contemplated by this proviso, the Security Trustee shall at all times act on and in accordance with any instructions it may receive in a meeting of Bondholders satisfying the conditions set out in the Security Trust Deed. The Security Trustee shall not be bound to take any steps to ascertain whether any Event of Default or other condition, event or circumstance has occurred or may occur, and, until it shall have actual knowledge or express notice to the contrary, the Security Trustee shall be entitled to assume that no such Event of Default or condition, event or other circumstance has happened and that the Company and/or Guarantor are observing and performing all the obligations, conditions and provisions on their respective parts contained in the Company Admission Document, the Guarantee, the Pledge, the General Hypothec, the Special Hypothec and the Security Trust Deed. In the event that the Security Trustee becomes aware of the fact that an Event of Default has occurred or is likely to occur it shall promptly in writing notify the MSE, the Issuer, the Corporate Advisor and the Bondholders.

13. Transferability of the Bonds

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

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 Company 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 one hundred Euro (€ 100).

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

The cost and expenses of effecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Company 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.

The Company 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.

14. Further Issues

The Company 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). 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 Company may determine at the time of their issue. Provided however that the total amount of additional debt securities shall not exceed the total value of security held by the security trustee.

15. Meetings of the Bond Holders

The Company may, from time to time, call meetings of Bondholders, through the Security Trustee, for the purpose of consultation with Bondholders or for the purpose of any of the following:

- a. 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 from the Company Admission Document;
- b. 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 Company; and
- c. obtaining the consent of Bondholders on other matters which in terms of the Company Admission Document require the approval of a Bondholders' meeting in accordance with the below.

A meeting of Bondholders shall be called by the Directors by giving the Security Trustee not less than twenty one (21) days written notice. Upon receiving such a notification, the Security Trustee shall provide a notice to 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 and 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 Company 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 Company 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, the Company shall subsequently give effect to such decision.

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.

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 sixty (60%) 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 Company 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.

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

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 decision is taken. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Company and the other Bondholders present at the meeting. The meeting shall then put the matter as proposed by the Company to a vote of Bondholders present at the time at which the vote is being taken, and any Bondholders considered 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.

The voting process shall be managed by the Company's company secretary under the supervision and scrutiny of the Auditors of the Company and the Security Trustee.

The proposal placed before a meeting of Bondholders shall only be considered approved if at least sixty (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.

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

16. Authorisations and Approvals

The Directors authorised the Bond Issue and the publication of the Company Admission Document pursuant to a Board of Directors' resolution passed on 19th December, 2018. The guarantee being given by the Guarantor in respect of the Bonds has been authorised by a resolution of the Board of Directors of the Guarantor dated 19th December, 2018.

17. Admission to Trading

An Application has been made to the MSE for the Bonds being issued pursuant to the Company Admission Document to be traded on its Prospects MTF List. The Bonds are expected to be admitted to the MSE with effect from 9th January, 2019 and trading is expected to commence on the 10th January, 2019. Dealing may commence prior to notification of the amount allotted being issued to Applicants.

18. Warranties

The Company represents and warrants to Bondholders and the Security Trustee that:

- a) 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 the legal title;
- b) it has the power to execute, deliver and perform its obligations under the Company Admission Document and that all necessary corporate, shareholder and other actions have been duly taken to authorise the execution, delivery and performance of the same, and further that no limitation on its power to borrow or guarantee shall be exceeded as a result of the Terms and Conditions or the Document; and no litigation, arbitration or administrative proceedings are taking place, pending or, to the knowledge of the officers of the Company, threatened against the Company which could have a material adverse effect on the business, assets or financial condition of the Company.

The Bondholders and the Security Trustee shall be entitled to rely on the representations and warranties received from the Company as stated above.

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

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.

20. Bonds held under 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 Company 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 only with due safeguards of the usufructuary/-ies' rights and interests).

21. The Security Trust

The Bond shall be partially secured by the Security Trust which shall have the benefit of the following securities:

- a) The Guarantee;
- b) The Pledge;
- c) The General Hypothec;
- d) The Special Hypothecs.

Such security shall be done in favour of the Security Trustee for the benefit of the Bondholders. The Company issuing the Bond has entered into a Security Trust Agreement with the Security Trustee and the Guarantor for the benefit of such Bondholders to represent their interests and effect payment of the principal amount of the Bond and interest in such an event such a claim is made against the Company. The Security Trust shall have at its disposal the Collateral for the benefit of the Bondholders.

The Security Trustee's role includes holding of the Collateral for the benefit of the Bondholders and the enforcement of the said Collateral upon the occurrence of certain events. The Security Trustee shall have no payment obligations to Bondholders under the Bonds which remain exclusively the obligations of the Company, or, in the case of default by the Issuer, of the Guarantor. The Security Trustee has committed to order searches in respect of the hypothecated properties at the Public Registry and the Land Registry on a monthly basis throughout the term of the Bond Issue.

The Security Trust shall be created in terms of article 2095E of the Civil Code (Chapter 16 of the Laws of Malta). This security shall exist in the name of the Security Trustee for the benefit of the Bondholders for all the amounts due to the Bondholders and thus the principal amount and any interest due on the Bond, in terms of the Company Admission Document of the Company. Subject to Section 1.13 sub-paragraph 5, the Security Trustee may, at its sole discretion, require the Company and the Guarantor to enter into any arrangement it deems necessary for the benefit of the Bondholders.

Although the Guarantor does not own enough assets to cover the entire amount of the bond value, it has placed the following assets as a security in favour of the Security Trust, for the benefit of the Bond Holders.

1. The immovable property located at Apartment 1, Block 1, Salina Park, Triq Andrew Cunningham, Qawra valued at €319,412. This shall be secured by a Special Hypothec for the Security trustee.
2. The immovable property located at Apartment 2, Les Lapins, Triq il-Markizi Zimmermann Barbaro, Sliema valued at €320,740. This shall be secured by a Special Hypothec for the Security Trustee.
3. The fixed term deposit account of €1,200,000. After the issue, the Company or Escrow Agent on behalf of the Company, shall place this amount from the issue in a fixed term deposit account with Bank of Valletta, in the name of the Company or the Escrow Agent as applicable, to be used to purchase the property in Bugibba in 2022. Until such a time, the fixed term deposit account shall be pledged to the Security Trust.

The Company and the Security Trustee promise, in terms of the Security Trust Deed, as soon as the issue is finalised, that the amount of one million, two hundred thousand Euro (€ 1,200,000) shall be deposited in a fixed term account with BOV until such a time as the promise of sale is finalised and the property situated in Bugibba is purchased. This fixed deposit account shall be Pledged to the Security Trustee as part of the Collateral for the benefit of the Bondholders.

4. The General Hypothec, constituted in favour of the Security Trustee by Jean Paul Testa, holder of Maltese ID bearing number 566184M and resident at Block 5, Apartment 3 Back, Tigne Point, Sliema TPO 100, Malta and Hanna Yevheniivna Testa, holder of Maltese ID bearing number 2617L and resident at Block 5, Apartment 3 Back, Tigne Point, Sliema TPO 100, Malta. The Net Asset Value of Jean Paul Testa and Hanna Yevheniivna Testa jointly, after deducting any outstanding loans is € 3,006,422.
5. Once the immovable property in Bugibba is acquired, the property shall be revalued by an architect. Architect Kurt Vella of MMK Studio estimated that, after the planned works are carried out, the Bugibba Property will be valued more than the entire issue. After the said purchase, a special hypothec shall be entered into and shall replace the above-mentioned securities with the Security Trustee. The Company, the Security Trustee and the Guarantor undertake that as soon as the immovable property in Bugibba is acquired in 2022, the parties shall enter into an agreement to modify the Security Trust Deed. At such a time, the property shall be revalued by a qualified architect and a special hypothec in favour of the Security Trustee shall be entered into in relation to this immovable property for the benefit of the Bondholders. This special hypothec shall replace the other Collateral and shall act as a security for the entirety of the Bond Issue, which should, in terms of the projects attached with this document, secure the entire amount.

The properties mentioned in 1 and 2 above are also covered by a insurance policies, along with the Bugibba Property. All three policies shall be available for inspection. The policies are also to be pledged in favour of the security trustee in terms of the security trust deed.

The Security Trustee shall be bound to ensure that none of the Events of Default have materialised including default of making the relevant payments of the principal amount or the interest. In such an event that an Event of Default materialises, the Security Trustee shall have the authority to enforce the relevant Collateral. The Security Trustee shall not make any assumption that any Event of Default has materialised but shall diligently carry out due checks and controls towards ensuring that the Company and the Guarantor are observing the terms of this issue.

Should any of the Events of Default materialise, the Security Trustee shall, in terms of the Security Trust Deed, pay the below dues in such an order;

- a. The Security Trustee for its professional fees in relation to the Security Trust services;
- b. The Bondholders in terms of the Company Admission Document;
- c. The Company and the Guarantor, if any funds remain.

SECTION S- TAXATION

1. General

The below information is a general overview of the taxation implications in Malta as it stands at present. In no event shall this information be deemed to be legal or tax advice. This information is being given to provide general information to prospective investors. The tax implications for each and every investor shall depend on the specific circumstances of each individual and the information provided herein must not be taken as an exhaustive list of all possible tax implications of investing in this Bond. Prospective investors should seek independent professional advice for their specific situations in order to obtain proper tax advice on the tax consequences of investing in this Bond and from any gains derived from the Interest payments or capital gains from the sale of the Bonds in the future.

2. Malta Tax on Interest

Interest payable in respect of a Bond which is the subject of a public issue, unless the Company 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), shall be paid to such person net of a final withholding tax. Withholding tax is currently at the rate of ten per cent (10%) of the gross amount of the Interest where the Bondholder is a collective investment scheme that is a prescribed fund, in terms of Maltese legislation, or at the rate of 15% of the said gross amount in other cases. 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. This withholding tax is considered as a final tax and a Maltese resident individual Bondholder need not declare the Interest so received in his income tax return if paid net of tax. No person shall be charged to further tax in respect of such income and the tax deducted shall not be available as a credit against the recipient’s tax liability or available as a refund. 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 Bond Interest so received in his income tax return and be subject to tax on it at the standard rates applicable to that person at that time. Additionally, in this latter case, the Company will advise the Malta Commissioner for Revenue on an annual basis in respect of all Interest paid gross and of the identity of all such recipients unless the beneficiary is a non-resident of Malta. Any such election made by a resident Bondholder at the time of subscription may be subsequently changed by giving notice in writing to the Company. Such election or revocation will be effective within the time limit set out in the Income Tax Act (Chapter 123 of the Laws of Malta). In terms of Article 12(1)(c) of the Income Tax Act (Chapter 123 of the Laws of Malta), Bondholders who are not resident in Malta and satisfying the applicable conditions set out in the Income Tax Act (Chapter 123 of the Laws of Malta) are not taxable in Malta on the Interest received and will receive Interest gross, subject to the requisite declaration/evidence being provided to the Company in terms of law.

3. Exchange of Information

Persons that are not resident in Malta should note that payment of Interest to individuals and certain entities residing in any other EU Member State or in other States that have concluded an appropriate agreement with Malta may be reported to the Malta Commissioner for Revenue. The Commissioner for Revenue may, in turn, automatically or on request, exchange the information with the competent authorities of the state where the recipient of the Interest is resident.

4. Foreign Account Tax Compliance Act

The United States (US) enacted the Foreign Account Tax Compliance Act, 2010 (FATCA) that generally imposes a 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 US entered into an intergovernmental agreement with Malta on 6 December 2013 regarding the implementation of FATCA. Payments affected by the Company 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 may also 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 Company's obligations under the Bonds are discharged once it has effected payment as stipulated in this Company Admission Document and therefore the Company has no responsibility for any amount thereafter transmitted through the payment chain. FATCA requires participating financial institutions, as defined, 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 rather complex and each Bondholder should consult his own tax advisor to obtain a more detailed explanation of FATCA and to determine how it might affect such holder in his specific circumstance.

5. Maltese Taxation on Capital Gains and Transfer of Bonds

On the assumption that the Bonds would not fall within the definition of "securities" in terms of Article 5(1)(b) of the Income Tax Act (Chapter 123 of the Laws of Malta), that is, "shares and stocks and such like instrument that participate in any way in the profits of the company and whose return is not limited to a fixed rate of return", and that such Bonds are held as a capital asset and not for trading purposes, no Maltese income tax on capital gains should be chargeable in respect of any capital gain arising on the transfer of the Bonds.

6. Duty on Documents and Transfers

Gains that arise on the transfer of the Bonds, when such Bonds are not held as a capital asset by the Bondholder, may be taxable in the hands of the Bondholder in accordance with the applicable provisions of the Income Tax Act (Chapter 123 of the Laws of Malta) and Duty on Documents and Transfers Act (Chapter 364 of the Laws of Malta). No Maltese duty on documents and transfers should be chargeable on the issue of the Bonds..

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).

SECTION T- TERMS AND CONDITIONS OF THE BOND ISSUE

The below are the Terms and Conditions in relation to the Bond Issue.

The issue and allotment of the Bonds is conditional upon the Bonds being admitted to the Prospects MTF List and the Collateral being properly constituted in favour of the Security Trustee in accordance with the provisions of the Security Trust Deed. In the event that the above conditions have not materialised within fifteen (15) days, any Application monies received by the Company 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 the 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.

The Company has established a minimum subscription level of at least five thousand Euro (€ 5,000) for the Bond Issue.

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.

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

Any person, whether natural or legal, shall be eligible to apply 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 Company and/or the Corporate Advisor, but it shall not be the duty or responsibility of the Corporate Advisor or Company to ascertain that such representative is duly authorised to appear on the Application Form and bind the Applicant.

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.

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 Company has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.

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.

No person receiving a copy of the Company Admission 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.

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.

Subject to all other Terms and Conditions set out in the Company Admission Document, the Company 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 Company 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.

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

The Company has not sought assessment of the Bonds by an independent credit rating agency.

Subject to all other Terms and Conditions set out in the Company Admission Document, the Company 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.

The Bonds will be issued in multiples of one hundred Euro (€ 100). The minimum subscription amount of Bonds that can be subscribed for by all Applicants is five thousand Euro (€ 5,000). The completed Application Forms are to be lodged with the Placement Broker and Registrar.

For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations, issued under the Prevention of Money Laundering Act (Chapter 373 of the Laws of Malta), as amended from time to time, all appointed Authorised Intermediaries are under a duty to communicate to the CSD, all information about clients as is required under the Implementing Procedures issued by the Financial Intelligence Analysis Unit under the said Regulations and Articles 1.2(d) and 2.4 of the "Members' Code of Conduct" appended as Appendix 3.6 to Chapter 3 of the Malta Stock Exchange Bye-Laws, irrespective of whether the said appointed Authorised 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 (Cap. 440 of the laws of Malta) and ancillary legislation as may be promulgated from time to time, including in terms of the General Data Protection Regulation (Regulation (EU) 2016/679) by completing and delivering an Application Form, the Applicant:

- a) agrees and acknowledges to have had the opportunity to read the Company Admission Document and to be deemed to have had notice of all information and representations concerning the Company and the Guarantor and the issue of the Bonds contained therein;
- b) warrants that the information submitted by the Applicant in the Application Form is true and correct;
- c) 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;
- d) authorises the Placement Broker and Registrar and the Directors of the Company to include his/her/its name or, in the case of joint Applications the first named Applicant, in the register of debentures of the Company in respect of the Bonds allocated to such Applicant and further authorises the Company 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 440 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 Company and/or the MSE. Any such requests must be made in writing and sent to the Company at the address indicated in the Company Admission Document. The requests must further be signed by the Applicant to whom the personal data relates;

- e) confirms that in making such Application no reliance was placed on any information or representation in relation to the Company, the Guarantor or the issue of the Bonds other than what is contained in the Company 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;
- f) 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, verification of identity and relevant risk assessment under customer acceptance and internal control policies and procedures as required by 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).”, and that such monies will not bear Interest;
- g) agrees to provide the Placement Broker and Registrar and/or the Company, as the case may be, with any information which it/they may request in connection with the Application;
- h) 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 Company 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;
- i) warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- j) 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 Company 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;
- k) 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;
- l) renounces to any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Company against any amount due under the terms of these Bonds;
- m) 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 Company Admission Document, the Terms and Conditions thereof and the Memorandum and Articles of Association of the Company;
- n) 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 Company and/or the Corporate Advisor (which acceptance shall be made in the absolute discretion of the Company and/or the Corporate Advisor and may be on the basis that the Company 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 Company and/or the Corporate Advisor of such late payment in respect of such Bonds, the Company 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);
- o) agrees that all Applications, acceptance 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 Company 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;
- p) 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;

- q) 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;
- r) 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
- s) 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 Company 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.

SECTION U- GOVERNING LAW

This issue of Bonds is exclusively governed by the Laws of Malta. Any legal action against the Company or the Group relating to the Bond admitted under this Issue or this Company Admission Document must be brought exclusively in front of the Maltese Courts.

SECTION V- NOTICES

Any notice to be mailed to the Bondholders shall be sent by mail to the address provided by the Bondholders. It shall be deemed that any such notice shall be delivered within forty-eight (48) hours after the relevant letter has been posted. Proof that the letter has been sent, properly addressed and paid for shall be deemed to constitute sufficient proof that the Company has adhered to its obligations to properly notify the Bondholders.

SECTION W-DOCUMENTS AVAILABLE FOR INSPECTION

The below listed documents are available for inspection at the registered office of the Company located at RU, 19 The Pjazza, The Point, Tigne Point, Sliema, Malta during the term of the bond issue.

- 1) Memorandum and Articles of the Company
- 2) Memorandum and Articles of the Guarantor
- 3) Permit with the official reference number PA/01892/17 relation to the modification of the property formerly known as the 'Serena Beach Club' at the Islets Promenade, in Bugibba
- 4) Audited Accounts of the company Testa Properties Limited for the year ended 31 December 2017
- 5) Audited Accounts of the company Testa Catering Concepts Limited for the year ended 31 December 2017

ANNEX 1- THE GUARANTEE

20th December, 2018

To: The Directors

CRV International Limited

No, 152, Office No 9, Naxxar Road,

San Gwann SGN 9030, Malta

Testa Properties Limited – C 80524

Ru 19, The Pjazza, The Point, Tigne Point, Sliema, Malta

(the “Guarantor”)

Date: 20th December, 2018

This document is hereby being issued by Testa Properties Limited, a company registered under the laws of Malta, having company registration number C 80524 and registered address at RU 19, The Pjazza, The Point, Tigne Point, Sliema, Malta (hereinafter together with its lawful successors and assigns referred to as the “Guarantor”).

In connection and by virtue of the Company Admission Document dated on the 20th December, 2018 by Testa Finance P.L.C, a company incorporated under the laws of Malta, having company registration number C 85495 and registered address at RU 19, The Pjazza, The Point, Tigne Point, Sliema, Malta (hereinafter referred to as the “Company”) in connection with the three million, nine hundred thousand Euro (€ 3,900,000) Bond 2018 (as the same may be amended, varied or supplemented hereinafter referred to as the “Company Admission Document”), the Guarantor is hereby standing as a surety with the Company and irrevocably and unconditionally undertakes to effect the due and punctual performance of all the payment obligations undertaken by the Company under the Bonds, if the Company fails to do so and, without prejudice to the generality of the foregoing, undertakes to pay on an on-going basis, interest which may become due and payable during the term of the Bonds and the principal amount of the Bonds on the Redemption Date should the Issuer default in paying the Bondholders under the Bonds. This guarantee and indemnity shall be constituted in favour of the Security Trustee for the benefit of the Bondholders in the event of default by the Company in its obligations under this Company Admission Document.

All Capitalised words in this document shall have the same meaning assigned to them as in the Company Admission Document unless otherwise made clear hereunder.

NOW THEREFORE THE GUARANTOR IS HEREBY GRANTING THE FOLLOWING SECURITY IN FAVOR OF THE COMPANY

1. General

1.1 The Bonds admitted in the Company Admission Document shall be issued with the Guarantee offered by the Guarantor in terms of this document for the Security Trustee and for the benefit of the beneficiaries.

2. Guarantee

2.1 The Guarantor hereby submitting irrevocably and unconditionally to acting as surety with the Company and guarantees to the Security Trustee and for the benefit of the Bondholders, the entire value of the Bond amounting to three million, nine hundred thousand Euro (€ 3,900,000) including all interest however not in excess thereof and which interest accrued shall be up to the payment of such interest. The Guarantor shall be jointly and severally liable with the Company for the payment of the Bond in the event that the Company is in default of its obligations listed under the Company Admission Document. In the event that the Security Trustee undertakes in writing a demand for payment under the Bonds, the Guarantor shall effect such payment in terms of this Guarantee.

2.2 This guarantee shall constitute a general, direct, unconditional and unsecured obligation of the Guarantor and rank equally with all other existing and future unsecured obligations of the Guarantor, if any, except for any debts for the time being preferred by law.

3. Liability and Indemnity

3.1 The guarantee listed herein shall be a continuous guarantee for the entire duration and amount of the Bond, which however shall be limited to a maximum of three million, nine hundred thousand (€ 3,900,000) Euro, which amount does not include any interest accrued, or expenses, fees or costs required for the protection, preservation, collection, recovery or enforcement of the rights contained herein against the Company, which shall be additional to the stated amount, which amount shall be payable to the security Trustee for the benefit of the Bondholders.

3.2 In addition to the guarantee listed herein, the Guarantor unconditionally and irrevocably binds itself towards the Security Trustee and agrees that in the event that any sum deemed payable by the Company in relation to this Bond Issue, which cannot be paid by the Company for any reason, even if such reason is not known to the Guarantor, any such dues shall be payable to the fullest extent allowed by law, by the Guarantor to the Security Trustee, as if the Guarantor was the principal debtor, subject to the limit of three million, nine hundred thousand (€ 3,900,000) Euro excluding legal expenses incurred for the recovery of such amount which shall be in addition to the mentioned limit. This indemnity provides a separate and independent obligation from any other obligations listed under this Guarantee and thus provides the rights to a separate and independent legal action for payment against the Guarantor.

3.3 Separate to the Guarantee, the Guarantor agrees to indemnify and hold the Security Trustee harmless from any damages, liabilities, dues, costs, suits proceedings, fines, fees and penalties (excluding indirect damages such as loss of profit, loss of future earnings and loss of goodwill) arising from any failure by the Company or the Guarantor to perform any of their obligations under the Company Admission Document and shall further indemnify the Security Trustee against the same should any obligation of the Company towards the Security Trustee be deemed invalid and unenforceable. In such an event the Guarantor shall be fully liable towards the Security Trustee in full and the Guarantor shall indemnify the Security Trustee and pay all sums due within 60 days from when such a claim has been made by the Security Trustee.

4. Representations and Warranties

4.1 Until all obligations in relation to the Bond have been extinguished either by the Company or by the Guarantor, this guarantee shall remain in force and in operation as dictated under law. The liability of the Guarantor shall decrease to the extent if any, whenever an irrevocable payment or settlement in relation to the Bond Issue, has been made by the Company or by the Guarantor.

4.2 The Guarantor warrants that:

- i. It has been legally set-up and incorporated under the law;
- ii. It has the legal authority and capacity to enter into this guarantee;
- iii. This guarantee is legally binding on the Guarantor and is enforceable under Maltese Law;
- iv. The Guarantor is not involved in any litigation which may affect the strength and legality of this guarantee;
- v. This guarantee shall rank *pari passu* with all other obligations of the Guarantor;
- vi. The Guarantor is granting the guarantee since it has a commercial interest and in granting it, the Guarantor is thus making commercial gain;

- vii. The granting of this guarantee is not in breach of any other obligations of the Guarantor;
- viii. It shall not take any action or omit from doing anything which might change, contest or nullify the extent of the guarantee.

5. Continuing Liability

5.1 The liability of the Guarantor under this Guarantee shall remain in operation until such a time as the Bond and any Interest accrued thereto has been fully paid and neither of the below shall act as prejudice or as a bar to the mentioned debt:

- a. Should the Company be wound up or dissolved;
- b. Should the Company or any other person responsible be deemed to be incapacitated or subject to a legal disability;
- c. In the event of any change in name, merger, amalgamation, reconstruction or split of the Company;
- d. Should the Security Trustee concede any time or period for the Company to come to terms with its obligations;
- e. Any event, act or omission that might operate to exonerate the Guarantor without settlement in full of the debt towards the Security Trustee.

6. Assignment

6.1 This guarantee cannot be assigned by any of the parties hereto to any other third party.

7. Notices

7.1 All notices, requests, demands or other communications required or permitted by the terms of this guarantee will be given in writing and either served personally or sent by pre-paid registered mail or e-mail. The address for any notice to be delivered to any of the Parties to this Agreement is as follows:

The Guarantor	Address: Ru 19, The Pjazza, The Point, Tigne Point, Sliema, Malta Email: info@testacatering.com.mt
The Company	Address: Ru 19, The Pjazza, The Point, Tigne Point, Sliema, Malta Email: info@testacatering.com.mt
The Security Trustee	Address: No 152, Office No 9, Naxxar Road, San Gwann, SGN 9030, Malta Email: simon@sciantar.com

8. Governing law and Disputes

8.1 This guarantee shall be construed in accordance with Maltese law and any disputes that may arise out of or in connection with the guarantee shall be settled by the Courts of Malta.

9. Deposit of the Guarantee

9.1 This guarantee shall be deposited and held in the registered office of the Security Trustee. Until such a time as all obligations under this Bond Issue have been extinguished by the Company or by the Guarantor, each Bondholder shall be entitled to a copy of this guarantee.

10. Severability

10.1 In the event that any clause or condition or part thereof under this guarantee is held by a court of competent jurisdiction to be null and void and without any effect, the remainder of this guarantee and the remainder of such clause or condition, shall remain in full force and effect.

11. Subrogation

11.1 The Guarantor shall not, until all rights of the Bond Holders under this Bond Issue have been satisfied in accordance with Maltese Law, be subrogated into the right of the Bondholders against the Company and until such a time cannot claim against the Company.

Signed on behalf of the Guarantor

Jean Paul Testa- Director
Testa Properties Limited

Hanna Yevheniivna Testa- Director
Testa Properties Limited

Simon Ciantar- Director
CRV International Limited

Leonard Galpo - Director
CRV International Limited

ANNEX 2- SECURITY TRUST DEED

Number:

Constitution of
Hypothec and
Undertaking

Enrolled:

Volume I No:

GPP:

Before me **Notary Public Doctor of Laws Dr Sam Abela** have personally appeared after I Notary have ascertained the identity of the parties according to Law:

Of the First Part and hereinafter referred to as “Security Trustee”:

Simon Ciantar company director, residing at 24, Idle Wind, Triq ir-Raded, Manikata, Mellieha, hereon for and on behalf of **CRV International Limited**, a private limited liability company registered and existing under the laws of Malta with company registration number letter ‘C’ number one eight nine seven zero (C 18970) and having its registered office at No. 152, Office No. 9, Naxxar Road San Gwann SGN 9030, Malta; and this in virtue of the Memorandum and Articles of the said Company.

Of the Second Part and hereinafter referred to as the “Issuer” and/or “Testa Finance p.l.c.”, as the case may be:

JEAN PAUL TESTA, company director, son of Alfred and Sylvana nee Cutajar, born in Pieta' on the 06.11.1984 and residing at T5, B3, Caravaggio Court, Tigne Point, Sliema, holder of identity card number 566184M, together with his wife **HANNA YEVHENIIVNA TESTA**, director, daughter of Evgeniy Filipenko and Alla nee Chuiko, born in Lutsk, Ukraine on the 15.12.1976 and residing at, holder of Maltese identity card number 2617L (formerly 33983(A)),

who are jointly appearing on this deed in the name and on behalf of **Testa Finance p.l.c.** a public limited liability company registered and existing under the laws of Malta with company registration number letter 'C' number five eight four nine five (C 58495) and having its registered office at RU 19, The Pjazza, The Point, Tigne Point, Sliema and this as duly authorised by virtue of the Memorandum and Articles of the said Company.

Of the Third Part and hereinafter referred to as “Testa Properties Limited” or as the “Guarantor” as the case may be:

Jean Paul Testa, company director, son of Alfred and Sylvana nee Cutajar, born in Pieta' on the 06.11.1984 and residing at T5, B3, Caravaggio Court, Tigne Point, Sliema, holder of identity card number 566184M, together with his wife Hanna Yevheniivna Testa, director, daughter of Evgeniy Filipenko and Alla nee Chuiko, born in Lutsk, Ukraine on the 15.12.1976 and residing at, holder of Maltese identity card number 2617L (formerly 33983(A)), hereon for and on behalf of **Testa Properties Limited**, a private limited liability company registered and existing under the laws of Malta with company registration number letter 'C' number eight zero five two four (C 80524) and having its registered office at RU 19, The Pjazza, The Point, Tigne Point, Sliema; and this in virtue of the Memorandum and Articles of the said Company.

Of the Fourth Part and hereinafter the ‘Spouses Testa’:

The said **Jean Paul Testa**, holder of identity card number 566184M, together with his wife **Hanna Yevheniivna Testa**, holder of Maltese identity card number 2617L (formerly 33983(A)), are also appearing hereon in their name and personal capacity.

Definitions:

The Parties agree that in this deed and the documents annexed hereto unless otherwise expressly stated or the contrary intention appears, the following terms shall have the meaning assigned to them:

“**Bond**” means a bond having a nominal value or par value of one hundred Euro (€100) (the “**Par Value**”), issued, allocated and registered in fully registered and dematerialized form and represented in uncertificated form by the appropriate entry in the Register of Bondholders held at the CSD, acknowledging and representing the direct and unconditional indebtedness of the Issuer to the Bondholder under the terms and conditions contained in the Admission Document.

“**Bondholder**” means a holder of Bonds.

“**CSD**” means the central securities depository of the Malta Stock Exchange established pursuant to article twenty four (24) of the Financial Markets Act, Chapter three hundred and forty five (345 of the laws of Malta), and situated at Garrison Chapel, Castille Place, Valletta, VLT 1063, Malta.

“Guarantee” the joint and several guarantee entered into by the Guarantor in favour of the Security Trustee in virtue of this deed;

“Guarantor” being Testa Properties Limited;

“Par Value” means one hundred Euro (€100) for each Bond.

“Admission Document” means the document drawn up in accordance with the provisions of the Prospects MTF Rules as promulgated by the MSE, providing the terms and conditions in relation to the subscription of the Bonds as defined therein.

“Principal Amount” means: initially, as at the date of this Deed, the sum of three million and nine hundred thousand Euro (€3,900,000) representing the Par Value of the issued, allocated and registered Bonds; and thereafter the principal amount owing by the Issuer to the Bondholders from time to time under the Bonds representing the Par Value of the Bonds which have not been previously re-purchased and cancelled by the Issuer or otherwise redeemed.

“Register of Bondholders” means the register to be maintained by the CSD containing the names and other details of the Bondholders and their entitlement to the Bonds.

“Security Interests” shall have the same meaning attributed to ‘Guarantee’ in the Admission Document.

“Trust Property” means the Guarantee and the security interests constituted in favour of the Security Trustee by virtue of this Deed as well as any other property in which the Trust Property may be converted from time to time.

Recitals

(A) The Issuer has issued the Bonds for the Principal Amount pursuant to the Admission Document and in terms thereof.

(B) The Issuer has *inter alia* covenanted that the proceeds from the Bonds shall be applied as detailed in the Admission Document; and (ii) the Bonds shall *inter alia* be guaranteed by the security interests set out in the said Admission Document.

(C) The Issuer further covenanted that in warranty of all the covenants and obligations undertaken by the said Issuer in terms of the Admission Document and in terms hereof, the Issuer and the Guarantor, shall grant:

(i) the Hypothecs which shall be held by the Trustee for the benefit of all the Beneficiaries;

(ii) furthermore, in warranty thereof it is further covenanted upon the Issuer's prospective acquisition of the immovable property formerly known as 'Serena Beach Club' situated at the Islets Promenade, Bugibba, the said Issuer shall grant in favour of the Security Trustee, an additional special hypothec for the sum of three million nine thousand Euro (€3,900,000) over the said immovable property in Bugibba, however this in replacement of:

(i) the Pledge to be made, as detailed in clause _____;

(ii) the Hypothecs constituted in virtue of this deed;

And this as further detailed hereunder.

(D) The Admission Document is drawn up in accordance with the provisions of the Prospects MTF Rules promulgated by the MSE. It does not constitute a Prospectus as defined in Article two sub-article one (2(i)) of the Companies Act (Chapter 386 of the Laws of Malta) and as such has not been drawn up in accordance with the requirements imposed by the EU Prospectus Directive (2003/71/EC), the Companies Act and/or the Listing Rules.

In terms of Article two sub-article three letter 'b' 'v' (2(3)(b)(v)) of the Companies Act the issue of the Securities as contemplated herein does not constitute an offer of securities to the public.

(E) Under the terms of the Admission Document, Bonds have been fully subscribed and conditionally allocated in accordance with the provisions of the said Admission Document.

(F) By virtue of this deed the Issuer and the Guarantor wish to satisfy their covenants *inter alia*, by the constitution of the Security Interests in favour of the Trustee in satisfaction of the relative conditions and undertakings made in the Admission Document.

Each of the Issuer, the Guarantor and the Trustee acknowledges and confirms the facts and sequence of events as set out in the Recitals of this deed and they agree to proceed accordingly.

The Hypothecs

- 1.1 In warranty of the proper observance by the Issuer and each Guarantor of all the covenants and obligations undertaken by the Issuer and the Guarantor towards the Bondholders in terms of the Admission Document and the Bonds and towards the Trustee for the benefit of the Beneficiaries in terms of the this Deed and in particular in warranty of their obligations to punctually pay the Principal Amount and the interests due thereon, and all other monies due by or recoverable from the Issuer in terms of the Admission Document, the Bonds and this Deed, the Issuer hereby grants to the Security Trustee in its capacity of security trustee to hold on trust for the benefit of the Beneficiaries a general hypothec over all the Issuer's property, present and future, in general up to the sum of **three million nine hundred thousand Euro (€3,900,000)** and interest and costs thereon.

1.2 At the same time to further guarantee the Bonds and fulfil the obligations undertaken pursuant to the Admission Document and to further support the Guarantee, the Guarantor **Testa Properties Limited** constitutes itself joint and several surety with the Issuer and for this purpose grants in favour of the Security Trustee which accepts, **a general hypothec for the sum of three million nine hundred thousand Euro (€3,900,000) and this together with interests accruing thereon and related costs, over all its assets, in general, present and future.**

1.3 In addition to the general hypothecs and other security granted by the Issuer and the Guarantor set out above, the Guarantor hereby further supports the Guarantee and its general hypothec by the following security interests:

1.3.1 **Testa Properties Limited** hereby constitutes in favour of the Security Trustee which accepts, a special hypothec, for the sum of **three million and nine hundred thousand Euro (€3,900,000)** and interests and costs thereon over:

- (i) the first floor flat internally marked number one (1) forming part of a block one (1) without number named 'La Salina Park', consisting of nine flats and nine underlying garages, all situated in Andrew Cunningham Street, formerly Triq l-Istamnar, and formerly described as a new unnamed Street which abuts in Triq is-Salina, in Qawra, limits of Saint Paul's Bay, which block is built on a plot of land known as is-Sellum or Il-Gnien in Salina Bay, and is bounded on the North East and on the East by roads and on the South by property of Lodge Hotels Limited, or its successors in title.

The said flat has in common with the overlying flats numbers four (4) and seven (7) and with the other flats in the said block of buildings, the entrance, entrance hall, stairwell, the space underlying the stairs, the lift, shaft and together with flats numbers four (4) and seven (7) it has the right of use of the whole roof of the top floor flat number seven, whereas the remaining six flats in the said block do not have the right of use of

the roof of flat number seven (7), in other respects free and unencumbered with all its rights and appurtenances

The said property hypothecated hereon is evident from **Document 'LR2'** hereto attached.

and

- (ii) The apartment without its relative airspace, which apartment is internally numbered two (2), situated on the first (1st) floor level, in a block of four (4) apartments named "Les Lapins" with official number twenty-six (26) in Triq Zimmerman Barbaro (previously Spring Street), in Sliema, Malta.

The said apartment is subject to and enjoys the servitudes arising from its position within the block, and is otherwise free and unencumbered from any ground rent and/or other burdens, with all its rights and appurtenances.

Included with the apartment is the right of use in perpetuity and transferable to third parties "ad infinitum" of all the common parts of the block namely, the common door of the block, the entrance, landings, stairwell up to the roof, and the roof. However the use of the roof is limited to the installation and maintenance of a water tank and to the use of a dish antenna or communal television aerial.

The Apartment is bounded on the South by Triq Zimmerman Barbaro, on the East by property of Anthony Gatt or his successors in title and on the West by property of Mary Bailey or her successors in title, or other and more precise boundaries.

The block named "Les Lapins" of which the apartment forms part has been constructed on the site formerly occupied by the tenements officially numbered twenty six (26) [previously officially numbered forty one (41)] and twenty seven (27) [previously officially numbered forty two

(42)] in Triq Zimmerman Barbaro (previously Spring Street), Sliema; and which is bounded on the South by Triq Zimmerman Barbaro, on the East by property of Anthony Gatt or his successors in title and on the West by property of Mary Bailey or her successors in title, or other and more precise boundaries.

The said property hypothecated hereon is evident from **Document ‘LR3’** hereto attached.

1.3.2 In addition to the general hypothecs and other security granted by the Issuer and the Guarantor set out above, Spouses Testa hereby jointly further supports the Guarantee by the following security interests and hereby jointly constitute in favour of the Security Trustee which accepts, a general hypothec, for the sum of **three million and nine hundred thousand Euro (€3,900,000)** and interests and costs thereon over all their assets, present and future:

(herein collectively referred to as the “Hypothechs”).

- 1.4 The Trustee in its capacity of Security Trustee, accepts the Hypothechs and agrees to hold them on trust for the benefit of the Beneficiaries *pari passu* according to the rights and interests held by each Beneficiary in terms of the Admission Document.
- 1.5 The Issuer and the Trustee agree that the Hypothechs are being granted in terms of Article two thousand and ninety five letter E (2095E) of the Civil Code provided that the provisions of sub-article four (4) thereof are not applicable.
- 1.6 The Issuer, the Guarantor and the Trustee agree that for the purposes of registration of the Hypothechs at the Public Registry of Malta, the relative note of hypothec shall state that the credit is for the sum of three million nine hundred Euro (€3,900,000) and interest and costs thereon, fixed in warranty of the obligations of the Issuer as stated in clause 1.1 (one point one) above.

- 1.7 The Issuer and the Trustee expressly agree that the indication of the aforesaid sum of three million nine hundred Euro (€3,900,000) for the purposes of the grant and registration of the Hypothecs shall be without prejudice to the provisions of Article two thousand and ninety five (2095) of the Civil Code, Chapter Sixteen (Cap. 16) of the Laws of Malta which places interest accruing on the secured debt, the expenses of registration and the expenses, if any, incurred for the judicial acknowledgement of the debt in the same rank as the debt.
- 1.8 Upon the payment or prepayment, on a redemption date or otherwise, of the Principal Amount of the Bonds, payment of all interest thereunder and reimbursement of all expenses incurred by, and payment of remuneration due to the Trustee, the Trustee shall cancel the Hypothecs.
- 1.9 The parties further agree that once Testa Properties Limited acquires the Property in Saint Paul's Bay, being the building or the complex known as 'Serena Beach Club', without official number, formerly occupied by Premier Restaurants Malta Limited, built on a portion of land measuring circa five hundred and ninety point three square metres (590.3m²) in Islets Promenade, Bugibba, Saint Paul's Bay, bounded on the North by property of the Government, on the South by the said street and on the East with property formerly known as 'Bognor Regis' nowadays 'Bayside', which belongs to the heirs of the Francica family or its successors in title, free and unencumbered with all its rights and appurtenances, including its subsoil and overlying airspace. The land on which the said complex of building is built is marked in red on the plan attached to a deed in the record of Notary Mario Bugeja of the twenty fourth day of August of the year two thousand and fifteen (24.08.2015) and therein marked as Document 'A'; [hereinafter referred to as the 'Property in Saint Paul's Bay'] in full ownership and on condition that there are no debts on the said Property in Saint Paul's Bay, and on condition that the Security Trustee is given a valuation of the Property in excess of three point nine million Euro (Euro 3,900,000) issued by the Architect of the said project to be done in the Property, then the Security Trustee is to appear on a deed of reduction of hypothecary rights wherein:
- 1.9.1 Spouses Testa are to be released from the hypothec constituted hereon in their entirety.

1.9.2 The properties mentioned under clauses 1.3.1 and 1.3.2 above will be released from the hypothec constituted hereon.

And this on condition that contemporaneously with the reduction of the said hypothecary rights in the manner stipulated in clauses 1.9.1 and 1.9.2, Testa Properties Limited constitutes in favor of the Security Trustee a first ranking special hypothec over the said Property in Saint Paul's Bay.

2. Ranking of the Hypothecs

2.1 The Issuer and the Guarantor each acknowledges and warrants that the Bonds constitute the general, direct, unconditional and secured obligations of the Issuer and the Guarantor, and that pursuant to this Deed and by virtue of the registration of the Hypothecs, the Hypothecs will rank with priority and preference to all other present and future obligations of the Issuer and will rank with first priority and preference over all the assets, present and future, including each property which is subject to a special hypothec, to all other present and future indebtedness of the Issuer.

3. Contractual Undertaking

Whereas the Issuer is to deposit the sum of **one million, two hundred thousand (1,200,000) Euro** in fixed term deposit account with _____ and this in its name;

Whereas _____ has issued in favour of the Issuer three insurance policies vis-a-vis the properties being hypothecated in virtue of this deed, and this under the following numbers:

- (i) four four six seven eight letters 'F' 'H' 'C' zero eight four five seven two (44678FHC084572);
- (ii) four four six seven eight letters 'F' 'H' 'C' zero eight four five seven one (44678FHC084571); and

- (iii) letter 'P' one eight letters 'C' 'P' zero zero five eight four (P18CP00584);
hereinafter referred to as **'the Insurance Policies'**.

Whereas in support of the Guarantee, the said fixed term deposit account and Insurance Policies are then to be pledged in favour of the Security Trustee for the benefit of the Beneficiaries, that for as long as any principal or interest under the Bonds or any indebtedness under the Bonds remains outstanding the said Pledge Agreement.

Whereas it has been agreed by the Issuer and the Security Trustee, that in the event that a further hypothecary guarantee is granted to warrant the Issuer's obligations under the Admission Document and under this deed, such pledge shall then be released.

Now therefore, and in view of the covenants above, the Issuer hereby undertakes in favour of the Security Trustee, which accepts, that:

- (i) Upon the acquisition by the Issuer of the immovable property being the 'Property in Saint Paul's Bay', formerly known as 'Serena Beach Club' situated at the Islets Promenade, Bugibba, it shall constitute and grant in favour of the Security Trustee for the benefit of the Beneficiaries, an additional Special Hypothec for the Principal Amount over the abovementioned immovable property in Bugibba;
- (ii) Such constitution of the Special Hypothec over the above described property situated in Bugibba, shall be made and granted under the same terms and conditions to which the Hypothecs herein constituted, have been granted;
- (iii) Upon the constitution of such additional special hypothec, the Security Trustee undertakes in favour of the Issuer to release the aforementioned pledge; and to cancel the Hypothecs constituted hereon.

4. Negative Pledges

4.1 The Issuer and the Guarantor each undertakes in favour of the Security Trustee for the benefit of the Beneficiaries, that for as long as any principal or interest under the Bonds or any indebtedness under the Bonds remains outstanding, it shall:

4.1.1 Not create or permit to subsist any claim, charge, lien, encumbrance, hypothec, privilege or security interest other than the Security Interest or security interests arising by law (excluding the privilege of contractors and workmen arising from the provisions of article two thousand and ten (2010) of the Civil Code), upon the whole or any part of its respective present or future assets or revenues to secure any Financial Indebtedness (as defined below) of the Issuer or Guarantor.

4.1.2 Provided that the Issuer (or Guarantor as the case may be) may create Financial Indebtedness secured over assets of the Issuer (or Guarantor as the case may be) but not with seniority over the Security Interests, provided that the Trustee grants its consent.

4.1.3 Not allow to subsist any further encumbrances other than the Hypothecs save for the provisions of paragraph 4.1.1 above.

4.1.4 Not transfer ownership and/or any other real right over the properties hypothecated by virtue of this deed under any title whatsoever, without the prior written consent of the Security Trustee.

For the avoidance of doubt, a transfer of control of the Issuer shall be deemed to constitute a transfer of the Hypothecated Property under paragraph (c) above. For the purposes of this paragraph a transfer of control shall include, but without prejudice to the generality of the foregoing shall not be limited to: (i) the transfer of voting shares in the Issuer which amounts to a transfer of 50% (fifty per cent) plus one (1) share of the total shareholding having voting rights in the Issuer; (ii) the transfer in any manner of the ability to appoint a majority of the directors of the Issuer; and (iii) the transfer

to any person of the ability to determine the financial and operational decision making power of the Issuer. For the avoidance of doubt, a transfer of control in the Issuer arising as a result of a series of separate transactions shall also be deemed to constitute a transfer of the Hypothecated Property under paragraph (c) above. Consent by the Trustee shall be given upon receipt of instructions in writing passed at a meeting of Bondholders by a vote carrying at least sixty per cent (60%) in value of all the Bondholders.

- 4.1.5 Not declare any dividends nor shall it undertake any measure for the reduction of its share capital.

For the purposes of this Deed:

“Financial Indebtedness” means any indebtedness in respect of (A) monies borrowed; (B) any debenture, bond, note, loan stock or other security; (C) any acceptance credit; (D) the acquisition cost of any asset to the extent payable before or after the time of acquisition or possession by the party liable where the advance or deferred payment is arranged primarily as a method of raising finance or financing the acquisition of that asset; (E) leases entered into primarily as a method of raising finance or financing the acquisition of the asset leased; (F) amounts raised under any other transaction having the commercial effect of borrowing or raising of money; (G) any guarantee, indemnity or similar assurance against financial loss of any person.

5. Searches

- 5.1 The Security Trustee hereby commits to order searches in respect of the hypothecated properties at the Public Registry and the Land Registry on a monthly basis throughout the term of the Bond Issue.

6. Costs

- 6.1 All notarial fees and expenses in connection with this Deed including the registration of the Hypothecs at the Public Registry and the Land Registry are to be borne by the Issuer.
- 6.2 Each of the Parties shall pay its own advisors.

7. General

- 7.1 The Issuer, the Guarantor and the Trustee agree that the purpose of this Deed is the grant of the Hypothecs by the Issuer and the Guarantor to the Security Trustee and that for this purpose and for the purposes of law certain terms and conditions contained in the Admission Document have been acknowledged, agreed, and recorded on this public deed.
- 7.2 The Issuer, the Guarantor and the Trustee furthermore agree that nothing in this Deed, save for the Hypothecs and the rights they grant to the Trustee for the benefit of the Beneficiaries, whether expressed or implied shall in any way modify the rights and obligations of the Issuer and the Trustee between themselves and the Beneficiaries and the Bonds as applicable or shall in any way limit, restrict or curtail the right of action, remedies, warranties, guarantees and securities or any other benefits of the Issuer, the Trustee and the Bondholders arising therefrom.
- 7.3 That this public deed shall in no way imply a novation of the rights and obligations contracted by the Issuer, the Trustee and the Bondholders under the Bonds.
- 7.4 This Deed shall be governed by and construed in accordance with the laws of Malta and the Parties agree that any dispute arising in connection with this Deed shall be subject to the jurisdiction of the Courts of Malta.

Since the documents annexed to this Deed are more than five (5) a list of documents marked with the letter “X” is hereto being annexed for signature of the Parties in lieu of the documents themselves.

This Deed has been done, read and published by me, the undersigned Notary, after having explained the contents thereof to the appearers in accordance to law in Malta at

ANNEX 3- SPECIMEN APPLICATION FORM

TESTA FINANCE P.L.C- € 3,900,000 5.5% Bonds 2019- 2029

Kindly read the notes contained in this application form before filling up the relevant field:

Applicant					
<input type="checkbox"/> Non-Resident		<input type="checkbox"/> Minor		<input type="checkbox"/> Body Corporate/Body of Persons	
<input type="checkbox"/> CIS- Prescribed Fund					
Title (Dr, Mr, Mrs, Ms)		Full Name and Surname/ Registered Name			
Address					Post Code
Nationality	ID/Passport/ Registration No	Company	Document Type	Country of Issue of ID Document	Date of Birth
MSE Account No (if applicable)	LEI Mandatory for non-individuals)		Mobile No (mandatory for e-portfolio registration)	Tel No	
Email Address					
<input type="checkbox"/> Already registered for e-portfolio		<input type="checkbox"/> Don't register me for e-portfolio		<input type="checkbox"/> Register me for e-portfolio	
Additional (Joint) applicants. Please use additional application form if the space is not sufficient					
Title (Dr, Mr, Mrs, Ms)	Full Name and Surname	Date of Birth	Nationality	Document Type	ID/PP No and Country of Issue
Title (Dr, Mr, Mrs, Ms)	Full Name and Surname	Date of Birth	Nationality	Document Type	ID/PP No and Country of Issue
Minor's Parents/ Legal Guardian/s. Please use additional application form if the space is not sufficient					
Title (Dr, Mr, Mrs, Ms)	Full Name and Surname	Date of Birth	Nationality	Document Type	ID/PP No and Country of Issue
Title (Dr, Mr, Mrs, Ms)	Full Name and Surname	Date of Birth	Nationality	Document Type	ID/PP No and Country of Issue
I/We apply to Purchase and Acquire the below listed amount of bonds:					
Amount in Figures: €		Amount in Text:			
Testa Finance p.l.c. 5.5 % Bonds 2028 (minimum subscription of € 5,000 and in multiples of € 100 thereafter) at the Issue Price (at par), as defined in the Company Admission Document dated _____ 2018 (the 'Company Admission Document'), payable in full upon application under the Terms and Conditions of the Bonds as set out in the Company Admission Document					
Resident – Withholding Tax Declaration (ONLY to be completed if applicant is resident in Malta)					
<input type="checkbox"/> I/We elect to have the final withholding tax deducted from my/our interest <input type="checkbox"/> I/We elect to receive interest gross (ie without any deduction of withholding tax)					
Non-Resident – Declaration for Tax Purposes (ONLY to be completed if applicant is NOT resident in Malta)					
Tax Country		Country of Birth		City Birth	
Tax Identification Number	Passport/ National ID No	Country of Issue		Date of Issue	
<input type="checkbox"/> I/We am/are NOT resident in Malta but I/we am/are resident in the European Union <input type="checkbox"/> I/We am/are NOT resident in Malta and I/we am/are NOT resident in the European Union					
Interest, Refund and Redemption Mandate (completion of this panel is MANDATORY)					
Bank		IBAN			
I/We have fully understood the contents and instructions for completing this Application Form and am/are submitting this Application Form solely on the basis of the Company Admission Document subject to the Terms and Conditions therein contained which I/We fully understand and accept;					
Signature of Applicant/s (all parties to sign in a joint activation) (both parents or legal guardians to sign when Applicant is a minor)			Date		
Financial Intermediary Stamp		Financial Intermediary Code		Application Number	

Notes and Guidelines on how to fill in and complete this application form and other information

(The below is to be read in conjunction with the Company Admission Document dated on the 20th December, 2018)

1. This Application is governed by the Terms and Conditions of the Application in this Company Admission Document dated on the 20th December, 2018. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Company Admission Document.
2. The Application Form is to be completed in BLOCK LETTERS.
3. The Applicants are to fill in their personal information as indicated in the Application Form under the 'Applicant' Section. In the case of a joint applicant, the additional applicants must fill in their personal information under the 'Additional/Joint Applicant' Section. In such a case of joint applicants, the person who is inserted in the 'Applicant' Section shall be deemed to be the registered holder of the Bond and thus any payments shall be paid directly into such person's account.
4. All information requested in each specific section is required if such section is applicable to the Applicant/s and thus must be filled in.
5. 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>.
6. 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 under 'Minor's Parents/Legal Guardians' section 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.
7. If the Applicant is a company or other body corporate, the exact legal name of such entity should be inserted in the 'Applicant' section along with the registration number of such entity. The Applications must also be duly signed by an authorised representative indicating such a person's authority.
8. APPLICANTS WHO ALREADY HOLD SECURITIES ON THE MSE ARE TO INDICATE THEIR MSE ACCOUNT NUMBER IN THE 'APPLICANT' SECTION. 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.
9. Applications must be for a minimum of € 5,000 and thereafter in multiples of €100.
10. Only Applicants who hold a valid 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 will be obliged to declare interest so received in the tax return. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a Prescribed Fund (having indicated their status in the appropriate box in the 'Applicant' Section) will have final withholding tax (currently 10%), deducted from interest payments. In terms of section S of the Company 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 person net of final withholding tax, (currently 15%) of the gross amount of interest, pursuant to Article 33 of the Income Tax Act (Cap. 123 of the Laws of Malta).

11. Applicants who are Non-Resident in Malta for tax purposes must indicate their passport number in the 'Non-Resident – Withholding Tax Declaration'. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Director General Inland Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/ 107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation. The contents of Notes 10 and 11 above do not constitute tax advice by the Company and Applicants are to consult their own independent tax advisors in case of doubt.

12. Payments for the Bonds must be made in Euro in cleared funds to 'The Registrar- Testa Finance P.L.C Bond Issue'. In the event that any cheque filled with the Application form is not honoured on the first presentation thereof, the Company and the registrar reserve the right to render the application invalid.

13. 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 or 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 'Interest, Refund and Redemption Mandate' Section. Interest and redemption proceeds will be credited to the account indicated or as otherwise amended by the Bondholder/s during the term of the Bond.

14. Any Applicant wishing to apply for the Bonds is to deliver a duly completed Application form to the Placement Broker and Registrar Jesmond Mizzi Financial Advisors during standard business hours up to 12:00 CET on the 4th January, 2019. Applications received after the closing time and date will not be accepted and any Applications made by post are thus filed at the risk of the Applicant and the Company shall not in any way be liable for any late submissions. The Company reserves the right to refuse any Application files which it deems to be in breach of the general terms and conditions contained in the Company Admission Document.

15. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge that:

- a. the Issuer may process the personal data that you provide in the Application Form in accordance with the General Data Protection Regulation – GDPR (Regulation (EU) 2016/679
- b. the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
- c. 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 Company. The request must be signed by yourself as the Applicant to whom the personal data relates.

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

ANNEX 4- ESCROW AGREEMENT

Entered into on the 20th of December, 2018

Jesmond Mizzi Financial Advisors Limited

(the “**Placement Agent**” and/or the “**Escrow Agent**”)

and

Testa Finance p.l.c

(the “**Issuer**”)

ESCROW AGREEMENT

This **ESCROW AGREEMENT** is entered into this 20th day of December of the year 2018 (hereinafter referred to as the "**Agreement**")

BY AND BETWEEN:

- A. **Jesmond Mizzi Financial Advisors Limited**, a company registered under the laws of Malta, having company registration number C 30176, with its registered address situated at 67, Flat 3, South Street, Valletta, Malta, hereinafter referred to as the "**Placement Agent**" or the "**Escrow Agent**" as the context requires; **AND**
- B. **Testa Finance p.l.c**, a company registered under the laws of Malta, having company registration number C 85495, with its registered address situated at RU 19, The Pjazza, The Point, Tigne Point, Sliema. Malta (the "**Issuer**").

(Collectively referred to as "**Parties**" or each individually as a "**Party**")

WHEREAS:

- a) The Issuer wishes to appoint the Placement Agent also as the Escrow Agent to hold the Funds on escrow in accordance with the terms and conditions hereof;
- b) The Placement Agent is an investment services intermediary duly licensed by the competent authority under the Investment Services Act (Chapter 370 of the Laws of Malta); and
- c) The Placement Agent is willing to accept to act as Escrow Agent in accordance with the following terms and conditions of this Agreement;

NOW, THEREFORE:

In consideration of the mutual agreements, covenants, representations and warranties contained herein, the Issuer places the Funds under the control of the Placement Agent as an Escrow Agent, which accepts and agrees to hold the Funds on escrow, in accordance with the conditions set forth herein for which the Parties agree as follows:-

1. DEFINITIONS AND INTERPRETATION

- 1.1 In this Agreement, unless the context otherwise requires, the following words shall have the following meanings:

"Bonds"	means an aggregate of €3.9 million in Bonds having a face value of €100 per bond, subject to a minimum subscription of €5,000 in Bonds and multiples of €100 thereafter, issued by the Issuer in accordance with the Company Admission Document;
"Company Admission Document"	means the document prepared in the context of the application for admission of the Bonds to Prospects MTF containing information about the Issuer as the issuer of the Bonds;
"Funds"	means the amount of a maximum of €3.9 million which emanates from the proceeds of the Issue and which is to be utilised in accordance with the Company Admission Document;

“Issue”	means the issue of the Bonds for admission to Prospects MTF;
“Prospects MTF”	means the market regulated as a multilateral trading facility operated by the Malta Stock Exchange providing a venue for start-up and growth small to medium-sized enterprises to float their capital (including equity or debt) on the market;

1.2 In this Agreement, except where the context otherwise requires:

- 1.2.1 headings are included for convenience only and do not affect the interpretation of this Agreement;
- 1.2.2 use of the singular includes the plural and vice versa;
- 1.2.3 use of any gender includes the other genders;
- 1.2.4 any reference to a person includes natural persons, firms, partnerships, companies, corporations, associations, organisations, governments, states, foundations or trusts;
- 1.2.5 any reference to a person includes that person’s legal personal representatives, successors and assigns;
- 1.2.6 any reference to a ‘Clause’ or ‘Clauses’ shall be construed to refer to a clause or clauses of this Agreement; and
- 1.2.7 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.

2. DEPOSIT OF THE FUNDS

- 2.1 The Issuer hereby accepts that following the Issue and allotment of the Bonds to the subscribers thereto, the Placement Agent shall transfer the Funds into a dedicated account clearly designated in the name of “*Jesmond Mizzi Financial Advisors Limited as Escrow Agent for Testa Finance p.l.c*”, controlled by the Escrow Agent and to be held on escrow in accordance with Clause 4.3 hereof.
- 2.2 The Escrow Agent shall deal with the Funds in accordance with Clause 4 of this Agreement.

3. ACCEPTANCE BY THE ESCROW AGENT

- 3.1 The Escrow Agent hereby:
 - 3.1.1 agrees to act as Escrow Agent in accordance with the terms and conditions hereof;
 - 3.1.2 agrees to hold the Funds on escrow for the duration of this Agreement in accordance with Clause 4 of this Agreement; and
 - 3.1.3 acknowledges that it has been handed over with a copy of the Company Admission Document and agrees to be bound by the terms of the Company Admission Document insofar as it applies to the escrow forming the subject of this Agreement.
- 3.2 The duties and responsibilities of the Escrow Agent, also in its dual capacity as Placement Agent, are defined by the Investment Services Act (Control of Assets) Regulations as supplemented by the instructions provided in this Agreement.

4. CONTROL OF FUNDS BY THE ESCROW AGENT

- 4.1 The Funds shall be held under the control of the Escrow Agent until released to the Issuer, in accordance with the provisions of this Agreement.
- 4.2 The role of the Escrow Agent shall be limited to:-
 - 4.2.1 holding the Funds on escrow under its control;
 - 4.2.2 releasing the Funds to the Issuer in accordance with the provisions of this Agreement.
- 4.3 The Escrow Agent shall release such part of the Funds to the Issuer, during the term of the Bonds, as stipulated herein and in accordance with the terms of the documentary proof provided to the satisfaction of the Escrow Agent:
 - 4.3.1 initially, the Escrow Agent shall release funds to cover for the bond issue costs, up to an amount of € 59,500;
 - 4.3.2 a maximum amount up to €1,200,000 to be placed in a fixed account;
 - 4.3.3 a maximum amount up to €250,000 to be utilised for the payment of the third party loan.
 - 4.3.4 a maximum amount of €2,100,000 to be utilised for the improvements, additions and alterations at the property situated at Bugibba (as defined in the Company Admission Document);
 - 4.3.5 a maximum amount of €185,000 to be utilised to repay existing borrowings and facilities from credit institutions.
 - 4.3.6 a maximum amount of €105,500 to be paid immediately to the company to meet its working capital obligations
- 4.4 Any remaining balance of Funds from the above shall be utilized by the Issuer for the acquisition of the immovable property in Bugibba, known as 'Serena Beach Club' at the Islets Promenade, in terms of the Company Admission Document.
- 4.5 In the event that the Funds are not released in accordance with Clause 4.3 and clause 4.4 above, by the end of the term of the Bond, the Escrow Agent shall cease to hold the Funds on escrow and shall surrender and refund the same to the Issuer at the expiration of the said term of the Bonds, when the outstanding Bonds are due for redemption, so that the Funds are utilised for effecting the appropriate redemption in accordance with the Company Admission Document.
- 4.6 Where the Escrow Agent is to release the Funds in accordance with Clause 4.3 above, the Issuer may instruct the Escrow Agent to transfer the Funds, or any part thereof as applicable, directly to any third party being the rightful recipient of such part of the Funds in accordance with Clause 4.3.

5. TERMINATION OF ESCROW AGREEMENT.

- 5.1 This Escrow Agreement shall terminate on the occurrence of the events set out in Clauses 4.3 or 4.5 of this Agreement, whichever is the earlier.

6. ESCROW AGENT'S DUTIES AND LIABILITIES.

- 6.1 The duties and responsibilities of the Escrow Agent hereunder shall be determined in accordance with applicable law as supplemented by the express provisions of this Agreement and the Company Admission Document.
- 6.2 The Escrow Agent may rely and shall be protected, after reasonably exercising all the due care and diligence, in acting or refraining from acting upon any written notice, instruction or request provided for and furnished to it pursuant to the terms of this Agreement and believed by it to be genuine and to have been signed or presented by the proper Party or Parties.
- 6.3 Subject to Clause 6.2, the Escrow Agent shall not be liable for any action taken or omitted by it in good faith unless a court of competent jurisdiction determines that the Escrow Agent's misconduct or negligence was the primary cause of any loss to the Issuer. The Escrow Agent may consult with counsel of its own choice at the reasonable expense of the Issuer.

7. GOVERNING LAW; SUBMISSION TO JURISDICTION, DISPUTES

- 7.1 This Agreement shall be governed by and construed in accordance with the laws of Malta, including the Investment Services Act (Control of Assets) Regulations (S.L. 370.05), without reference to conflict of law principles.
- 7.2 Any dispute, controversy or claim arising out of or relating to this contract, or the breach, termination or invalidity thereof, shall be settled by arbitration in accordance with Part IV (Domestic Arbitration) of the Malta Arbitration Act, 1996 and the Arbitration Rules of the Malta Arbitration Centre as at present in force.

8. ASSIGNMENT

- 8.1 Without prejudice to Clause 4.6 hereof, no party may assign any of its rights or obligations under this Agreement without the written consent of the other Parties hereto.

9. AMENDMENT

- 9.1 This Agreement may only be amended by the written agreement of the Parties, subject to the prior written approval of Malta Stock Exchange plc for as long as the Bonds are admitted on any of its markets or trading facilities.

10. SEVERABILITY

- 10.1 In the event that any of the terms, conditions or provisions hereunder shall be determined by any competent authority to be invalid, unlawful or unenforceable to any extent, such terms, conditions or provisions shall to that extent be severed from the remaining terms, conditions and provisions of this Agreement, which shall continue to be valid to the fullest extent permitted by law. Subject to Clause 9.1 hereof, the Parties bind themselves to substitute any terms, conditions or provisions which may be deemed to be invalid, unlawful or unenforceable.

11. NOTIFICATIONS AND INSTRUCTIONS

ADDRESSES FOR NOTIFICATION

Notices, instructions and other communications shall be sent:

If to the Placement Agent or Escrow Agent to:

Jesmond Mizzi Financial Advisors Limited,
67, Flat 3
South Street
Valletta
Malta
Attn.: Mark Camilleri
Email: mark.camilleri@jesmondmizzi.com

If to the Issuer:


Testa Finance p.l.c
RU 19,
The Piazza,
The Point,
Tigne Point,
Sliema. Malta
Attn: Jean Paul Testa
Email: info@testacatering.com.mt

All notices or communications required or permitted to be given shall be in writing and shall be delivered by hand, or sent by registered mail, or via email and shall be deemed given when received by the recipient.

12. COUNTERPARTS

- 12.1 This Agreement may be executed by the Parties on separate counterparts each of which when executed and delivered shall constitute an original but all such counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF, each of the Parties have caused this Escrow Agreement to be executed as of the day and year first written above.



Testa Finance PLC



Jesmond Mizzi Financial Advisors Ltd

ANNEX 5- CURRENT AND PAST DIRECTORSHIPS OF THE ISSUER

Name of Director	Current Directorships	Past Directorships
Raymond Pace	Testa Finance Plc- C 85495	N/A
Nigel Scerri	Testa Finance Plc- C 85495 Airmalta Aviation Services Ltd- C 84643 D. Shopping Malls Finance Plc- C 87809 Dizz Finance Plc- 71189 Fripa Limited- C 63679 Mediterranean Offshore Bunkering Company Limited- C 6052 Pafri Limited- C 63678	Super Billboards Rentals Limited- C 31485 (struck off)
Reuben Debono	Pactum Company Limited- C 39462 Trustforte Fiduciary Ltd- C 25928 Testa Finance Plc- C 85495 Fes Platinum Projects Ltd- C 85066 Fes Projects Ltd- C 83872	N/A
Jean Paul Testa	Testa Finance Plc- C 85495 Testa Properties Limited- C 80524 Testa Catering Concepts Limited- C 56923 GT Shirts Limited (In Dissolution)	Spotless Co. Limited- C 53650 (Struck off)
Hanna Yevheniivna Testa	Testa Finance Plc- C 85495 Testa Properties Limited- C 80524 Testa Catering Concepts Limited- C 56923	Spotless Co. Limited- C 53650 (Struck off)

ANNEX 6- FORECAST INFORMATION

The Group

The Group's consolidated statement of financial position

	2018	2019	2020
	Projected	Forecast	Forecast
	€	€	€
Assets			
Property, plant and equipment	3,191,012	2,947,158	2,703,304
Intangible assets	200,000	183,332	166,664
Fixed term investment	1,200,000	1,200,000	1,200,000
	<hr/>	<hr/>	<hr/>
Total non-current assets	4,591,012	4,330,490	4,069,968
	<hr/>	<hr/>	<hr/>
Current assets			
Inventories	51,105	95,000	140,000
Trade and other receivables	169,950	159,400	148,850
Cash and cash equivalents	126,559	428,229	1,111,822
	<hr/>	<hr/>	<hr/>
Total current assets	347,614	682,629	1,400,672
	<hr/>	<hr/>	<hr/>
Total assets	4,938,626	5,013,119	5,470,640
	<hr/>	<hr/>	<hr/>

Equity			
Share capital	670,152	670,152	670,152
Retained earnings	(128,886)	15,039	478,705
	<hr/>	<hr/>	<hr/>
Total equity	541,266	685,191	1,148,857
	<hr/>	<hr/>	<hr/>
Liabilities			
Bond issue	3,900,000	3,900,000	3,900,000
	<hr/>	<hr/>	<hr/>
Total non-current liabilities	3,900,000	3,900,000	3,900,000
	<hr/>	<hr/>	<hr/>
Current liabilities			
Trade and other payables	497,360	427,928	421,783
	<hr/>	<hr/>	<hr/>
Total current liabilities	497,360	427,928	421,783
	<hr/>	<hr/>	<hr/>
Total liabilities	4,397,360	4,327,928	4,321,783
	<hr/>	<hr/>	<hr/>
Total equity and liabilities	4,938,626	5,013,119	5,470,640
	<hr/>	<hr/>	<hr/>

The Group's consolidated income statement

	2018 Projected €	2019 Forecast €	2020 Forecast €
Revenue	1,641,792	3,438,300	3,946,800
Cost of sales	(463,861)	(936,249)	(975,240)
	<hr/>	<hr/>	<hr/>
Gross Profit	1,177,931	2,501,946	2,971,560
Administrative expenses	(1,125,276)	(1,815,920)	(1,962,907)
	<hr/>	<hr/>	<hr/>
EBITDA	52,655	686,026	1,008,653
Financial expenses	(32,951)	(241,579)	(244,465)
Depreciation and amortisation expense	(300,522)	(300,522)	(300,522)
	<hr/>	<hr/>	<hr/>
Profit before tax	(280,818)	143,925	463,666
Income tax expense	-	-	-
	<hr/>	<hr/>	<hr/>
Profit after tax	(280,818)	143,925	463,666
	<hr/>	<hr/>	<hr/>

The Group's consolidated statement of cash flows

	2018 Projected €	2019 Forecast €	2020 Forecast €
Cash flows from operating activities			
Profit before interest, tax, disposals, depreciation and amortisation	52,655	686,026	1,008,653
(Increase)/decrease in trade receivables	228,886	10,550	10,550
Increase/(decrease) in trade payables	101,023	(69,432)	(6,145)
(Increase)/decrease in inventories	(5,697)	(43,895)	(45,000)
Interest paid	(32,951)	(241,579)	(244,465)
Taxation paid	(46,914)	0	0
	<hr/>	<hr/>	<hr/>
Net cash generated from operating activities	297,002	341,670	723,593
Cash flows from investing activities:			
Purchase of property, plant and equipment	(3,195,832)	(40,000)	(40,000)
Fixed term investment	(1,200,000)	0	0
	<hr/>	<hr/>	<hr/>
Net cash used in investing activities	(4,395,832)	(40,000)	(40,000)
Cash flows from financing activities:			
Issue of share capital	640,152	-	-
Repayment of third party loan	(275,000)	-	-
Bond issue	3,900,000	-	-
Repayment of borrowings	(102,516)	-	-
	<hr/>	<hr/>	<hr/>
Net cash generated from/(used in) financing activities	4,162,636	-	-
Cash and cash equivalents at beginning of year	62,753	126,559	428,229
Net (decrease)/increase in cash and cash equivalents	63,806	301,670	683,593
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at end of year	126,559	428,229	1,111,822
	<hr/>	<hr/>	<hr/>

The Company

Testa Finance plc's statement of financial position

	2018	2019	2020
	Projected	Forecast	Forecast
	€	€	€
Assets			
Fixed term investment	1,200,000	1,200,000	1,200,000
	<hr/>	<hr/>	<hr/>
Total non-current assets	1,200,000	1,200,000	1,200,000
	<hr/>	<hr/>	<hr/>
Current assets			
Trade and other receivables	2,706,550	2,705,600	2,719,650
Cash and cash equivalents	4,000	5,440	8,980
	<hr/>	<hr/>	<hr/>
Total current assets	2,710,550	2,711,040	2,728,630
	<hr/>	<hr/>	<hr/>
Total assets	3,910,550	3,911,040	3,928,630
	<hr/>	<hr/>	<hr/>
Equity			
Share capital	12,500	12,500	12,500
Retained earnings	(1,950)	(1,460)	16,130
	<hr/>	<hr/>	<hr/>
Total equity	10,550	11,040	28,630
	<hr/>	<hr/>	<hr/>
Liabilities			
Bond issue	3,900,000	3,900,000	3,900,000
	<hr/>	<hr/>	<hr/>
Total liabilities	3,900,000	3,900,000	3,900,000
	<hr/>	<hr/>	<hr/>
Total equity and liabilities	3,910,550	3,911,040	3,928,630
	<hr/>	<hr/>	<hr/>

The Company

Testa Finance plc's income statement

	2018 Projected €	2019 Forecast €	2020 Forecast €
Revenue	20,000	20,000	20,000
Administrative expenses	(16,000)	(16,000)	(16,000)
EBITDA	4,000	4,000	4,000
Finance income	-	216,940	234,040
Financial expenses	(5,950)	(220,450)	(220,450)
Profit before tax	(1,950)	490	17,590
Income tax expense	-	-	-
Profit after tax	(1,950)	490	17,590

Testa Finance plc's statement of cash flows

	2018 Projected €	2019 Forecast €	2020 Forecast €
Cash flows from operating activities			
Profit before interest, tax, disposals, depreciation and amortisation	4,000	4,000	4,000
(Increase)/decrease in trade receivables	(53,550)	950	(14,050)
Finance income received	-	216,940	234,040
Interest paid	(5,950)	(220,450)	(220,450)
	<hr/>	<hr/>	<hr/>
Net cash generated from operating activities	(55,500)	1,440	3,540
Cash flows from investing activities:			
Fixed term investment	(1,200,000)	0	0
	<hr/>	<hr/>	<hr/>
Net cash used in investing activities	(1,200,000)	0	0
Cash flows from financing activities:			
Issue of share capital	12,500	-	-
Amounts advanced to related parties	(2,653,000)	-	-
Bond issue	3,900,000	-	-
	<hr/>	<hr/>	<hr/>
Net cash generated from/(used in) financing activities	1,259,500	-	-
Cash and cash equivalents at beginning of year	-	4,000	5,440
Net (decrease)/increase in cash and cash equivalents	4,000	1,440	3,540
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at end of year	4,000	5,440	8,980
	<hr/>	<hr/>	<hr/>

ANNEX 7- SUMMARY OF SIGNIFICANT ASSUMPTIONS AND ACCOUNTING POLICIES

1. Introduction

The consolidated projected statement of financial position and the consolidated projected income statement of Testa Properties Limited, Testa Finance PLC and Testa Catering Concepts Limited (together the “Group”) for the three year period from 1 January 2018 to 31 December 2020 (“the consolidated prospective financial information”) have been prepared to provide financial information for the purpose of inclusion in the Company Admission Document of Testa Finance PLC dated 20th December, 2018. The consolidated prospective financial information set out in Annex 6 and the assumptions below are the sole responsibility of the Directors of Testa Finance PLC.

The consolidated prospective financial information has been prepared on the basis of a bond issue of €3,900,000 at a nominal value of €100 per bond offered by Testa Finance PLC.

The consolidated prospective financial information for the three year period ending 31 December 2020 has been based on the projections of the Group covering the period 1 January 2018 to 31 December 2020.

The consolidated prospective financial information is intended to show a possible outcome based on a mixture of best-estimate assumptions as to future events which the Directors expect to take place and hypothetical assumptions about future events and management actions which are not necessarily expected to take place. Events and circumstances frequently do not occur as expected and therefore actual results may differ materially from those included in the consolidated prospective financial information. Attention is drawn, in particular, to the risk factors set out in the Company Admission Document which describes the primary risks associated with the business and operations to which the consolidated prospective financial information relates.

The consolidated projected 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 financial results, financial position and cash flows of the Group in accordance with International Financial Reporting Standards as adopted by the EU.

The Directors have exercised due care and diligence in adopting the assumptions below. The consolidated prospective financial information was formally approved on 8th November, 2018 by the Directors of the Issuer and the stated assumptions reflect the judgements made by the Directors on the date. The assumptions that the Directors believe are significant to the consolidated prospective financial information are set out in Section 3 of this Annex 7.

2. Significant accounting policies

The significant accounting policies of Testa Properties Limited and Testa Catering Concepts Limited are set out in their audited financial statements for the year ended 31 December 2017. The Issuer first issue of audited financial statements will be for the period ending 31 December 2018. Where applicable, the aforementioned accounting policies, in so far as they relate to recognition and measurement criteria, have been consistently applied in the preparation of the consolidated prospective financial information.

3. The Basis of preparation and principal assumptions

The principal assumptions relating to the environment in which the Group operates, and the factors which are exclusively outside the influence of the Directors and which underlie the consolidated prospective financial information are the following:

- there will be no material adverse events originating from the market and economic conditions;
- there will be no material adverse events originating from changes to laws or regulations;
- the Group’s catering establishments will continue to enjoy the same level of demand;
- the basis and rates of taxation will not change materially throughout the period covered by the projections; and
- the rate of inflation will not exceed that experienced in the last few years.

The principal assumptions relating to the environment in which the Group operates and the factors which the Directors can influence and which underlie the prospective consolidated financial information are the following:

3.1 Revenue

The Group's projected revenue is based on the assumption that it will continue to operate the new catering establishments with the same profitability as the existing ones, based on the covers of each outlet and the variable and fixed costs associated with their operation.

It is being assumed that Cibo Pizzeria Bugibba and the Fish Restaurant will start operating in May 2019, while the Lido/Bar in will start in June 2019. Although the total revenue calculation for 2019 amounts to approximately €3,795,000, a 10% decrease was applied for prudence given that it will be the first year of operation. Full maturity of the new outlets is expected in 2020.

3.2 Administrative expenses

Administrative expenses consist primarily of payroll costs and Directors' fees, professional fees, rental costs, utilities and general overheads. Administrative expenses are based on historical trends, but are expected to increase gradually in line with expected inflation.

Depreciation and amortisation are calculated using the straight-line method to allocate the cost of all items comprised within property, plant and equipment and intangible assets respectively to their residual values over their estimated useful lives.

3.3 Taxation

Current taxation is provided for at 35% of chargeable income for the period.

3.4 Capital and Reserves

The Group's capital and reserves are expected to increase over the projection period as a result of retention of profits. No dividends have been assumed in the consolidated prospective financial information during the first three years.

4. Conclusion

The Directors believe that the assumptions on which the prospective financial information is based are reasonable.

Approved by the Board of Directors on 8th November, 2018 and signed on its behalf by:

All the Directors



Jean Paul Testa



Hanna Yevheniivna Testa



Nigel Scerri



Raymond Pace



Reuben Debono

ANNEX 8- VALUATION OF THE PROPERTY LOCATED AT APARTMENT 1, BLOCK 1 SALINA PARK, TRIQ ANDREW CUNNINGHAM, QAWRA

21 November 2018

To Whom it May Concern

**Valuation: Apartment 1, Block 1, Salina Park,
Triq Andrew Cunningham, Qawra**



Preamble

In accordance with your instructions, the undersigned in the capacity of warranted architect and civil engineer have been commissioned by Mr. Jean Paul Testa (566184 M) to evaluate the property mentioned in caption for the company listing purposes.

Site Visit

This Property was visited on the 21st of May in connection with this valuation.

Property Description

Property consists of a large three-bedroom apartment, located in Qawra – in close proximity to the commercial seafront. The apartment is accessed from a communal stairwell serving six separate apartment units. The apartment covers an internal area of 128.4m² circa, with four external terraces and balconies covering an area 20m² circa. The unit is within walking distance from seashore, and in close proximity to various amenities. The apartment unit comprises the following spaces:

- Large central hallway connecting habitable rooms in apartment
- Kitchen / Dining / living room (combined)
- Main bedroom with ensuite bathroom
- two guest bedrooms (twin)
- Family bathroom
- Terraces and balconies amounting to circa 20 square metres

The apartment is finished to a good level of specification, and enjoys ample daylight in view of corner profile, and front curtilage running around site.

The building is estimated to have been constructed round 1970s in traditional masonry / hollow concrete block work loadbearing walls, and was roofed over in reinforced concrete suspended slabs. The fabric of the building is in an overall good condition, showing no signs of structural hairline cracks (*konsenturi*) upon visual inspection.

KV

Planning and Statutory Considerations

The building features in the 1968 survey map for Qawra, and is therefore considered a legal structure where planning policies are concerned. Furthermore, from site inspection and measurements carried out it resulted that overall building arrangement respects relevant sanitary laws as well.



MMKSTUDIO

Property Tenure

Tenure on property mentioned in caption is reported as a perpetual emphyteusis, subject to an annual payment which has been taken into consideration in establishing the property's value.

Similarly, there are no details of charges, easements and other specific burdens over property. Ownership of the common areas, airspace and pool is to be retained by developer (vendor) with each individual unit enjoying right of use over the elements. The treatment of façade (and its constituent elements) to property are restricted to changes with the aim of maintaining a common aesthetic to the overall development.

Basis of Valuation

It is understood that the purpose of the valuation report is for inclusion with the Company Admission Document to be published in connection with the proposed public bond issue. The valuation has been prepared in accordance with Chapter 4 of the Prospects Rules (Rule 4.13.00) published by the Malta Stock Exchange.

The valuation has been carried out by the undersigned, as an external and independent valuer in terms of and with regards given to, the UK Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual. The undersigned confirms that there is no conflict of interest in advising you of the opinion of the value of the property, since the undersigned will not benefit from the valuation instruction, other than the valuation fee.

The valuation was based on direct knowledge of the site, and its potential, as well as on such inspections and investigations as are, in the professional judgment of the undersigned, appropriate and possible in the circumstances. The valuation relies on information provided by the Mr. Testa, as far as concerns tenures, privileges, charges and other related matters. The valuation is nevertheless on the assumption that no harmful or hazardous materials lie on the on the site and that there is no contamination in or from the ground.

The market value is the amount that a property might be expected to realise, usually expressed in monetary terms, when it is offered for sale in an open market, for a reasonable period of time, by a willing seller, in order to enable the property to be brought to the attention of all or most potential and willing buyers and when the transaction is not affected by any special circumstances that might affect the buyer, the seller or the property. The best price that a property might reasonably be expected to realise if sold is the normal course of business, after allowing a reasonable time for exposure to potential buyers, and assuming that the buyer and seller are acting in their own best interests, have entered into the transaction without any element of compulsion or duress, and the buyer does not have any special relationship or obligation to the seller. The determination of market value is normally based on a set of assumptions, such as the



type and condition of the property, the interest held, the nature and conditions prevalent in the market at the date of the valuation and the purpose of the valuation.

The overall basis of valuation for this residential unit is the comparative market approach. The market potential for similar properties through a comparative analysis, resulted in an average freehold value of €2,055 per square metre. External terrace areas' value is based on a portion of internal apartment value per square metre – assumed at one half value of internal areas. An allowance of €35,000 is being made for fixtures and furnishings included in valuation, which have a bearing on rental potential of property.

Therefore, in view of the aforementioned characteristics I hereby estimate the value for the above apartment at **€319,412 (three hundred and nineteen thousand and four hundred and twelve euro)** as per current market prices.

Kurt Vella A&CE

Warrant no: 622

ANNEX 9- VALUATION OF THE PROPERTY LOCATED AT APARTMENT 2, LES LAPINS, TRIQ IL-MARKIZI ZIMMERMANN BARBARO, SLIEMA

To Whom it May Concern

Valuation: Apartment 2, Les Lapins, Triq il-Markizi Zimmermann Barbaro, Sliema



Preamble

In accordance with your instructions, the undersigned in the capacity of warranted architect and civil engineer have been commissioned by Mr. Jean Paul Testa (566184 M) to evaluate the property mentioned in caption for the company listing purposes.

Site Visit and Reference Documents

This Property was visited on the 18th of May in connection with this valuation. The following documents were consulted and used in preparation of this valuation:

- latest planning documents including permit, site plan and plans to date

Property Description

Property consists of a single bedroom apartment, located in a central Sliema location – in close proximity to the Strand seafront, Bisazza and Tigne streets. The first-floor apartment is accessed from a communal stairwell and covers an internal area of 63.6m² circa, with external balconies towards front and back of site. The unit is within walking distance from seashore, and in close proximity to various amenities. The apartment unit comprises the following spaces:

- Kitchen / Dining / living room (combined)
- Main bedroom
- Main bathroom

The apartment is finished to a very good level of specification. The building is estimated to have been constructed round 2008 in traditional masonry / hollow concrete block work loadbearing walls, and was roofed over in reinforced concrete suspended slabs. The fabric of the building is in an overall good condition, showing no signs of structural hairline cracks (*konsenturi*) upon visual inspection.



Planning and Statutory Considerations

The apartment unit is constructed in accordance with approved permit PA/00597/07.

Property Tenure

Property tenure on the above property was reported as free and unencumbered from any ground rents, burdens and servitudes (other than those arising from terms and conditions of agreement). The property is therefore deemed to be freehold.

Similarly, there are no details of charges, easements and other specific burdens over property. Ownership of the common areas, airspace and pool is to be retained by developer (vendor) with each individual unit enjoying right of use over the elements. The treatment of façade (and its constituent elements) to property are restricted to changes with the aim of maintaining a common aesthetic to the overall development.

Basis of Valuation

It is understood that the purpose of the valuation report is for inclusion with the Company Admission Document to be published in connection with the proposed public bond issue. The valuation has been prepared in accordance with Chapter 4 of the Prospects Rules (Rule 4.13.00) published by the Malta Stock Exchange.

The valuation has been carried out by the undersigned, as an external and independent valuer in terms of and with regards given to, the UK Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual. The undersigned confirms that there is no conflict of interest in advising you of the opinion of the value of the property, since the undersigned will not benefit from the valuation instruction, other than the valuation fee.

The valuation was based on direct knowledge of the site, and its potential, as well as on such inspections and investigations as are, in the professional judgment of the undersigned, appropriate and possible in the circumstances. The valuation relies on information provided by the Mr. Testa, as far as concerns tenures, privileges, charges and other related matters. The valuation is nevertheless on the assumption that no harmful or hazardous materials lie on the on the site and that there is no contamination in or from the ground.

The market value is the amount that a property might be expected to realise, usually expressed in monetary terms, when it is offered for sale in an open market, for a reasonable period of time, by a willing seller, in order to enable the property to be brought to the attention of all or most potential and willing buyers and when the transaction is not affected by any special circumstances that might affect the buyer, the seller or the property. The best price that a property might reasonably be expected to realise if sold is the normal course of business, after allowing a reasonable time for exposure to potential buyers, and assuming that the buyer and seller are acting in their own best interests, have entered into the transaction without any element of compulsion or duress, and the buyer does not have any special relationship or obligation to the seller. The determination of market value is normally based on a set of assumptions, such as the type and condition of the property, the interest held, the nature and conditions prevalent in the market at the date of the valuation and the purpose of the valuation.

The overall basis of valuation for this residential unit is the comparative market approach. The market potential for similar properties through a comparative analysis, resulted in an average freehold value of €4,650 per square metre. An allowance of €25,000 is being made for fixtures and furnishings included in valuation, which have a bearing on rental potential of property.

Therefore, in view of the aforementioned characteristics I hereby estimate the freehold for the above apartment at **€320,740 (three hundred and twenty thousand and seven hundred and forty euro)** as per current market prices.



MMKSTUDIO

Kurt Vella A&CE

Warrant no: 622

ANNEX 10- VALUATION OF THE PROPERTY PREVIOUSLY KNOWN AS SERENA BEACH CLUB' AT THE ISLETS PROMENADE, IN BUGIBBA

To Whom it May Concern

**Valuation: Serena Beach Club Lido,
Islet Promenade, San Pawl il-Bahar, Malta**



Preamble

In accordance with your instructions, the undersigned in the capacity of warranted architect and civil engineer have been commissioned by Mr. Jean Paul Testa (566184 M) of Testa Properties (C 80524) to evaluate the property mentioned in caption for the company listing purposes.

Site Visit and Reference Documents

This Property was visited on the 21st of May in connection with this valuation. The following documents were consulted and used in preparation of this valuation:

- latest planning documents including permit, site plan and plans to date

Property Description

Property consists of a shoreline site covering a superficial area of 2,050m² circa, which was reported as being a freehold. It is accessed from the main seafront thoroughfare of Bugibba – Islet Promenade, being centrally located to Bugibba's and St. Paul's Bay commercial areas. The site is accessed by vehicle through a private carriageway leading to the lower deck level, or else providing pedestrian access along the site 64m promenade frontage. Being a shoreline property, the site also enjoys direct and unrestricted shoreline access along a 95m shoreline perimeter.

Existing condition of structure and fixtures was noted to be in dilapidated state, however the project proposal includes the extensive demolition and reconstruction on site, thus valuation would be taking this matter into account. The existing permit application proposal comprises the following development profile:

- **Promenade level;** 545m² of external seating and servicing areas
- **Pool deck level;** 368m² of internal seating areas, 595m² of back of house, circulation and ancillary areas, and 1,057m² of external deck and pool areas.
- **Basement level;** 1,437m² of storage, plant and machinery areas.

Planning and Statutory Considerations

The most recently submitted permit application PA 1892/17, which entails the demolition of existing beach lido, excavation of basement level and reservoir, construction of new beach lido with pool and ancillary facilities, and two levels of class 4d outlets, is currently at board decision

stage and has been recommended to grant as per development permit application report dated 18th April 2018.

Project Delivery

The project is currently at advanced planning stage being close to decision. The project delivery is planned and expected for end of May 2019.



Property Tenure

Property tenure on the above property was reported as free and unencumbered from any ground rents, burdens and servitudes (other than those arising from terms and conditions of agreement). The property is therefore deemed to be freehold.

Similarly, there are no details of charges, easements and other specific burdens over property. Ownership of the common areas, airspace and pool is to be retained by developer (vendor) with each individual unit enjoying right of use over the elements. The treatment of façade (and its constituent elements) to property are restricted to changes with the aim of maintaining a common aesthetic to the overall development.

Basis of Valuation

It is understood that the purpose of the valuation report is for inclusion with the Company Admission Document to be published in connection with the proposed public bond issue. The valuation has been prepared in accordance with Chapter 4 of the Prospects Rules (Rule 4.13.00) published by the Malta Stock Exchange.

The valuation has been carried out by the undersigned, as an external and independent valuer in terms of and with regards given to, the UK Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual. The undersigned confirms that there is no conflict of interest in advising you of the opinion of the value of the property, since the undersigned will not benefit from the valuation instruction, other than the valuation fee.

The valuation was based on direct knowledge of the site, and its potential, as well as on such inspections and investigations as are, in the professional judgment of the undersigned, appropriate and possible in the circumstances. The valuation relies on information provided by the Testa Properties Ltd, and their professional advisers, as far as concerns tenures, privileges, charges and other related matters. The valuation is nevertheless on the assumption that no harmful or hazardous materials lie on the on the site and that there is no contamination in or from the ground.

The market value is the amount that a property might be expected to realise, usually expressed in monetary terms, when it is offered for sale in an open market, for a reasonable period of time, by a willing seller, in order to enable the property to be brought to the attention of all or most potential and willing buyers and when the transaction is not affected by any special circumstances that might affect the buyer, the seller or the property. The best price that a property might reasonably be expected to realise if sold is the normal course of business, after allowing a reasonable time for exposure to potential buyers, and assuming that the buyer and seller are

acting in their own best interests, have entered into the transaction without any element of compulsion or duress, and the buyer does not have any special relationship or obligation to the seller. The determination of market value is normally based on a set of assumptions, such as the type and condition of the property, the interest held, the nature and conditions prevalent in the market at the date of the valuation and the purpose of the valuation.

In valuing the property, particular consideration was given to the site's specific qualities, being:

- its relative uniqueness in being located along shoreline,
- and the fact that site cannot be redeveloped for high rise residential as per normal building heights in the surrounding area.

Both comparative and the residual methods of valuation are not adequate for the specificities of site. The adopted method for the valuation of this specialised immovable property is based the profits and accounts methodology in conjunction with DCF (discounted cash flow) methods as a direct result of the investment method. The method of valuation is based on the profit and loss projections for the consolidated group of Testa Catering Concepts Ltd, prepared by KSi Malta. Separate projected earnings for the various sites were also provided, thus enabling the calculation of weighted earning of the Serena Lido Bugibba site relative to whole group. The ratio of 0.61 (being referred to as the site multiplier) of group earnings was therefore obtained, to produce projected earnings from the Bugibba site. Present values deferred on a yearly basis based on an interest rate of 5% were calculated over projected EBITDA figures, where the final projection year was calculated in perpetuity. The sum of obtained figures resulted in the value of property less value of proposed improvements on site – which are being estimated at €1,200,000 to cover civil works, services and finishes.

Valuation of Serena Lido site:

<u>Year</u>	<u>Group EBITDA</u>	<u>Site Multi.</u>	<u>Site EBITDA</u>	<u>PV @ 4.67% disc. Int. rate def. yearly</u>	<u>Valuation</u>
2018	€428,206	0.61	€261,557.80	0.95	€249,668.81
2019	€772,021	0.61	€471,567.69	0.91	€429,672.22
2020	€792,884	0.61	€484,311.28	0.87	€421,225.28
2021	€916,614	0.61	€559,888.33	0.83	€464,823.28
2022	€823,141	0.61	€502,792.93	0.79	€398,448.53
2023	€923,426	0.61	€564,049.25	0.76	€426,674.52
2024	€975,181	0.61	€595,662.36	0.72	€430,106.95
2025	€1,002,114	0.61	€612,113.64	0.69	€421,895.58
2026	€1,022,283	0.61	€624,433.32	0.66	€410,823.80
2027	€1,040,028	0.61	€635,272.36	0.66	€398,957.01
2028	€1,057,999	0.61	€646,249.45	4.00 ¹	€2,582,815.57
Total market value including site improvements					€6,635,111.54
Ddt: Site improvements (including civil works, services and finishes)					€1,200,000.00
Market Value					€5,435,111.54
say					€5,450,000.00

Therefore, in view of the aforementioned characteristics I hereby estimate the freehold value of the above-mentioned property at **€5,450,000 (five million four hundred and fifty thousand and three hundred euro)** as per current market prices.



Kurt Vella A&CE

Warrant no: 622

¹ Final year calculated in perpetuity

ANNEX 11- PROMISE OF SALE AND LEASE AGREEMENT OF THE BUGIBBA PROPERTY

Agreement entered into today the 19th of April 2017

Between:-

Of the first part, Silvan Fenech, Director, son of Anthony Fenech and of Carmen born in Pieta' on the 09.11.1978 and residing at Portomaso, St. Julian's, holder of identity card number 587678 (M), who is appearing hereon for and on behalf of the Company **TUM INVEST LIMITED**, company registration number **C69572**, having its registered address at Easysell, Mdina Road, Qormi, QRM9010 as duly authorised in virtue of a board resolution hereby attached and marked as Document "SF", hereinafter referred to as '**the Lessor**' and/or '**the Vendor**' as the case may be.

Of the second part, : JEAN PAUL TESTA, company director, son of Alfred and Sylvana nee Cutajar, born in Pieta' on the on the 06.11.1984 and residing at Sliema Tigne Point Apt T5 B3, holder of identity card number 566184M, together with his wife HANNA YEVHENIIVNA TESTA, director, daughter of Evgeniy Filipenko and Alla nee Chuiko, born in Lutsk, Ukraine on the 15.12.1976 and residing at Sliema, holder of Maltese passport number 1266846 and Maltese identity card number 2617(L) both appearing hereon for and on behalf of **TESTA PROPERTIES LIMITED** company registration number C80524 having its registered address at RU 19 The Point Tigne Point Sliema, duly authorised in virtue of the memorandum and articles of association of the said company, hereinafter referred to as "**the Lessee**" or '**the Purchaser**' as the case may be.

THE FIRST PART - RESCISSION OF LEASE

In virtue of the **First Part** of this Agreement, the parties hereby refer to a Lease Agreement signed between them on the 5th August 2016 regarding the property known as 'Serena Beach Lido' in Islets Promenade, Bugibba, outlined in orange on the plan attached as document letter "A" together with the Concession/Encroachment over the open beach area, both of which is outlined in pink on the plan hereby attached as document letter "B".

The Parties are rescinding and cancelling the mentioned Lease Agreement for all intents and purposes at law, and declare that since the commencement date of said Lease Agreement has to date not been triggered, the parties have no rights or claims against each other in connection with said lease.

THE SECOND PART – PROMISE OF SALE AGREEMENT

PROMISE OF SALE AND PURCHASE AGREEMENT (hereinafter referred to as "the Agreement") entered into today the 19th April 2017.

DEFINITIONS AND INTERPRETATION

In this Agreement, unless the context shall otherwise require, the following terms shall have the meaning respectively assigned to them:

"**Agreement**" means this document, in its entirety, and all documents and plans annexed hereto.

"**Building**", "**Premises**", "**Property**", shall all mean the building or the Complex known as 'Serena Beach Club' without official number, formerly occupied by Premier Restaurants Malta Limited, to be built on a portion of land measuring circa five hundred and ninety point three square metres (590.3m²) in Islets Promenade, Bugibba, Saint Paul's Bay, bounded on the North by property of the Government, South by the said street and East by property formerly known as 'Bognor Regis', nowadays 'Bayside' which belongs to the heirs of the Francica family or successors in title, free and unencumbered with all its rights and appurtenances, including its subsoil and airspace. The land on which said Complex is to be built is marked in red on the plan attached to a deed in the records of Notary Mario Bugeja of the 24th August 2015, and therein marked as Document letter 'A', whilst the Building to be built and sold as finished in terms of this Agreement is better described in the Third Part of this Agreement, as illustrated in the PA application number PA/01892/17.

"**PA**" means the Planning Authority or such other authority which may replace that authority from time to time.

By virtue of this Agreement, the Vendor hereby undertakes and promises to sell and transfer to the Purchaser, who accepts and promises to purchase and acquire:

The **BUILDING** otherwise free and unencumbered and with all its rights and appurtenances, save as to what is stipulated in this Agreement;

The Vendor and the Purchasers agree that the final deed shall be concluded for the price and under the following terms and conditions mutually agreed to between the parties:-

Price and Payment Terms

1.1 The Vendor and the Purchaser agree that the sale of the Property shall be made and accepted for the total price of **THREE MILLION EURO (€3,000,000.00)** (hereinafter referred to as the "Price") payable by the Purchaser to the Vendor of which the following non-refundable payments shall be made by the purchaser to the vendor:

- a) **Euro Forty Thousand (€40,000.00)** by the First (1st) day of March of the year Two Thousand and Eighteen;
- b) **Euro Forty Thousand (€40,000.00)** by the First (1st) day of March of the year Two Thousand and Nineteen;
- c) **Euro Forty Thousand (€40,000.00)** by the First (1st) day of March of the year Two Thousand and Twenty
- d) **Euro Forty Thousand (€40,000.00)** by the First (1st) day of March of the year Two Thousand and Twenty-one;
- e) **Euro Forty Thousand (€40,000.00)** by the First (1st) day of March of the year Two Thousand and Twenty-two.

The remainder of the balance of TWO MILLION EIGHT HUNDRED THOUSAND EURO (€2,800,000.00) shall be paid on the definitive deed of sale. Should the Purchaser decide to acquire the Building/Property before the First (1st) day of March of the year Two Thousand and Twenty-Two, the Purchaser is agreeing to pay the Vendor any of the five (5) unpaid payments mentioned in Article 1.1 (a-e) together with the sum of TWO MILLION EIGHT HUNDRED THOUSAND EURO (€2,800,000.00) on the definitive deed of sale.

Should the Purchaser fail to make any one of the payments mentioned in Article 1.1 (a-e) within thirty (30) days from when such payments are due, the same Purchaser would lose the right to acquire and purchase the Property/Building and any payments done by the Purchaser to Vendor, mentioned in Article 1.1 will not be refunded and the same Purchaser is definitively renouncing to his right to obtain the refund of such payments and also renouncing to the right to sue the Vendor. Furthermore, in the event that the Purchaser fails to vacate the Property/Building, or any part thereof, within thirty (30) days from when any one of the payments mentioned in Article 1.1 (a-e) would have become due, then the Purchaser shall be liable to pay the Vendor, by way of penalty for mere delay, an amount equivalent to Two Thousand Euro (€2000) per diem during which the Purchaser so remains in occupation of the Property/Building. Purchaser hereby expressly waives its right to any abatement of the said penalty, which is acknowledged to be stipulated for mere delay.

1.2 Should the Purchaser decide not to appear on the final deed of sale, any payments done by the Purchaser to Vendor, mentioned in Article 1.1 (a-e) shall not be refundable and the same Purchaser is definitively renouncing to his right to obtain the refund of such payments and also renouncing to the right to sue the Vendor for specific performance and for damages according to law.

1.3 The obligation of the Vendor arising from this Agreement is to sell the Property in terms of this Agreement to the Purchaser. The obligation of the Purchaser arising from this Agreement is to purchase the Property in terms of this Agreement from the Vendor.

1.4 For all intents and purposes, all payments indicated as non-refundable mentioned above, shall, in no case, be refunded to the Purchaser for any reason whatsoever and the Purchaser is hereby irrevocably renouncing to any right to claim a refund of such amounts to him, save for the non-issuance of the PA permit (for the beach lido and Catering outlet at street level as detailed below, in which case the deposit and any other payments shall be refunded to the purchaser.

WARRANTIES OF THE VENDOR

2.1 On the notarial deed of sale the Vendor shall warrant the good title, peaceful possession and real enjoyment of the Property according to law.

2.2 The Vendor declares, and on the notarial deed of sale shall also warrant in favour of the Purchaser, that:

i. Up until the date of the final deed of sale the Property is free from any debt whether registered or otherwise up until the date mentioned in this Article, have been paid and that no claims for payment may be brought against the Purchaser and the Vendor agrees to hold the Purchaser fully indemnified against any claims, by any such person in relation to the Property;

ii. there are no proceedings pending or threatened in connection and/or relating to the Building, and there are no circumstances known to the Vendor, which are likely to give rise to any litigation or arbitration;

iii. that the Property was not expropriated nor is there, to the Vendor's knowledge, an intention of expropriation by the relevant authorities, and

iv. Up until the fifth (5th) day of the month of August of the Year Two Thousand and Sixteen, all pending bills and/or contributions (prior to the 5th of August 2016) relating to any services provided within the Property, including without limitation all water, electricity and telephone service bills including rentals of meters thereof, shall be immediately paid and settled by the Vendor; the Vendor shall sign all such documents and perform all such acts as may be reasonably required by the Purchaser such that each of the said services may be registered in the name of the Purchaser, or any person nominated by the Purchaser. It is agreed and acknowledged by the parties that Vendor is only responsible for the payment of said bills/services and contributions dated prior to the 5th of August 2016;

v. that the Vendor has already paid the application fee and all relative Planning Authority charges in connection therewith, necessary for the processing thereof;

vi. that once the mentioned permit is issued by the relevant authorities the Purchaser shall have the right to commence works on site including demolishing and rebuilding and start operating the premises.

The Vendor, expressly does not warrant the Property/Building/Premises against any latent defect and the Purchaser accepts that the Vendor is not warranting the Property/Building/Premises in regards to latent defects.

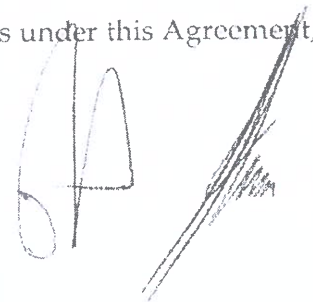
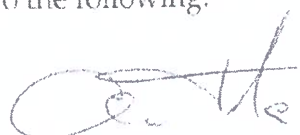
Costs and Expenses

3. Notarial fees and expenses and Duty on Documents relative to this Agreement and the notarial deed of sale shall be paid by the Purchasers. The Vendor shall pay any income tax due on the sale of the Property. Each party shall pay its own advisors.

Conditions Precedent

4.1 The parties agree that this promise of sale and purchase Agreement is being signed subject to the following conditions:

4.2 In addition to the Vendor's other obligations under this Agreement, the Vendor hereby obliges itself to the following:



- a) to warrant the legal title of the Property to be transferred in accordance with the provisions of this Agreement;
- b) to warrant that the Property is free and unencumbered from any groundrent or conditions of emphyteusis and free from any debt whether registered or otherwise; provided that, should any emphyteutical obligation be found to be still applicable, the Vendor shall be obliged to redeem any such obligation or obligations, and should this not be possible, then the Purchaser shall have the right to purchase or not to purchase at its discretion;
- c) that the Purchaser is recognised as having encroachment status on the Land belonging to the Government of Malta (Encroachment) as per attached plan marked as document letter "B", with effect from the date of the signing of the final deed. This confirmation is to reach the Purchaser in writing before the final deed;
- d) to instruct and pay the Architect (AIC Karl Ebejer) entrusted by the Vendor with the planning application up to approval of permits, and to obtain said Architect's release and change of architect signed form upon approval of permits; Vendor to remain responsible for any expenses and fees due to said Architect and to keep Purchaser indemnified against any claim from said Architect.

Term and Validity

5. The parties agree that this Agreement shall remain valid and effective up to and including **the 30.04.2022**. (the Termination Date).

Registration of this Agreement

6. The parties are irrevocably authorising the Notary Reuben Debono to register this Agreement in accordance with legal notice number seven of the year two thousand and four [L.N 7/2004] and for this purpose, to sign all relative documents and pay any amount of provisional duty due on their behalf. For this reason the Purchaser is hereby depositing with Notary Reuben Debono the equivalent of one per cent [1%] of the purchase price as provisional duty relative to the final deed of sale, which amounts to **€30,000.00**;

Assignment and Substitution

7. The Purchasers have the right to assign to a third party or parties their rights in *toto* or in *parte*, arising from this Agreement. However, in the case of such assignment of rights, the Purchaser and the third party or parties to whom the rights under this Agreement have been assigned, shall, nonetheless, be responsible, in solidum, for all obligations assumed by the Purchaser in this Agreement.

Agency Fees

8. No Estate Agency fees are due on the final deed by either party.

Possession of Property, Construction and Finishing

9. Upon the signing of this agreement the Purchaser confirms that the building has been in its possession since the 5th of August 2016 and shall remain in possession up until the day whereby either the Final Deed of Sale takes place or else upon the Commencement Date of the Lease mentioned in the Third Part of this Agreement whichever comes first.

The parties hereby agree that, the Purchaser is to demolish and excavate the property of the Vendor and reconstruct same as per approved planning applications; any alteration to plans as submitted to the Planning Authority shall require both parties' consent and shall be executed under the direction of the Vendor's architect (AIC Karl Ebejer); alterations following approval of permit shall require both sanctioning by the Planning Authority as well as both parties' approval.

The Vendor will be responsible for the payment of PA permits. For the avoidance of doubt, it is hereby being declared, that this Promise of Sale is subject to the issuing of a full development permit from the PA for the demolishing of the Building, excavation of the site and the building of a beach club lido and catering outlet at street level.

The Purchaser will be responsible for the payment of all fees, expenses and bills, architect structural fees and all demolition, excavation and structural construction building expenses including finishing related to the Building as to be built after the signing of this agreement. For the avoidance of doubt, the Buildings/Property is to be in a Finished State (as defined by the Term 'State of Finish' in the Third Part of this Agreement).

The Purchaser obliges itself to commence the construction works mentioned above within no later than ninety (90) days from when the necessary PA permits would have been approved and to have the Building/Property in a Finished State (as defined by the Term 'State of Finish' in the Third Part of this Agreement) and operational in toto within thirty (30) months from when the PA permits would have been approved. Furthermore, in the event that the Purchaser is in default with such timelines, then the Purchaser shall be liable to pay the Vendor, by way of penalty for mere delay, an amount equivalent to Two Thousand Euro (€2000) per diem up until the Building/Property, in toto, would be in a Finished State. Purchaser hereby expressly waives its right to any abatement of the said penalty, which is acknowledged to be stipulated for mere delay.

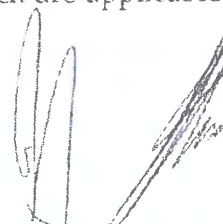
Should the Purchaser fail to conclude the works on the Building/Property for whatever reason and shall continue to remain in such default for more than sixty (60) days over and above the thirty (30) months above mentioned, the Vendor reserves the right without liability for any compensation to engage a substitute contractor and have the works completed by the said substitute contractor of choice at the sole expense of the Purchaser.

The Purchaser shall be deemed to have executed and completed the works on the Building/Property (in a Finished State) when an independent Architect issues a certificate confirming under his signature and professional responsibility that the works are completed, provided that architect confirms and certifies that he is satisfied that the work is completed in a diligent, skillful and professional way in line with both Local and European standards. Such warranty shall survive the entering into the Final Deed of Sale and alternatively the Lease in the Third Part of this Agreement.

Should the Purchaser decide not to purchase the property de quo, the Vendor shall have the right not to refund unto the Purchaser, any costs incurred by the Purchaser, including without limitation any costs or disbursements relative to the demolition and excavation of the site and for the construction of the building up and finishing of the Building/Property. For all intents and purposes, all payments indicated as non-refundable mentioned above, shall, in no case, be refunded to the Purchaser for any reason whatsoever and the Purchaser is hereby irrevocably renouncing to any right to claim a refund of such amounts to him.

Miscellaneous

The Purchaser and the Vendor agree that all the obligations found in Articles 5,6,7,8 and 9 of the Third Part of this Agreement (Lease) which are applicable to



the Lessee shall be mutatis mutandis applicable to the Parties during the term of this Promise of Sale Agreement.

THE THIRD PART – LEASE AGREEMENT

Whereas

- a) The Lessor owns the property known as "Serena Beach Lido" in Islets Promenade, Bugibba, hereinafter referred to as 'the Building' as better described above, measuring approximately 590.3m² (excluding beach area), outlined in orange on the plan here to annexed and marked Document A and has a Concession/Encroachment on encroachment terms of the open area, hereinafter referred to as 'the Concession/Encroachment' marked in pink on the attached Document B - hereinafter collectively referred to as the Premises.
- b) The Lessor is desirous of granting the Building on lease, and the Concession/Encroachment under management and operation, to the Lessee, which is desirous to accept under the same title, under the terms and conditions of this Agreement and for the purposes to operate as a bar, lounge, restaurant, cafeteria, *gelateria* and lido.
- c) The Lessor will be responsible to obtain, fund and maintain PA Permits whilst the Lessee will be responsible to obtain, fund and maintain any other needed licenses and permits for the operating of the Premises.

NOW THEREFORE, ITS IS HEREBY AGREED BY AND BETWEEN THE PARTIES AS FOLLOWS:

Definitions and Interpretation

In addition to the other terms elsewhere defined, if any, the following terms shall have the meanings set forth in this Clause 'Definitions and Interpretation':

Agreement Shall mean this agreement, including all schedules, annexes and documents attached hereto, which shall all be deemed to form an integral part of this Agreement;

Business	Shall mean the business carried out by the Lessee from the Premises, as better defined in terms of this Agreement;
Commencement	Shall mean the date indicated in Article 2 as being the Commencement Date;
Force Majeure	Shall mean any unforeseen circumstances, which are beyond the control of the Parties, or either of them, as the case may be, and which prevents the relevant Party from performing its obligations undertaken pursuant to this Agreement, or any part of such obligations; but excludes any circumstances which would constitute force majeure, but have been occasioned through the direct or indirect act or omission of any Party;
Lessor Maintenance Obligations	Shall mean those maintenance and other obligations for which the Lessor shall be responsible;
Rent	Shall mean the consideration payable by the Lessee to the Lessor, throughout the Term, for the lease of the Premises in accordance with the provisions of Article 3;
State of Finish	Shall mean the premises in a Finished State being fully operational as a bar/lounge/restaurant/gelateria/cafe/tereria/lido.
Term	Shall mean the period during which this Agreement shall remain binding and enforceable between the Parties hereto in accordance with the provisions of Articles 1 and 2 hereof, including any extension thereof, as may be agreed between the Parties;

Article 1, Title

In virtue of this Agreement and subject to what is being agreed hereunder, the Lessor hereby grants by title of lease the property of the Lessor and by Management and Operation the Beach Concession/Encroachment unto the Lessee who does hereby accept, take and acquire by the same title of lease the Premises under the following terms and conditions.

Article 2 -Term

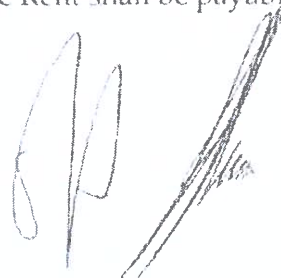
This Agreement is valid for five years [5] years commencing from the Commencement Date, being the first (1st) day of March 2018.

The Lessor hereby grants the option to the Lessee, which accepts, to notify the Lessor that it wishes to terminate this Agreement prior to the expiration of the Term. Such notice shall not entitle the Lessee to terminate the Agreement without the Lessor's consent. However, the Lessee shall advertise the Premises at the Lessee's expense and, should a replacement lessee acceptable to the Lessor be found, the Lessor shall allow Lessee to terminate this Agreement, without liability, save for any outstanding Rent and other payments due until the date on which the Lessee terminates the Agreement or vacates the Premises, whichever is the later. If no replacement lessee is found the Lessee shall be bound to respect the terms of this Agreement.

For the purposes of this Article, the Lessee itself shall also be entitled to identify and propose a replacement lessee to the Lessor, for the Lessor's consideration as a replacement lessee.

Article 3 – Rent, Deposit Payment, and Security Deposit

In consideration of the use of the Premises granted under title of lease and operations and management in terms of this Agreement, the Lessee, subject to Article 2 shall pay to the Lessor, which accepts, the Rent under the terms and conditions set out in this Agreement and in the amount of one hundred thousand euro (€100,000) per annum from Commencement Date. The Rent shall be payable annually in advance.



The Lessee is hereby depositing a sum of forty-five thousand Euro (€45,000) to the Lessor on account of the First rental payment due.

All amounts that are to be paid by the Lessee to the Lessor in terms of this Agreement, shall be exclusive of Value Added Tax (VAT) or any other tax, charge or levy as may be imposed in respect thereof from time to time.

Article 4 - Late Payment Interest

Interest at the rate of eight per cent (8%) per annum, shall be due and payable by the Lessee to the Lessor on any amount of the Rent or part thereof, as may remain unpaid by the Lessee to the Lessor in terms of this Agreement. Any such interest shall commence to accrue with effect from the expiration of a period of ten (10) days from the date upon which any unpaid amount of the Rent or part thereof shall have become due for payment in terms of this Agreement, until the date of effective payment thereof.

Article 5 - Lessor Obligations

The Lessor shall become responsible as from the Date of Commencement of the lease for all extraordinary maintenance and/or repairs to the structure; if the Lessor refuses or neglects to discharge its extraordinary repair obligations pursuant to this clause to the reasonable satisfaction of the Lessee, the Lessee may undertake such extraordinary repair itself, at the cost of the Lessor: provided that (i) the Lessee shall have first given the Lessor notice of the breach upon which the Lessee relies and gives an opportunity to remedy the breach within a period of fifteen (15) days from receipt of the notice unless the state of the structure is declared to be dangerous by an independent architect, in which case the Lessee shall have the right to repair the structure immediately at the cost of the Lessor, and (ii) extraordinary repairs shall be effected in such manner as to cause the least possible nuisance to the Lessee. Upon completion of the relative works, the Lessor shall promptly reimburse the Lessee for all costs reasonably incurred by it in undertaking such repairs.

For the avoidance of doubt, extraordinary maintenance and repairs shall only include the necessary repairs for the structure to be in a good working condition and does not include any extraordinary embellishments the Lessee might want to add in the premises.

Lessee shall make all requests for extraordinary maintenance works and/or repairs in writing to Lessor.

Under no circumstances shall Lessor be in default in terms of this Agreement if Lessor's failure to perform any of its obligations results from civil commotion, act of war, inability to obtain any material or service, or any other cause whatsoever which is beyond Lessor's reasonable control, and which has not been occasioned through the direct or indirect act or omission of the Lessor.

Article 6 – Lessee's Obligations

a. Lessee's obligations undertaken pursuant to this Agreement, shall be effective from the 5th of August 2016 and shall continue for the duration of the Term as applicable

b. Lessee shall use the Premises only for the purpose for which they were leased, namely that the Lessee is leasing the Premises in order to operate a bar/lounge/restaurant/gelateria/cafe/tereria/lido. The Lessee will be responsible to obtain, fund and maintain any needed licences and permits (excluding those of the PA) for the operating of the Premises.

c. Lessee shall, at Lessee's sole cost and expense, comply with all applicable requirements of all governmental authorities now in force, or which may hereafter be in force, as such requirements are applicable to the Premises and/or Lessee's Business carried out therein, saving those of a structural or engineering nature.

d. Lessee shall faithfully observe all laws and regulations now in force or which may hereafter be in force, including but not limited to regulations relating to any licenses required by Lessee for the operation of the Business from the Premises.

e. Any licenses required by the Lessee for the operation of the Premises or the conduct of the Business shall be procured, and maintained throughout the Term, by the Lessee, at Lessee's sole cost and expense.

f. Lessee hereby undertakes all and any responsibility for all employees involved in the operation of the Business within the Premises. Lessee undertakes to procure that on the expiry or earlier termination of this Agreement, Lessee shall be solely responsible for employees in the operation of the Business within the Premises.

g. To free, relieve and indemnify the Lessor from and against liability in respect of any liabilities and dues to any contractors, sub-contractors and/or suppliers engaged by the Lessee for services and goods and products, any court action by

such contractors, sub-contractors and/or suppliers and from any act, omission or default of the Lessees in the implementation and observance of the obligations contained in this Lease and from all fees, penalties, charges, proceedings, costs, claims, expenses and demands of whatsoever nature in respect of any such liability or alleged liability or any such act, omission or default (excluding Architect Karl Ebejer's fees), up until the issuing of the PA permits.

Article 7 - Structural Alterations & Maintenance

Without prejudice to the Lessor's obligation to undertake the extraordinary maintenance and/or repairs exclusively related to the structure of the building, ordinary maintenance and repairs in respect to the Premises, shall remain the exclusive responsibility of the Lessee.

The Lessee agrees to carry out any ordinary maintenance works and ordinary repairs necessary to maintain the Premises up to date and to maintain it in a good state of repair, with the due diligence of a bonus paterfamilias. The Lessee shall be bound to return it in such a good state on the expiration or termination of the lease, unless acquired.

All fixed and permanent fixtures installed within the leased premises will become a permanent fixture of the property and will remain installed within the premises after the expiration and/or termination of this Agreement without right of compensation.

The Lessee will not have any right to claim any monies related to any fixtures installed on such premises or any other improvements, including demolition, excavation, building and finishing expenses.

Article 8 - Expenses & Fees

All expenses arising from the operation of the Premises (including but not limited to electricity and telephone bills) shall be borne by the Lessee, together with all expenses contracted by the said Lessee. All expenses, fees, installation and maintenance for items are the responsibility of the Lessee. The Lessee shall be exclusively responsible to apply for the said services and maintain the same on its name.



For the avoidance of doubt, the Lessee shall not be liable or otherwise responsible for any such utilities, fees, expenses and bills, and incurred at any time prior to the 5th of August 2016.

Article 9 - Insurance and Indemnity

At all times from the signing of this agreement, Lessee shall keep in full force and effect, at its sole expense, a policy of public liability insurance, ("General Third Party Liability Insurance"), with a reputable insurance company, for adequate insurance cover with respect to the Premises and Business of Lessee for amounts of not less than two million and five hundred thousand Euro (€2,500,000) to cover any bodily injury or death to any person and/or any damage to, or Loss of, property, including adjacent third party property, arising out of one event but unlimited during the period of insurance.

Lessee shall insure and keep insured throughout the Term all and any furnishings and fittings in the Premises for their full replacement value.

Lessee shall also maintain in full force and effect, throughout the Term, an employers' liability insurance and any other insurance, which is mandatory in terms of applicable law.

All insurance coverage required by this Agreement will require insurers to notify the Lessor in writing thirty (30) days prior to such insurance being cancelled or material altered.

Lessee shall produce for inspection upon demand by Lessor, at any time, a certificate of insurance or similar evidence of such insurance having been affected and maintained in force.

Lessee shall indemnify Lessor and hold Lessor harmless from and against any and all claims arising from Lessee's use of the Premises and from the conduct of Lessee's Business, or from any activity, work or thing done, act and/or omission permitted or suffered by Lessee in or about the Premises arising from the fraud, wilful misconduct or negligence of the Lessee.

Lessee shall further indemnify Lessor and hold Lessor harmless from and against any and all claims arising from any breach or default in the performance of any obligation on Lessee's part to be performed under the terms of this Agreement, or

arising from any negligence of Lessee's principals, agents, contractors, employees, business invitees and guests, and from and against all reasonable costs, taxed advocates fees, expenses and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon.

As a material part of the consideration to Lessor, Lessee hereby assumes all risk of damage to property or injury to persons in or about the Premises arising from any cause and Lessee hereby waives all claims in respect thereof against Lessor except for any claim arising out of the Lessor's negligence or wilful misconduct.

Article 10 - Assignment and Subletting

For the duration of this Agreement, the Lessee shall not assign or transfer the title of lease granted by this Agreement nor shall the Lessee sublet all or any portion of the Premises to a third party, nor shall the Lessee permit any person, legal or natural, to make use of or be in lease of all or any part of the Premises, whether for consideration or otherwise, without the prior written consent of Lessor.

Notwithstanding the provisions of this Article, the Lessor's consent shall not be required provided the Lessor is notified at least 30 days before as to a proposed assignment or sub lease by the Lessee of the title of lease granted by this Agreement in whole or in part, in favour of a company that is the Lessee's parent or subsidiary company or sister company.

For the purposes of this Article, the term, 'parent company' shall mean any company in which the Lessee shall be a shareholder holding at least seventy five per cent (75%) of the issued share capital of the assignee or sub lessee company, which shares grant the entitlement to attend and vote at general meetings of the assignee or sub lessee company. Moreover, for the purposes of this Article, the term 'subsidiary company' or 'sister company' shall mean any company in which the Lessee or the ultimate beneficial shareholder shall be shareholder holding at least seventy five per cent (75%) of the issued share capital of said assignee or sub lessee company, which shares grant the entitlement to attend and vote at its general meetings. In the event of any assignment to a parent, subsidiary company of the Lessee or any other company in the same business sector of the lessee, the Lessee shall remain responsible to the Lessor for the due performance of the obligations in terms of this Agreement, including the payment of Rent, if the parent, subsidiary company or other company to whom this Agreement is assigned, fails to abide by or satisfy such obligations.

Save for the transfer or issuance of any shares or other securities quoted or to be quoted on a regulated stock exchange, the Lessee shall notify the Lessor of any proposed change in the current (i.e. as at the date of this Agreement) shareholding in the Lessee or in any of its parent company/ies. Such notice shall include the number of shares transferred or issued and the transferee/s or subscribers.


Article 11 - Default and Remedies and Effects of Termination

Without prejudice to any other provision of this Agreement, the occurrence of any one or more of the following events shall constitute a material default and breach of this Agreement by Lessee:

- a) Lessee's vacating or abandoning the Premises, (including not occupying the Premises at all for more than three (3) continuous months after completion of rebuilding works);
- b) The failure by Lessee to make any two (2) payments of Rent, promptly when due and continue in such failure two weeks after demand in writing by Lessor;
- c) The failure by Lessee to observe or perform any of the material covenants, conditions or provisions of this Agreement which Lessee has undertaken to observe or perform within a reasonable time; provided that this shall include more than one but not more than three failures by Lessee (having been duly requested in writing by the Lessor but failed to cure the default within at least thirty (30) days from such request) to observe or perform any of the covenants, conditions or provisions, which taken together are material.
- d) The (i) making by Lessee of any general assignment or general arrangement for the benefit of creditors; and/or (ii) A judgement declaring Lessee to be insolvent; and/or (iii) appointment of a liquidator for the Lessee;
- e) Lessee is unable to pay its debts in terms of article 214 of the Companies Act, Chapter 386 of the Laws of Malta

Article 12 - Remedies

In the event that Lessee abandons the Premises as contemplated by the provisions of Article 11 (i)(a), Lessor shall have the option of either:


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a) Retaking lease of the Premises and recovering from Lessee all damages incurred by Lessor by reason of Lessee's default including, but not limited to, the cost of recovering lease of the Premises and interest on unpaid Rent or other sums payable by Lessee under the provisions of this Agreement from the date the same became due, at the rate of eight percent (8%) per annum;

or

b) Maintaining Lessee's right to lease, in which case this Agreement shall continue in effect whether or not Lessee has abandoned the Premises. In such event, Lessor shall be entitled to enforce all of Lessor's rights and remedies under this Agreement, including the right to recover all Rent and other charges as they become due hereunder.

In the event of any default or breach by Lessee as contemplated in Article 11(i)(b) and/or (c), the Lessor shall give notice in writing of such default, granting the Lessee a period of not less than thirty (30) days in which to remedy such default. Failure by the Lessee to remedy the default within the period stipulated above, shall entitle the Lessor to terminate Lessee's right to lease of the Premises, forthwith upon notice in writing thereof being given to Lessee, by any lawful means, in which case this Agreement shall terminate and Lessee shall immediately surrender lease of the Premises to Lessor. In such event Lessor shall be entitled to recover from Lessee all damages incurred by Lessor by reason of Lessee's default including, but not limited to, the cost of recovering lease of the Premises, and interest on unpaid rent or other sums payable by Lessee under the provisions of this Agreement from the date the same became due at the rate of eight percent (8%) per annum. Provided, however, that if the nature of Lessee's failure is such that more than thirty (30) calendar days but up to a maximum of forty-five (45) calendar days, is reasonably required for its cure, then Lessee shall not be deemed to be in default if Lessee commences such cure within said period and thereafter diligently pursues such cure to completion.

In the event of any default or breach by Lessee as contemplated in Article 11 (i) (d) and/or (e), the Lessor shall be entitled to terminate Lessee's right to lease of the Premises, forthwith upon notice in writing thereof being given to Lessee, in which case this Agreement shall terminate and Lessee shall immediately surrender lease of the Premises to Lessor.

In the event of default or breach of this Agreement by Lessor, Lessee may give notice in writing of such default granting a period of not less than thirty (30) days to

the Lessor in which to remedy such default. Provided, however, that if the nature of Lessor's failure is such that more than thirty (30) days are reasonably required for its cure, then Lessor shall not be deemed to be in default if Lessor commences such cure within said period and thereafter diligently pursues such cure to completion.

Failure of the Lessor to remedy the default or breach shall entitle the Lessee to terminate this Agreement, without limitation to the exercise of any right or remedy available to the Lessee.

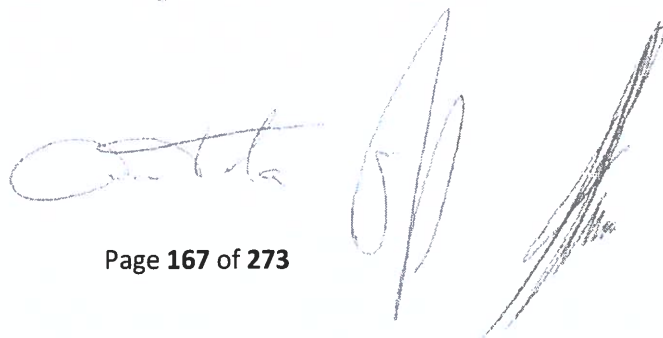
Upon expiry or termination of this Agreement, or any part thereof, for whatever reason, unless Premises are acquired by the Lessee, the Lessee shall surrender the Premises to Lessor in a good condition, fair wear and tear excluded. Lessee shall be allowed to remove any/all removable fixtures it has installed in the Premises, provided that Lessee will restore the Premises in a good condition, fair wear and tear excluded, at its own cost, following any such removal of fixtures. In addition, Lessee shall deliver to Lessor all keys to the Premises.

In the event that Lessee fails to vacate the Premises, or any part thereof, within thirty (30) days from the date of expiry or termination of this Agreement, or any part thereof, then the Lessee shall be liable to pay Lessor, by way of penalty for mere delay, an amount equivalent to seven hundred fifty euro (€750) per diem during which the Lessee so remains in occupation or lease of the Premises. Lessee hereby expressly waives its right to any abatement of the said penalty, which is acknowledged to be stipulated for mere delay.

Should the Lessee fail, within a reasonable period of time, to vacate and to clear the Premises of all items belonging to it, Lessor shall have the right to clear the Premises itself at the sole risk and expense of Lessee.

Should the Lessee for any reason whatsoever (other than a reason not imputable to the Lessee) be impeded from using and enjoying the Premises thereby interrupting the carrying on of its Business from the Premises for a period of at least ten (10) working days from the date on which the Lessee shall have reported such interruption to the Lessor as aforesaid, the Lessee shall be entitled to the suspension of (i) the Term of this Agreement; and (ii) any payment obligations undertaken pursuant hereto, for the period during which the Lessee's Business shall be so interrupted

Article 13 - Governing Law



It is hereby understood and agreed that this Agreement shall be construed and applied in terms of Maltese Law and that the Maltese Courts shall have exclusive jurisdiction with regard to any matters relating thereto and arising therefrom.

Article 14 – Force Majeure

If either Party is prevented from doing, accomplishing or performing any act or thing required of such Party under the terms of this Agreement due to Force Majeure, the time provided in this Agreement for doing, accomplishing or performing such act or thing shall be extended in order to provide such Party with the same number of days to accomplish or perform such act or thing after termination of the Force Majeure, as that Party could have had in the absence of such Force Majeure.

Article 15 - Notices

Any notice required or permitted to be given hereunder, shall be in writing and may be served personally or by registered mail, return receipt requested, addressed to Lessor or the Lessee (as the case may be) at the following addresses:

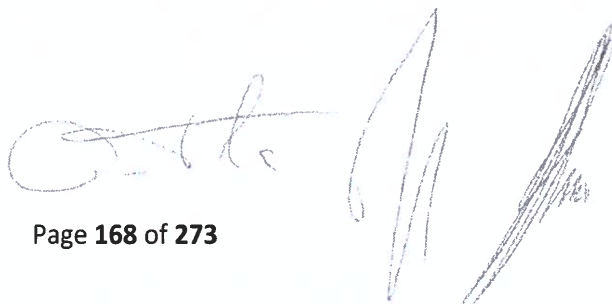
Lessor: Tum Invest, Mdina Road, Qormi.

Lessee: Testa Properties Ltd, RU19, The Point, Tigne', Sliema;

Any such notice shall be effective upon delivery. Either Party may, by like notice to the other Party, at any time and from time to time, designate a different address to which notices shall be sent, except that upon Lessee's taking lease of the Premises, the Premises shall constitute Lessee's address for notice purposes.

Article 16 – Severability

The invalidity or unenforceability of any provision of the Lease, as determined by a court of competent jurisdiction or arbitration tribunal, shall in no way affect the validity or enforceability of any other provisions hereof.



Scale 1:500 Stala



[Handwritten signature and scribbles]



ANNEX 12- INDEPENDENT ACCOUNTANT'S REPORT

Audit - Tax - Advisory

Independent Accountants' Report

To the directors of Testa Finance PLC.

Report on the Financial Operations

We have extensively reviewed the financial operations of Testa Finance PLC (the Company) together with the group of companies it forms a part of including Testa Properties Limited and Testa Catering Concepts Limited (collectively the Group) in relation to the Group's financial performance, business operations, financial management, corporate governance, human resources and other matters.

This report is required in terms of Appendix 4.6 of the Prospects Rules issued by the Malta Stock Exchange and is given for the purpose of complying with that regulation.

Financial Performance

The Group has been operating from 11 July 2012 and now operates three catering establishments. The Group has a positive trading record, recording profits in the past three consecutive financial years. There was an increase of 43% in the revenue of the company from 2016 to 2017 and this was reflected in the profit before tax figure which also increased substantially. The Directors have confirmed that the performance of 2017 reflects the maturity of the brand name and the overall increase in business performance of the industry as a whole. The Directors are confident that these results can be replicated year-on-year.

The statements of cash flows for the past three years shows an increase in cash and cash equivalents from 2015 to 2016, and from 2016 to 2017. During 2017, the Group invested heavily on new projects and effected deposits in relation to these projects. As a result, the cash flow position for 2017 has weakened by €133,568. The Group presents an otherwise healthy profit before interest, tax, disposals, depreciation and amortisation.

The statement of financial position presents a net asset position for the past three financial periods. The net asset position of the Group has improved from year to year due to the profits generated through the business operations. The value of the total assets and total liabilities has remained consistent, save for an increase in current assets due to the prepayments made on investments as mentioned above.

Financial trends and Key Performance Indicators show an increase in business activity. Profits have increased over the past three years while cost of sales as a percentage of revenue have decreased substantially to 27.14% in 2017. Other expenditure has remained consistent averaging at 53%. The business is primarily a cash business with practically no trade receivables. Other receivables fluctuate depending on whether the Group prepaid for future investments. Trade and other payables increased in line with an increase in purchases. These are relatively high given the amount of total purchases in one year.

In general, rent in high-traffic areas has become more expensive in Malta over the past three years. This has generated an ad hoc barrier to entry for entrepreneurs willing to operate catering establishments in these areas. Given that two of the rental agreements were entered into back in 2015, this creates an advantage over new competition. Notwithstanding the above, the catering industry is a very competitive one in Malta and does not allow for business-owners to slack in their service offering.

Capital expenditure in the past three years amounted to €220,983 for tangible assets and €250,000 for intangible assets. This expenditure was mitigated in 2016 through the disposal of other assets held by the Group. The Group is now planning to issue a bond to the general public to finance the investment in property situated in Bugibba to open three new outlets.

Total liabilities as at 31 December 2017 amounted to €901,852. This included borrowings of €275,000 from a third party and €183,601 from credit institutions. The Group intends to extinguish these borrowings during 2018. Thereafter, the Group intends to use the bond proceeds to finance its operations.

Business Operations

The Group underwent a re-structuring process during 2018. Testa Properties Limited acts as the parent company and also holds immovable property. Testa Catering Concepts Limited will continue to operate the catering establishments while Testa Finance plc will act as the finance company of the Group. The Group's main service provided is the operation of catering establishments. Through the injection of new capital in the form of immovable property, the Group intends also to generate a small amount of lease income.

The current outlets operated by the Group are situated in Tigne Point, Sliema (two outlets) and Merchant Street, Valletta (one outlet). In the near future, the Group will open three new outlets on the Bugibba seafront. The Group operates through the brands Cibo and French Affaire. In the new premises, the Group will also open outlets with a new concept being that of a high-end fish restaurant and a lido with bar and pool.

The Group is not dependent on key customers and has excellent relations with its suppliers. This is therefore not deemed a risk by its Directors.

Financial Management

The Group prepares monthly management accounts which are discussed at board level. It also employs a computer system in its outlets allowing for daily reports on operations. The management of the Group, particularly in the past when it was composed of only two persons, is hands-on and frequently attends to day-to-day operations. The controls in place rely on reconciliations prepared by the accounting function of the Group between the systems and physical documents. Since the Group operates three outlets, this was deemed to be sufficient by the Directors.

It is however advisable to employ more stringent internal controls once more outlets start being operated by the Group. This will aid the reliability of the financials that are presented to management and curb any possible abuse.

The industry in which the Group operates is very competitive. The Group needs to remain innovative and offer the best possible service to its customers in order to avoid losing on business performance. Another possible risk to the Group is human resources which is currently deemed scarce with labour costs increasing steadily. The Group should maintain a healthy environment for its workers while making sure it is employing enough personnel to man its outlets.

Corporate Governance

The Group's board of directors is composed of five members being Mr Reuben Debono, Mr Raymond Pace, Mr Nigel Scerri, Ms Hanna Testa and Mr Jean Paul Testa. Two of the board members are non-executive and are also members of the Audit Committee together with one of the executive directors. The Group does not have a remuneration committee.

The executive directors are responsible for the day-to-day decision making and the running of the Group in their fiduciary capacity on behalf of the Group's shareholders. Two of the executive directors also hold shares in the Group, creating possible problems arising from the non-separation of ownership and management. The non-executive directors are in fact charged with providing impartial expertise to the board in order for it to make the best decisions possible.

The Board delegates certain responsibilities to the Audit Committee, the terms of reference of which reflect the requirements stipulated in the Listing Rules and under applicable law. In addition, unless otherwise dealt with in any other manner prescribed by the Listing Rules, the Audit Committee has the responsibility to, inter alia, monitor and scrutinise, and, if required, approve Related Party Transactions, if any, falling within the ambits of the Listing Rules and to make its recommendations to the Board of any such proposed Related Party Transactions.

The Audit Committee establishes internal procedures and monitors these on a regular basis. The terms of reference for the Audit Committee are designed both to strengthen this function within the Group and to widen the scope of the duties and responsibilities of this Committee. The Committee also has the authority to summon any person to assist it in the performance of its duties, including the Group's external auditors.

The Audit Committee is composed of Mr Raymond Pace (independent non-executive director and Chairman of the Audit Committee), Mr Reuben Debono (independent non-executive director) and Mr Nigel Scerri (executive director).

The Board considers the Chairman of the Audit Committee to be independent and competent to hold such a post. Such determination was based on Mr Raymond Pace's substantial experience throughout his career.

Each director is made aware of the Group's on-going obligations in terms of the Companies Act, the Listing Rules and other relevant legislation. Directors have access to the advice and services of the Company Secretary and to legal counsel. The Group is also prepared to bear the expense incurred by the directors requiring independent professional advice should they judge it necessary to discharge their responsibilities as directors.

Human Resources

The Group employs 26 persons and shares them amongst three outlets. Two of the executive directors, Jean Paul Testa and Hanna Testa, oversee operations directly and are in constant contact with personnel. They can therefore be regarded as the key persons in the operation, and the Group currently depends on their performance. There is no formal basis of remuneration. We would recommend that internal policies are standardised with regards to remuneration.

Further to the above, the Group does not feel the need to prepare succession plans. Forecasted staff will increase in line with the opening of the new outlets in Bugibba. The Group does not offer pension or other schemes to its employees.

Other Matters

The Directors of the Group have confirmed that there are no current lawsuits or contingent liabilities that may affect business operations. The Group's insurers are Argus Insurance Agencies Ltd.



Joseph Gauci (Partner) for and on behalf of
KSi Malta
Certified Public Accountants

Balzan
Malta

18 October 2018

ANNEX 13- INSURANCE POLICY FOR THE BUGIBBA PROPERTY

CONTRACTORS ALL RISKS - SINGLE PROJECT POLICY SCHEDULE

THE INSURED Testa Catering Concepts Ltd		ADDITIONAL INSURED and/or Main Contractors and/or Sub-Contractors each for their respective rights and interests	
CORRESPONDENCE ADDRESS Cibo RU19 The Pjazza . The Point Sliema Malta	BUSINESS OF INSURED	THE INSURER Argus Insurance Company (Europe) Limited	
	CONTACT	POLICY NO P18CP00584	CLIENT NO 746534
	HOME: MOBILE: WORK: E-MAIL:	AGENT REF: 159 John Mifsud	ACCOUNT HANDLER

PERIOD OF INSURANCE FROM: 27/09/2018 **TO:** 26/09/2019 **NEXT RENEWAL DATE:** 27/09/2019
And any subsequent period for which the Insured shall pay and the Insurer shall accept the premium required

PREMIUM: € 2,700.00 **DOCUMENT DUTY:** € 297.00 **POLICY FEE:** € 10.00 **TOTAL DUE:** € 3,007.00

SUMMARY OF COVER

		<u>Sum(s) Insured / Limit(s) of Indemnity</u>	<u>Excess</u>
Location Number: 1			
Insured Address: Serena Beach Club Lido Islet Promenade, San Pawl Il-Bahar Malta			
Section 1 Material Damage			
Clearance of Debris			
Sum(s) Insured		€2,500	€2,000
Contract Works			
Sum(s) Insured		€1,200,000	€2,000
Interest:			
Demolition of existing beach lido, excavation of basement level and reservoir, construction of new beach lido with pool and ancillary facilities, and two levels of class 4d outlets as per MEPA permit ref PA/01892/17 and Method Statement by Architect Edwin Mintoff dated 22.09.2018			
Professional Fees			
Sum(s) Insured		€2,500	€2,000
Section 2 - Public Liability			



Our Interest is You.

Argus Insurance Agencies Limited
La Concorde Tel: +356 2342-2000
Triq Abate Rigord Fax: +356 2342-2190
Ta' Xbiex
XBX 1121

insurance@argus.com.mt
www.argus.com.mt

CONTRACTORS ALL RISKS - SINGLE PROJECT POLICY SCHEDULE

POLICY NO: P18CP00584

SUMMARY OF COVER (continued)

		<u>Sum(s) Insured / Limit(s) of Indemnity</u>	<u>Excess</u>
Location Number: 1			
Insured Address: Serena Beach Club Lido Islet Promenade, San Pawl Il-Bahar Malta			
Section 2 - Public Liability			
Standard Limits			
Aggregate Limit Unlimited			
Limits of Indemnity		€500,000	€2,000
The Limit of Indemnity is the maximum that the Company shall pay for Third Party Liability and the amount indicated in the Schedule is a combined single limit for Bodily Injury, Property Damage and Consequential Loss			
Applicable Endorsements			
ARG - CAR (END) 001 - Cover for loss or damage due to Strike, Riot and Civil Commotion			
Sum Insured		€1,205,000	
ARG - CAR (END) 002 - Cover for Cross Liability			
ARG - CAR (END) 003 - Maintenance Visits Cover			
Maintenance Cover (From/To:): 2 months from expiry date			
ARG - CAR (END) 005 - Special conditions concerning the construction and/or erection time Schedule			
ARG - CAR (END) 006 - Cover of extra charges for overtime, night work, work on public holidays, express freight			
Limit of Indemnity Any One Occurrence		€5,000	
ARG - CAR (END) 010 - Special conditions concerning underground cables, pipes and other facilities			
ARG - CAR (END) 019 - Special conditions for laying water supply and sewer pipes			
Sum Insured			
ARG - CAR (END) 022 - Special conditions concerning piling foundation and retaining wall works			
ARG - CAR (END) 023 - Water Damage Exclusion			
ARG - CAR (END) 025 - Lifting Appliance and Tower Cranes			
ARG - CAR (END) 029 - Liability towards Archaeological sites and ancient remains			
ARG - CAR (END) 032 - Adequate Boundary Wall			
ARG - CAR (END) 033 - Extensions of Cover			
ARG - CAR (END) 034 - 72 Hours Clause			



Our Interest is You.

Argus Insurance Agencies Limited
La Concorde Tel: +356 2342-2000
Triq Abate Rigord Fax: +356 2342-2190
Ta' Xbiex
XBX 1121

insurance@argus.com.mt
www.argus.com.mt

CONTRACTORS ALL RISKS - SINGLE PROJECT POLICY SCHEDULE

POLICY NO: P18CP00584

SUMMARY OF COVER (continued)

		<u>Sum(s) Insured /</u> <u>Limit(s) of Indemnity</u>	<u>Excess</u>
Location Number: 1			
Insured Address:	Serena Beach Club Lido Islet Promenade, San Pawl Il-Bahar Malta		
Applicable Endorsements			
ARG - CAR (END) 035 - Dewatering Exclusion			
ARG - CAR (END) 036 - Third Party Consequential Losses			
Sum Insured		€250,000	
ARG - CAR (END) 038 - Professional Fees			
ARG - CAR (END) 039 - Remedial Changes Exclusion			
ARG - CAR (END) 040 - Single Contract Premium Adjustment			
ARG - CAR (END) 042 - Excluding loss or damage to wells, reservoirs, swimming pools etc			

CONTRACTORS ALL RISKS - SINGLE PROJECT POLICY SCHEDULE

POLICY NO: P18CP00584

SUMMARY OF COVER (continued)

Policy Endorsements

1.1 Additional Exclusions

(a) Excluding loss or damage or liability caused directly or indirectly by water and/or rainwater if adequate preventative measures have not been taken in designing and executing the contract.

(b) Excluding any

a. loss or damage which is foreseeable having regard to the nature of the construction work or the manner of its execution

b. superficial damage including cracks which neither impairs the stability of the property, land or buildings nor endangers their users.

c. the costs of loss prevention or minimizing measures which become necessary during the period of insurance

(c) Excluding any known or reported losses prior to inception of cover.

(d) Excluding any loss or damage to Third Party Properties which cannot be proven that has been caused by construction works in the absence of a condition report

1.2 It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions in the Policy or endorsed thereon, the Insurers shall not indemnify the Insured for loss, damage or liability directly or indirectly caused by or resulting from storm, tempest, flood and inundation.

2.0 Applicable warranty:

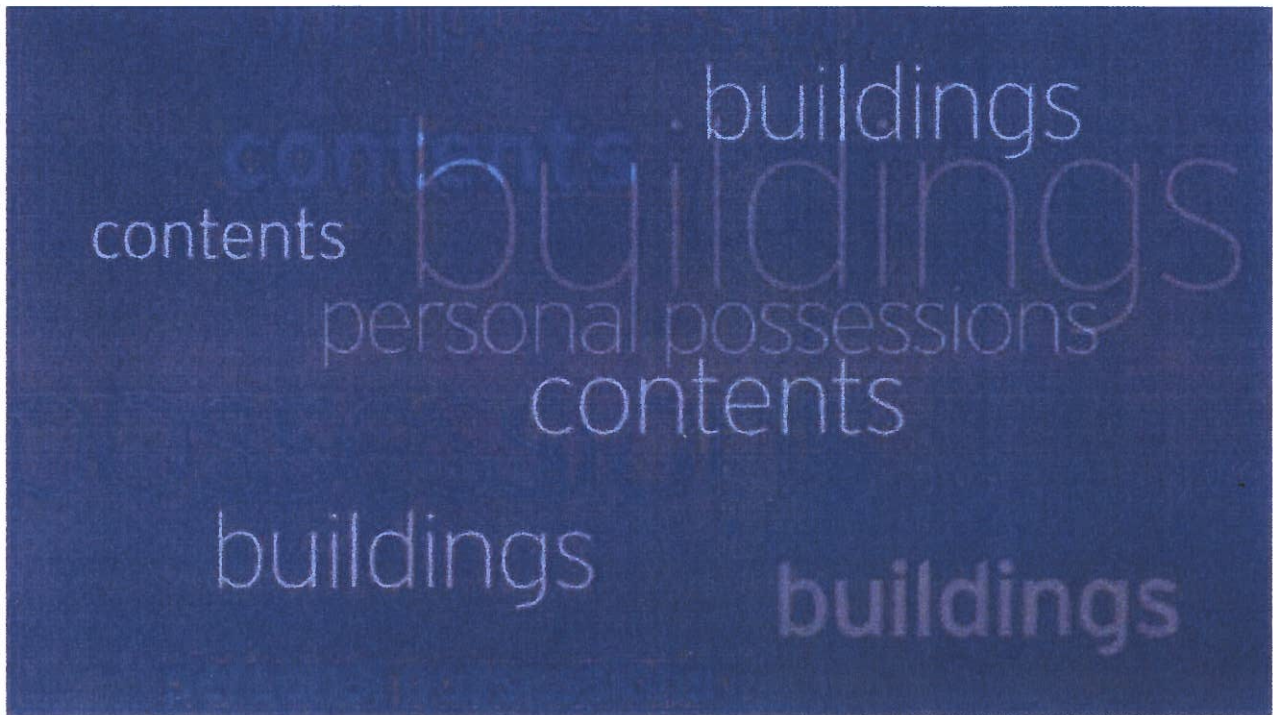
Works to be carried out as per MEPA permit ref PA/01892/17 and Method Statement by Architect Edwin Mintoff dated 22.09.2018

Subject otherwise to the Policy terms, conditions, limitations and exceptions.

POLICY SIGNED THIS: 28/09/2018

On behalf of:
Argus Insurance Agencies Limited

**ANNEX 14- INSURANCE POLICY FOR APARTMENT 1, BLOCK 1, SALINA PARK, TRIQ
ANDREW CUNNINGHAM, QAWRA**



Home
Insurance

Home Protector Extra

Insurance Policy

ARGUS

Our Interest is You.

HOME PROTECTOR INSURANCE SCHEDULE

THE INSURER: ARGUS INSURANCE COMPANY (EUROPE) LIMITED.

POLICY NUMBER 44678FHC084572

INSURED: JEAN PAUL TESTA

ADDRESS: OBO TESTA CATERING CONCEPT LTD
RU 19 THE POINT, TIGNE POINT
SLIEMA

OCCUPATION: DIRECTOR

PERIOD OF INSURANCE: (a) From 03/12/2018 To 02/12/2019 (both days included)
(b) Any subsequent period for which the Insured shall pay and the Insurers shall agree to accept a Renewal Premium

RENEWAL DATE: 03/12/2019

PREMIUM: € 50.00 STAMP DUTY: € 13.00 POLICY FEE: € 5.00

TOTAL PREMIUM: € 68.00

THE PROPERTY INSURED

Section 1 - Buildings

Sum Insured

STANDARD

SALINA PARK, APT 1, TRIQ ANDRE CUNNINGHAM, QAWRA

€ 40,000

Total Sum Insured On Buildings: € 40,000

Section 2 - Contents

Not Insured

Section 3 - Personal Possessions

Not Insured

This schedule is not valid if your cheque payment is dishonored.
The Insurance Product Information Document for this policy can be found on www.argus.com.mt

ARGUS

TYRONE MONTOVIO,
CHIEF EXECUTIVE,
ARGUS INSURANCE COMPANY (EUROPE) LIMITED.

DATE OF ISSUE 03/12/2018

Yanika Debono

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THE NEW HOME PROTECTOR EXTRA INSURANCE POLICY

Argus Insurance Company (Europe) Limited has its origins on the Rock of Gibraltar, dating back to 1841, and is fully licensed to act as an Insurance Company by the Financial Services Commission Number FSC00027B.

Argus Insurance Company (Europe) Limited is a registered company in Gibraltar bearing Company number 1862 and holds its registered office at Regal House, Queensway, Gibraltar.

Argus Insurance Company (Europe) Limited may be contacted at:

P.O. Box 45, Regal House, 3 Queensway, Gibraltar.

Telephone Number: +350 79520.

Fax Number: +350 70942.

Argus Insurance Agencies Limited bearing Company number C597 is enrolled to act as insurance agent of Argus Insurance Company (Europe) Limited and is regulated by the Malta Financial Services Authority.

Argus Insurance Agencies Limited is authorised to carry on business of insurance regulated by the Malta Financial Services Authority.

We will provide insurance in terms of this Policy and its Schedule for any Damage, Injury or legal liability occurring within the territorial limits defined in the Policy during the insurance period, provided that You have paid the premium and abided by all the terms, conditions and endorsements of this Policy.

HOW TO USE YOUR POLICY

We welcome You as a Policyholder of Argus Insurance Company (Europe) Limited. Please read this Policy Booklet together with Your Schedule. These set out the cover You have chosen, plus any limits that apply. If You are not satisfied with the details or the policy does not cover Your needs, please return the Schedule to Your insurance adviser.

THE CONTRACT OF INSURANCE

This policy is a contract between You and Argus Insurance Company (Europe) Limited and is based on the information You gave Us when You applied for this insurance. In return for Your premium, We will provide the cover shown in the Schedule during the period of insurance.

LAW APPLICABLE TO CONTRACT

Unless You and We both agree otherwise, this contract shall be subject to Maltese Law and to the exclusive jurisdiction of the Maltese Courts.

USE OF LANGUAGE

Unless otherwise agreed, the contractual terms and conditions and other information relating to this contract will be in English.

CHANGES WE NEED TO KNOW ABOUT

Please tell Your insurance adviser immediately if there are any changes which may affect this insurance for example:

- The people to be insured;
- The sums insured are not adequate;
- Your home is to be left unoccupied for more than 30 days consecutive; and/or
- Criminal convictions or cautions of the people insured.

Any change in circumstances may result in revised terms and conditions of this policy from the date of the change. If You do not tell Us about any change, it may affect any claim You make.



Signed: Dr Vanessa Borg
Chief Executive
Argus Insurance Agencies Limited
For and on behalf of Argus Insurance Company (Europe) Limited

IMPORTANT: In the event of any occurrence likely to result in a claim under this insurance please contact Your local representative at the following address:

**Argus Insurance Agencies Limited
La Concorde
Triq Abate Rigord
Ta' Xbiex XBX 1121
Malta**

PLEASE NOTE THAT:

Some or all the information which You supply to Our Company in connection with any insurance will be held by the Company and may be passed to other insurance companies and insurance associations for underwriting and claims handling purposes.

DEFINITIONS

The words defined below will have the same meaning wherever they are shown in Your policy or any endorsement.

Company/We/Us/Our

Argus Insurance Company (Europe) Limited.

Proposal

The Proposal Form and any other information provided by You or on Your behalf.

Period of Insurance

The Period shown in the Schedule and any further period of time which We have accepted Your premium.

Home

The private house or self-contained flat at the address shown in the Schedule.

Policy Holder/Your/You

Those named in the Schedule as the Insured.

The Schedule

The Schedule is part of this Policy. Whenever there is a change in the terms of Your insurance contract, You will be given a fresh Schedule. The Schedule gives details of the Policyholder, the Period of Insurance, the property insured, the amounts insured, any endorsements, and the insured address.

Endorsement

A change or alteration to the terms of the Policy.

Betterment

The resulting improved condition following replacement of damaged items.

Buildings

- The home and domestic outbuildings, greenhouses including interior decorations.
- Underlying or interconnecting garages.
- Swimming pools excluding related equipment which is insurable under the Contents Section, tennis courts, patios, terraces, drives, footpath, walls, gates, hedges and fences, walls (including rubble walls).
- Aerials and masts, satellite dishes, solar water heaters, photovoltaic systems and water storage tanks.
- Parquet flooring, wall paper and murals.
- Burglar alarm and fire alarm systems and air-conditioning equipment.
- Stair and passenger lifts and Your share of common areas.
- Domestic fixed fuel tanks, including LPG tanks (subject to the installation having been certified by the competent authority).
- Including landlords fixtures and fittings.

All situated at the Home shown in the Schedule and owned by You or for which You are legally responsible.

Contents

- Furniture and all other household goods and other articles in the home or its domestic outbuilding or garages owned by any member of Your household.
- Clothing and other personal belongings (including money and valuables up to the limit shown in Your Schedule) which belong to You or for which You are legally responsible or which belong to domestic employees who live with You.
- Radios, television sets (including cable and satellite receivers), DVD players, game stations, computers, recording, audio and video equipment and home entertainment equipment.
- Mirrors, plate-glass tops on furniture, fixed glass in furniture, ceramic hobs or tops in.
- Free-standing cookers.

- Fitted kitchen furniture and built-in appliances which form part of the fitted units.
- Built-in wardrobes.
- Fixed swimming pool equipment including vacuum pump and other machinery.

This does not include the following:

- **Motor vehicles, caravans, trailers, boats, canoes, surfboards, sailboards, overcraft, aircraft, gliders and any accessory which is designed to be used with any of these.**
- **Trees, bushes or plants of any kind (but not houseplants which You usually keep in Your buildings).**
- **Interior decorations.**
- **Plans, drawings, securities (stocks & shares), certificates or documents of any kind except those defined as money.**
- **Property owned or used totally or partly for business purposes or connected with any employment unless specifically included under the Schedule.**
- **Burglar alarm and fire alarm systems and domestic air-conditioning equipment.**
- **Any living creature.**
- **Property more specifically insured by this or any other policy.**

Valuables

Articles made of precious metal including gold and silverware, jewellery, furs, pictures, works of art, collections of coins, medals or stamps, clocks, watches, video and photographic cameras, hifi equipment, computer equipment, portable and non-portable computer and other electronic equipment and musical equipment.

Personal Effects

Articles normally worn, used or carried about by the person in everyday life. This does not include tools or instruments used or held for business or professional purposes.

Motor Vehicles

Mechanically or electrically propelled vehicles (other than domestic garden equipment and motorized wheelchairs) caravan, aircraft or watercraft.

Bicycles

Any pedal cycle, bicycle or tricycle and its accessories owned by You or any member of Your Household. This does not include any motorized pedal cycle, bicycle or tricycle.

Domestic Staff

A person employed to carry out domestic duties associated with Your Home and not employed by You in any capacity in connection with any business, trade or profession.

Money

Cash, bank and currency notes, cheques, money orders, postage stamps (not part of a collection) travellers cheques, and gift tokens – used or held solely for private, social and domestic purposes.

This does not include securities, certificates, promotional vouchers, air miles vouchers, credit notes, lottery tickets of any kind, money used or held for any trade, professional or business purposes.

Excess

The first part of a claim which You must pay. If claims are made under two or more covers for loss or damage caused by the same insured cause at the same time, only one excess will be deducted from the total amount of the agreed claim.

Unoccupied

Not lived in by any member of Your household or by any other person with Your permission for more than 30 consecutive days.

Unfurnished

Does not contain enough furniture for normal living purposes.

Sum Insured

The Sum Insured as shown on the Schedule is the maximum amount payable (depending on any special condition shown on the policy document) for all claims which happen because of any one incident. The maximum amount is not reduced if We pay a claim.

The Sum Insured under Section 1 – The Building must be adequate to rebuilt Your buildings as new including the cost of professional fees, site clearance costs and costs which You must pay by law taking into consideration the basis of settlement described in the Building - Claims Settlement Section.

The Sum Insured under Section 2 – The Contents of Your policy must be enough to replace the insured items as NEW taking into consideration the basis of settlement described in the Contents - Claims Settlement Section.

Full Theft

Theft or attempted theft not involving forcible or violent entry or exit into the Home.

Accidental Damage

Accidental physical loss or damage other than by an excluded cause

- **Excluding damage whilst Your home or any part of it is lent, let or sub-let.**
- **Excluding damage caused by wear and tear, settlement or shrinkage.**
- **Excluding damage caused by wet or dry rot, frost, atmospheric or climatic conditions, vermin, insects, domestic pets, fungus or a gradually operating cause.**
- **Excluding damage caused by faulty workmanship, defective design or the use of defective materials or any manufacturing defects.**
- **Excluding the cost of maintenance and normal redecoration.**
- **Excluding any loss, destruction or damage specifically excluded elsewhere in this policy.**
- **Excluding any damage caused by a deliberate act by You or any member of Your household.**
- **Excluding electrical or mechanical breakdown misuse or use contrary to the manufacturer's instructions.**
- **Excluding loss or damage caused by excavations, vibrations, construction or structural works whether in the Home or vicinity.**

COVER SECTION 1: THE BUILDING

WHAT WE COVER

The buildings are insured against damage by the following causes:

1. Fire, Explosion, Lightning, Earthquake.
2. Smoke
 - Excluding damage caused by agricultural or industrial operations including pollution or any gradual process and smoke from fireplaces.
3. Escape of water or oil from any fixed water or cooling installation or domestic appliance including washing machine, dishwasher, and aquariums.
 - Excluding damage to the component or appliance from which the water or oil escapes.
 - Excluding damage occurring after Your home has been unoccupied for 30 consecutive days.
4. Impact involving an aircraft, aerial device or anything falling from them, or by a vehicle, train or animal.
 - Excluding damage caused by insects, birds or domestic pets.
5. Falling trees or branches
 - Excluding damage to gates, hedges, fences or tennis courts.
 - Excluding the cost for removal of the fallen tree or branch.

6. Falling receiving aerials satellite dishes and their fitting or masts.
 - Excluding damage caused during the process of erection, dismantling or maintenance of such items.
 - Excluding any amount exceeding €250 unless specified otherwise by endorsement.
7. Riot, Civil Commotion, Strike, Labour or Political Disturbance.
8. Malicious persons or vandals
 - Excluding loss or damage occurring after Your home has been unoccupied for 30 consecutive days.
 - Excluding loss or damage caused by You or Your Household or by tenants.
9. Storm or Flood
 - Excluding damage to gates, hedges, fences or tennis courts and earth retaining walls.
 - Excluding damage caused by frost.
 - Excluding damage caused by humidity, condensation and dampness as a result of ingress of water.
 - Excluding damage caused by subsidence, heave or landslip.
10. Theft or attempted theft
 - Excluding loss or damage caused by You or Your household.
 - Excluding loss or damage occurring after Your home has been unoccupied for 30 consecutive days.
11. Damage to Underground Services including accidental damage for which You are legally responsible for cables or underground services.
 - Excluding damage to pipes and cables, resulting during repair or maintenance work to pipes and cables.

EXTENSIONS

The following Extensions **apply** to and form part of this Section.

ARG - HOME (EXT) 001 - Pipes and Cables

Accidental damage to those underground services supplying the buildings.

- Excluding damage which You are not legally responsible to repair.
- Excluding any costs for clearing a blockage which has not directly resulted in the service pipe breaking.

ARG - HOME (EXT) 002 - Glass and Sanitary Ware

Accidental breakage of fixed glass in walls, doors and roofs including double glazed units, skylights, solar panels, ceramic hobs and washbasins, pedestals, baths, shower screens, sinks, lavatory pans and other sanitary ware in the buildings.

ARG - HOME (EXT) 003 - Water and Cooling Installations

Damage to any fixed domestic water appliance caused by freezing.

- Excluding damage resulting from rusting corrosion or general wear and tear.
- Excluding damage occurring after Your home has been unoccupied for 30 consecutive days.

ARG - HOME (EXT) 004 - Rent and Alternative Accommodation

If Your home is made uninhabitable by any of the causes insured We will pay for:

- a) The rent You should have received but have lost whilst Your home is unfit to live in.
 - b) Reasonable additional cost of comparable alternative accommodation until Your home is fit to live in again. The maximum amount payable shall not exceed 15 percent (15%) of the sum insured on buildings.
- Excluding costs which You incur without Our written permission.

ARG – HOME (EXT) 005 - Loss of Keys

If the keys are stolen or accidentally lost, We will pay for replacing locks, including keys to:

- a) Any external doors and windows of Your Home.
- b) Intruder alarms and safes installed in.
- Excluding any amount in excess of €500.

ARG – HOME (EXT) 006 - Architects and Surveyors Fees

If Your Buildings suffer a loss or damage covered by this policy We will pay reasonable costs in respect of architects' fees, surveyors' fees and legal fees necessary to rebuild, replace or repair Your Buildings.

- Excluding any amount in excess of 10 percent (10%) of the total sum insured on the Buildings.
- Excluding any fees incurred in preparing any claim under this Policy.

ARG – HOME (EXT) 007 - Removal of Debris and Demolition Costs

Expenses necessarily incurred by You with Our consent in removing debris, dismantling and/or demolishing, shoring or propping up of the portion or portions of the insured property destroyed or damaged by any peril insured under this Policy.

- Excluding any amount in excess of 10 percent (10%) of the total sum insured on the Buildings.

ARG – HOME (EXT) 008 – Cover During Sale

If You contract to sell the buildings, the purchaser who completes the sale shall have the benefit of the insurance provided by this cover up to the date of completion provided the buildings are not otherwise insured.

- Excluding any loss or damage if Your home is unoccupied.

ARG – HOME (EXT) 009 - Trace and Access

We will pay the reasonable and necessary cost of finding the source of water leakage including subsequent repairs to walls, floors or ceilings.

- Excluding any loss or damage caused by wear and tear.
- Excluding any amount in excess of €500.

ARG – HOME (EXT) 010 - Emergency Entry to Your Home

We will pay for the Damage to Your Home caused when the fire, police or ambulance service has to force an entry to Your Home because of a medical emergency or to prevent damage to the Buildings.

ARG – HOME (EXT) 011 – Loss of Metered Water

We will pay for loss of metered water and heating oil following accidental damage to the fixed plumbing or water installation or fixed heating installations.

- Excluding any amount in excess of €500.

CLAIMS SETTLEMENT

Important Notice

This Section of the policy shall only apply if You have chosen to insure Your buildings and the word 'Buildings' appears on Your last Schedule.

You are covered by the insurance provided under this Section during the Period of Insurance. However this depends on the limits and any Special Exclusions (appearing under this Section), General Exclusions and General Conditions appearing under this Policy.

Claims Settlement: The Buildings

1. If the parts of the buildings damaged by any of the causes insured are repaired or replaced, We will pay You the cost of any necessary work done without any reduction for wear, tear or betterment if at the time of the loss:
 - (a) The buildings are in good repair.
 - (b) The sum Insured is not less than the cost of reconstructing and finishings of the buildings.
2. If the parts of the buildings damaged by any of the causes insured are not repaired or replaced or the buildings are not in good repair, or the sum insured is less than the cost of rebuilding the buildings, We will pay You at Our option:
 - a) The cost of reinstating the damage less an allowance for any wear, tear or betterment or;
 - b) The difference between the value of the buildings prior to the destruction or damage and the value of the buildings following the destruction or damage.
3. The maximum amount payable in respect of any one incident is the sum insured.
4. The sum insured on buildings will not be reduced following payment of a claim.

COVER SECTION 2: THE CONTENTS

The contents are insured against loss or damage by the following causes while they are in Your home or its domestic outbuildings and garages:

The maximum We will pay in relation to valuable items is 30 percent (30%) of the total contents sum insured unless the schedule shows an increased amount.

1. Fire, Explosion, Lightning or Earthquake.
2. Smoke
 - Excluding loss or damage caused by agricultural or industrial operations or any gradual process.
3. Escape of water or oil from any fixed water or cooling installation or domestic appliance including washing machine, dishwasher and aquariums.
 - Excluding damage to the component or appliance from which the water or oil escapes.
 - Excluding loss or damage occurring after Your home has been unoccupied for 30 consecutive days.
4. Impact with a building involving an aircraft, aerial device or anything falling from them, or by a vehicle, train or animal.
 - Excluding damage caused by insects, birds or domestic pets.
5. Falling trees or branches.
6. Falling receiving aerials and their fittings or masts.
7. Riot, Civil Commotion, Strike, Labour or Political Disturbance.

8. Malicious persons or vandals.
 - Excluding loss or damage occurring after Your home has been unoccupied for 30 consecutive days.
9. Storm or flood.
 - Excluding damage caused by humidity, condensation and dampness as a result of ingress of water
10. Theft.
 - Excluding loss or damage occurring after Your home has been unoccupied for 30 consecutive days.

WHAT WE DO NOT COVER

- Loss by deception, unless it is only entry that is gained by deception.
- Loss or damage caused by You or Your household.
- Loss while Your home or any part of it is lent, let or sub-let unless force is used to gain entry into or exit from Your home or its outbuildings or garages.
- Loss of money from Your home unless force is used to gain entry into or exit from Your home.
- Loss of money from outbuildings or garages.
- Loss or damage occurring after Your home has been unoccupied for 30 consecutive days.

Maximum limits payable under this Section:

Contents - We will pay You up to the amount of:

- Valuables (single article): 5 percent (5%) of the Contents Sum Insured subject to a maximum limit of €2,500.
- Total Valuables: one-third (1/3) of the amount insured on Contents.

Unless these specific limits are increased and shown on the Policy Schedule or by Endorsement.

COVER SECTION 2: THE CONTENTS EXTRA DAMAGE

WHAT WE COVER

1. Accidental damage to household goods, appliances and fixtures and fittings other than landlords whilst in Your home

WHAT WE DO NOT COVER

- Damage to clothing and personal effects and money.
 - Damage whilst any part of the property is lent, let or sub-let.
 - Damage caused by wear and tear, settlement or shrinkage.
 - Damage caused by wet or dry rot, frost, atmospheric or climatic conditions, vermin, insects, domestic pets, fungus or a gradually operating cause.
 - Damage caused by faulty workmanship, defective design or the use of defective materials.
 - Damage caused by repairing, restoring, renovating, cleaning or dyeing.
 - Deterioration of food.
 - Damage solely caused by mechanical or electrical fault or breakdown.
 - Any loss, destruction or damage specifically excluded elsewhere in this policy.
2. Loss of Money used or held solely for private social or domestic purposes
 - Excluding securities, certificates other than savings certificates, and documents.
 - Excluding depreciation in value of Money.
 - Excluding loss of Money caused by errors or omission in payments, receipts, or book-keeping.
 - Excluding loss of Money not reported to the Police.

- Excluding loss of Money used or held for business or professional purposes.
- Excluding any amount in excess of €1,000.

3. Deep Freezer Contents

Loss of or damage to food in a domestic deep freezer caused by:

- A rise or fall in temperature.
- Contamination from refrigerant or refrigerant fumes.

We will also pay for loss or damage to food which has been removed from the deep freezer following an incident insured by this cover.

Provided always that:

- We will not be liable for more than €250 any one claim and in the aggregate during the policy period.
- Loss or damage due to the deliberate act of the power supply authority or the withholding or restricting of power by the authority is excluded.
- Loss or damage resulting from willful neglect by You or Your household is excluded.
- Loss or damage to food in Your deep freezer if the compressor unit is more than 10 years old is excluded.

4. Mirrors and Glass

Breakage of mirrors, glass or ceramic tops to furniture and fixed glass in furniture.

- Excluding damage to light fittings.
- Excluding damage occurring after Your home has been unoccupied for 30 consecutive days.

5. TVs, Videos, Computers (Valuables)

Accidental Damage to televisions video players and recorders, home computers and audio equipment in Your home and their receiving aerials.

- Excluding mechanical or electrical breakdown.
- Excluding damage caused by cleaning, assembling, repairing or dismantling of the apparatus.

- Excluding damage to items designed to be portable or to records, recording tapes or discs.
 - Excluding the value of the data contained within the computer or any disk and the cost of reinstating that data.
 - Excluding consequential loss of any kind.
 - Excluding damage occurring after Your home has been unoccupied for 30 consecutive days.
6. Rent and Alternative Accommodation
- If Your home is made uninhabitable by any of the causes insured, We will pay the rent which You still have to pay for parts of Your home which are unfit to live in reasonable additional costs of comparable alternative accommodation until Your home is fit to live in again. The maximum We will pay is 15 percent (15%) of the contents sum insured as stated on the policy schedule.
7. Door Locks
- Replacement and installation of locks including keys to any external doors, alarm systems or domestic safes fitted in the home are accidentally lost or stolen We will pay up to €500 and one incident.
8. Contents temporarily removed to the garden
- Loss of or damage to the contents by any cause insured by Cover 2 occurring in the open within the boundaries of the land belonging to the home – up to €500.
- Excluding loss or damage caused by storm or flood.
 - Excluding loss or damage to pedal cycles.
 - Excluding loss or damage that happens after the home has been left unoccupied or unfurnished for more than 30 days.

9. Temporary Removal

Loss of or damage to the contents by any cause insured by Cover 2 while temporarily removed from Your home into:

- A bank safe deposit, occupied private dwelling or anywhere in the Maltese Islands.
- Excluding loss or damage in a furniture depository.
- Excluding loss or damage caused by malicious persons or vandals.
- Excluding loss or damage caused by storm or flood to property not in a building.
- Excluding loss or damage by theft unless force is used to gain entry into or exit from a building.

10. Fatal Injury Benefit

We will pay compensation of up to €5,000 each person (maximum 2 persons) if You or Your spouse die as a result of injury caused in the home by fire, explosion, lightning or assault by thieves in Your home.

11. Furniture in Transit

Accidental loss of or damage to the contents during their transit by land by professional removal contractors from Your existing home directly to Your new home subject to both homes being in the Maltese Islands.

WHAT WE DO NOT COVER

- The first €250 of each claim in addition to the applicable excess.
- Loss of money.
- Damage caused solely by wear, tear or depreciation, vermin, insect, domestic pets, mildew or fungus.
- Loss or damage to property in storage.
- Loss of or damage to visitors' personal possessions.
- Loss of or damage to china, glass, earthenware and other items of a brittle nature, unless they have been packed by professional packers.

12. Fire and Police Department Charges

Expenses charged by the Police and Fire Department as a result of a loss covered by this Section up to a maximum limit of €1,000.

13. Loss of Metered Water and Fuel

Accidental loss of domestic heating fuel or metered water for which You are charged by the Water Authority up to a maximum limit of €500.

- Excluding any losses when the home is unoccupied for more than 30 consecutive days.

14. Wedding Gifts

Loss or damage to wedding gifts excluding money by any cause insured by Cover 2 for 1 month before and after the wedding date but only while they are in Your home.

- Excluding any amount in excess of €5,000

Average Clause

If, at the time of any loss or damage, the value of the Contents shall be greater than the sum insured thereon, then You shall be considered as being Your own insurer for the difference, and shall bear a proportional share of the loss.

The Contents' sum insured should include the cost of replacing all the Contents as new, (less an allowance for wear and tear in respect of household linen and clothing).

CLAIMS SETTLEMENT

This Section of the policy shall only apply if You have chosen to insure Your Contents and the word 'Contents' appears on Your last Schedule.

You are covered by the insurance provided under this Section during the Period of Insurance. However this depends on the limits and any Special Exclusions (appearing under this Section), General Exclusions and General Conditions appearing under this Policy.

If Your contents are lost or damaged by any cause insured under this Section We can choose to:

- Pay the cost of replacement as new (or)
- Pay the cost of repairs (or)
- Arrange for repairs (or)
- Pay You the equivalent replacement (or)
- Pay You cash based on the cost of repairs (or)
- In respect of goods which are no longer manufactured or obsolete We will pay You cash the market price at the time of the loss.

- Replace as new except for:
 - Household linen and clothing where a deduction of wear and tear will be made.
By household linen We mean towels, bed and table linen.
 - Items that can be economically repaired (including household linen and clothing) where the cost of repair will be paid.
 - Any Betterment in the replaced item.

COVER SECTION 3: VALUABLES 'ALL RISKS'

WHAT WE COVER

This Section of the policy only applies if You have chosen to insure individual specific Valuables – as listed on the Schedule - belonging to You or members of Your household against accidental loss or damage while they are:

- in Your home or its domestic outbuildings and garages within the boundaries of Your home.
- temporarily moved to anywhere in the Maltese Islands.
- temporarily moved to anywhere in the world for up to 15 consecutive days.

WHAT WE DO NOT COVER

- Loss of or damage to baggage shipped as freight.
- Loss of or damage to valuables in baggage while in transit by air and outside the Insured's control.
- Loss of or damage caused by denting, chipping or scratching, bruising or denting, wear and tear, loss of value, rot, fungus, insects, vermin, atmospheric or climatic conditions, the effect of light or other gradual causes.
- Loss of or damage caused by dyeing, cleaning, restoring, repairing or dismantling items, or electrical and mechanical breakdown.
- Damage to sports equipment while it is being used.
- Loss of or damage to musical instruments that have lost their tone, have broken strings, broken reed or broken drumsticks.

- Theft from any unattended vehicle unless the property was hidden from view:
 - In a fully enclosed boot (or)
 - Under a factory-fitted cover/parcel shelf or in a glove compartment and all the windows, sun roof, doors and boot were securely closed.
- Loss or damage deliberately caused by You, Your household, Your domestic employees and paying guests or tenants.
- Damage caused by pets or domestic animals.
- Confiscation or detention by customs or other officials.
- Consequential loss of any kind.
- Business or professional use.
- Losses not reported to the police.
- Any loss of value.

CLAIMS SETTLEMENT

We will pay the cost of replacement as new or, at Our option, We will replace as new except for items that can be economically repaired where the cost of repair will be paid. Any Betterment is to be deducted from the total amount of claim.

The maximum amount payable is the sum insured (subject to any limits or Excesses) as stated in the Schedule.

SPECIAL CONDITIONS

ARG – HC (SC) 001 - Settings & Mountings

It is a condition of the Policy that all settings, mountings, clips and fastenings are inspected and overhauled by a competent jeweler prior to each renewal date and the certificate is to be produced in the event of a claim relating to the insured item to which this condition shall apply.

EXTENSIONS:

The following Extensions apply to and form part of this Section

ARG - HC (EXT) 001 – Unspecified Personal Effects and Valuables

The insurance under this Section is extended to include Unspecified Personal Effects and Valuables belonging to You not individually exceeding the amount stated under the Schedule.

EXCLUDING

- Motor vehicles, pedal cycles, caravans, trailers, boats, canoes, surfboards, sailboards, aircraft, gliders and any accessories which are designed to be used with any of these.
- Pets, livestock, household goods, domestic appliances, china, glass, earthenware and other items of brittle nature, contact lenses, camping equipment, musical instruments.

SECTION 4: PERSONAL MONEY & CREDIT CARDS

WHAT WE COVER

This Section of the policy only applies if You have chosen to insure:

- Loss of Money belonging to You and
- All sums which You must pay under the terms of any Credit, Debit, Charge, Cheque or Cash Card

EXCLUDING

- Liability resulting from a lost card which You did not report to the police and to the organisation which gave You the card within 24 hours of discovering You had lost it.
- Liability which happens if You break the terms and conditions of the organisation which gave You the card.
- Liability if anyone related to You uses Your card fraudulently.
- Loss due to confiscation or depreciation in value or to errors or omissions in receipts, payments or accountancy.
- Loss due to unexplained shortage.
- Liability more specifically insured under any other policy.

SECTION 5 A:

Liability as Owner or Occupier of Your Home and Your Personal Capacity

WHAT WE COVER

As You are the occupier of Your buildings We will insure You, for all sums which You become legally liable to pay for accidents happening in and around Your buildings.

These accidents must result in:

1. bodily injury to or illness of any person (but not any member of Your household or Your employees); (or)
2. loss or damage to property.

EXCLUDING

- Loss of or damage to property which belongs to or is in the care of:
 - Your household;
 - any other person living permanently with You; (or)
 - any person employed by members of Your household.
- Liability which happens because You own or occupy any land or building which is not one of the following:
 - Your buildings;
 - any previous buildings which You occupied immediately before it was disposed of or sold and for which You may be liable.

- Liability which happens because You own, possess or use the following:
 - Animals
 - Firearms
 - Motor vehicles
 - Mechanically propelled aircraft or watercraft.
- Liability, if You or any member of Your household passes on any disease or virus.
- Liability as a result of any agreement or contract unless You were liable before You made the agreement or contract.
- Liability in connection with Your trade, business or profession.
- Liability covered by any other Policy.
- Liability in respect of damage to property belonging You or held in trust by You or in Your custody and control.
- Liability for any wilful or malicious acts.
- Injury, death, disease or illness to any of Your household (other than Your Domestic Staff).
- Injury, disease, loss or damage caused by goods sold, supplied, repaired, serviced, maintained or manufactured by You or by remedial, professional or other treatment.
- The amount exceeding the Limit of Indemnity of €1,250,000 in respect of any one incident.

We will also pay for any extra costs and expenses made against Your household or incurred by Your household with Our written permission.

SECTION 5 B:

Liability as Owner or Occupier of Your Home and Your Personal Capacity

WHAT WE COVER

As Employer of Domestic Staff.

Any amount that You become legally liable to pay as compensation (including claimant's costs and expenses) in respect of:

- Accidental death, bodily injury or illness of any Domestic Staff arising out of and in the course of such employment.

In case of the Insured's death, Your legal personal representatives will have the benefit of this section for liability incurred by You for an event covered by this section, provided that the legal personal representatives observe the terms of the Policy as far as they can apply.

We will also pay defence costs and expenses incurred with Our written consent.

This section also provides insurance against liability within the terms of any collective agreement or of any legal notice issued according to legislation for payment of wages during a continuous period of incapacity in respect of injuries to employees occurring during the actual discharge of the employee's duty.

EXCLUDING

The full amount of any injury benefit entitlement under such legislation which shall be deducted from any such payment.

- The first six days of injury.
- Any period after twelve months from the date of injury.
- Any injury due to contributory negligence on the part of the employee or contravention by the employee of any safety rules laid down by the employer.
- Any liabilities arising from:
 - The transmission of any communicable disease or virus.
 - Any agreement or contract unless liability would have existed otherwise.
 - Injuries out of the profession or business of the Insured.
- Any amount exceeding €2,500,000 in any one claim.
- Any amount in excess of €5,000,000 in respect of all compensation, costs and expenses for all claims arising during the Period of Insurance.

SECTION 6: GENERAL CONDITIONS

These are the conditions, together with any special terms, that apply to the entire policy.

1. Policy Terms and Conditions

- You and members of Your household covered under this policy must comply with its terms and conditions.
- You cannot transfer Your interest in this policy to anyone else unless You get Our written permission.

2. Notification of a claim

When You become aware of a possible claim under this policy, You must notify us in writing as soon as possible but not later than 15 days after any loss, damage or accident. If there has been theft, attempted theft, vandalism or any malicious act You must also tell the police immediately. You must at Your own expense provide us with all details and evidence We request, including written estimates and proof of ownership or value. Any writ, summons or other legal document served on You or any member of Your household in connection with a possible claim must be sent to Us immediately. You must not answer any correspondence without Our consent. You must also take every reasonable effort to recover any home contents that have been lost.

3. Precautions

You must take all reasonable steps to prevent loss damage or accident and maintain the insured property in a sound condition and good repair.

4. Other Insurance

If any loss, damage or legal liability covered under this policy is also covered by any other insurance We will not pay more than Our rateable proportion of any claim.

5. Cancellations

You may cancel the policy at any time by giving Us written notice and You will get a refund on short-period basis off the premium for any unexpired period of cover as long as no claim has been lodged during the current Period of Insurance.

We may cancel this policy by giving You at least 7 days' notice at Your last known address. If no claim is made or will arise, We will give You a refund on Your premium for any remaining period of cover subject to a small administration fee. If claim is made or will arise, We will not give You a refund on Your premium.

We can also cancel the policy immediately if You do not pay the premium or do not make a payment under any instalment agreement. You will not get a refund for any instalment You have already paid.

We reserve the right to amend premiums and policy terms, conditions, exclusions and endorsements.

6. Conduct of the Claim

You must give whatever information or assistance We request and must not admit, deny or negotiate any claim without Our written consent. No property may be abandoned to Us.

7. Subrogation

Before or after We pay Your claim under this policy You must, if We ask You, take, or allow Us to take in Your name, all the steps needed to enforce Your rights against any other person. We will pay any costs and expense involved.

8. Arbitration

All differences arising out of the Policy shall be referred to the decision of an arbitrator appointed under current statutory provisions within one month after a written request by You or Us. An award must be made by the arbitrator before any court proceedings can be started against Us. If We refuse liability for a claim and this claim is not referred to arbitration within the period as defined by Legislation, the claim shall be deemed to have been withdrawn and cannot subsequently be revived.

9. Rights and Responsibilities

- (i) We may enter any building where a loss or damage has occurred and deal with any salvage in a reasonable manner. No salvage may be abandoned to Us.
- (ii) We may take over and conduct in the name of the Insured with complete and exclusive control, the defence or settlement of any claim.
- (iii) We may also start legal action in the name of the Insured to recover from others, compensation in respect of anything covered by this Policy.

10. Your Duty of Care

You and Your household must take all reasonable steps to prevent loss, damage or accidents and maintain the insured property in a good state of repair. You must also tell Us as soon as possible about any change in the information You gave Us if it will affect this Policy. If You do not, Your Policy may not be valid or You may not be properly covered.

11. Dishonest Claims

We will not pay any claim under this Policy if in any respect this is fraudulent or if any false declaration be made or used in support thereof. We will also not pay any claim if this is dishonest or exaggerated in any way. We reserve the right to cancel cover immediately and We can tell the police of any such dishonest claim.

12. Contract Clause

This Contract of Insurance shall for all effects and purposes be deemed to be a Maltese Contract and shall be governed by and according to Maltese Law and subject to the exclusive jurisdiction of the Maltese Courts.

13. Maltese Jurisdiction Clause

Without prejudice to any arbitration proceedings in Malta under current statutory provisions, this Policy shall be subject to the exclusive jurisdiction of the Maltese Courts. We will pay only in respect of judgements, orders or awards that are delivered by or obtained from a court within Malta, or in Arbitration in Malta under current statutory provisions. We will not pay in respect of any judgement, order or award obtained in Malta for the enforcement of a judgement or arbitration award obtained elsewhere or to costs and expenses of litigation recovered by any claimant from You or any other persons entitled to indemnity under this policy which costs and expenses of litigation are not incurred in Malta.

14. Sanction Limitation and Exclusion Clause

The Company shall not be deemed to provide cover and shall not be liable to pay any claim or pay any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose the Company to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union.

SECTION 7: GENERAL EXCLUSIONS

WHAT WE DO NOT COVER

1. RADIOACTIVE CONTAMINATION AND WAR RISKS

Any loss or damage to property, legal liability, expense, consequential loss or bodily injury directly or indirectly caused by or arising from or contributed to by:

- (i) ionising radiation or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel
- (ii) the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component of it
- (iii) any liability, loss, cost or expense of whatsoever nature directly or indirectly caused by, resulting from, arising out of or in connection with nuclear reaction, nuclear radiation or radioactive contamination regardless of any other cause contributing concurrently or in any other sequence to the loss
- (iv) war, invasion, act of foreign enemy, hostilities (whether war is declared or not), civil war, rebellion, revolution, insurrection or military or usurped power
- (v) acts of terrorism committed by a person or persons acting on behalf of in connection with any organisation.

For the purpose of this condition, “terrorism” means the use of violence for political ends and include and use of violence for the purpose of putting the public or any section of the public in fear.

2. SONIC BANGS

Loss or damage caused by pressure waves from aircraft or other aerial devices travelling at sonic or supersonic speed.

3. EXISTING DAMAGE

Any loss or damage occurring before cover commences.

4. LOSS OF VALUE

Loss in value of property.

5. WEAR AND TEAR

Wear and Tear by any gradually operating cause.

6. SUBSIDENCE, LANDSLIP OR HEAVE

We will not pay any damages or losses resulting from subsidence, landslip or heave. This also excludes:

- (i) any damages arising from normal settlement or bedding down of new structures;
- (ii) any damages caused by the buildings being constructed, demolished, altered or repaired or any ground works or excavation works at Your premises.

7. CONSEQUENTIAL LOSS

Consequential Loss of any kind or description by You or Your household.

8. MATCHING OF ITEMS

The costs of replacing any undamaged item or parts of items forming part of a set, suite or other article of a uniform nature, colour or design when damage occurs within a clearly identifiable area or to a specific part and replacements which cannot be matched.

9. HIV

No section of this policy shall apply in respect of, and this policy does not cover, any claim arising directly or indirectly from any injury, illness, death, loss, expense or other liability attributable to HIV (Human Immune-Deficiency Virus) and/or any HIV related illness, including AIDS (Acquired Immune Deficiency Syndrome) and/or any mutant derivative or variations thereof, however caused.

10. POLITICAL RISKS

This policy excludes loss destruction or damage directly or indirectly occasioned by or through or in consequence of:

- (i) War, invasion, act of foreign enemies, hostilities or war-like operations (whether war be declared or not), civil war.
- (ii) Mutiny, civil commotion assuming the proportions of or amounting to a popular rising, military rising, insurrection, rebellion, revolution, military or usurped power or any act of any person acting on behalf or in connection with any organisation with activity directed towards the overthrow by force of its government de jure or de facto or to the influencing of it by terrorism or violence, martial law and confiscation or nationalisation or requisition or destruction of or damage to property by or under the order of any government or public or local authority.

11. TERRORISM (unless specifically noted on the Schedule)

- (i) This insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any act of terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss.
- (ii) For the purpose of this exclusion an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

- (iii) This exclusion also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any act of terrorism.
- (iv) If the insurers allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the insured.
- (v) In the event any portion of this exclusion is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

12. ELECTRONIC RISK

This policy does not cover:

- (i) Any damage to data, which shall include but shall not be limited to:
 - Loss destruction or corruption of data whether in whole or in part.
 - Unauthorised appropriation use access to or modification of data.
 - Unauthorised transmission of data to any third parties.
 - Damage arising out of any misinterpretation use or misuse of data.
 - Damage arising out of any operator error in respect of data.
- (ii) Any damage to the property Insured arising directly or indirectly from
 - The transmission or impact of any virus.
 - Unauthorised access to a system.
 - Interruption of or interference with electronic means of communication used in the conduct of the insured's business including but not limited to any diminution in the performance of any website or electronic means of communication.

- Breakdown or failure of a System in each case other than damage to the property
 - Insured caused by any of the covers insured provided that such damage does not arise by
 - reason of any malicious act or omission or
 - Any of the contingencies described in
 - paragraph (a) above.
- (iii) The following definitions apply to this exclusion:
- Damage means for the purposes of this exclusion loss or destruction or damage to the property insured and any loss or destruction of or damage to data.
 - Data means information represented or stored electronically including but not limited to code or series of instructions operating systems software programs and firmware.
 - Breakdown or failure of a system means the complete or partial failure or inability; Whether in terms of availability functionality and/or performance or otherwise of a System whether or not owned by the Insured to operate at any time as desired as specified or as required in the circumstances of the Insured's business activities.
 - System includes computers other computing and electronic equipment linked to computer hardware electronic data processing equipment microchips and anything which relies on a microchip for any part of its operation and includes for the avoidance of doubt any computer installation.
 - Microchip: a unit of packaged computer circuitry manufactured in small scale and made for programme logic and/or computer memory purposes and expressly including integrated circuits and micro controllers.

- Virus: programming code designed to achieve an unexpected unauthorised and/or undesirable effect or operation when loaded onto a system transmitted between systems by transfer between computer systems via networks extra-nets and internet or electronic mail or attachments thereto or via floppy diskettes or CD-ROMs or otherwise and whether involving self-replication or not.

This also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any act of terrorism.

If the insurers allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the insured.

In the event any portion of this exclusion is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

13. EXCESS

This policy excludes the first €50 of each and every claim unless stated otherwise under this policy or by endorsement.

SECTION 8: COMPLAINTS PROCEDURE

OUR COMMITMENT TO CUSTOMER SERVICE

At Argus Insurance Company (Europe) Limited, We are committed to going the extra mile for Our customers and wherever possible, exceeding their expectations.

If You believe that We have not delivered the service You expected or You are concerned about any aspect of the service We have provided, then please let Us know by emailing us at insurance@argus.com.mt

We aim to resolve Your concerns within 24 hours. Experience tells Us that most difficulties can be sorted within this time. If You continue to be unhappy with Our response, You can progress Your complaint with The Complaints Officer who will conduct a separate investigation and full review.

We will issue a letter acknowledging Your complaint and We will continue to keep You well informed of the further actions We will be taking to reach a suitable conclusion. You will receive a final response letter from us to conclude the complaint.

We promise to

- Fully investigate Your complaint.
- Keep You informed of progress.
- Do everything possible to resolve Your complaint.
- Learn from Our mistakes.
- Use the information from Your complaint to proactively improve Our service in the future.

How to contact Us

Our Customer Service Centre can be contacted on 2342-2100.

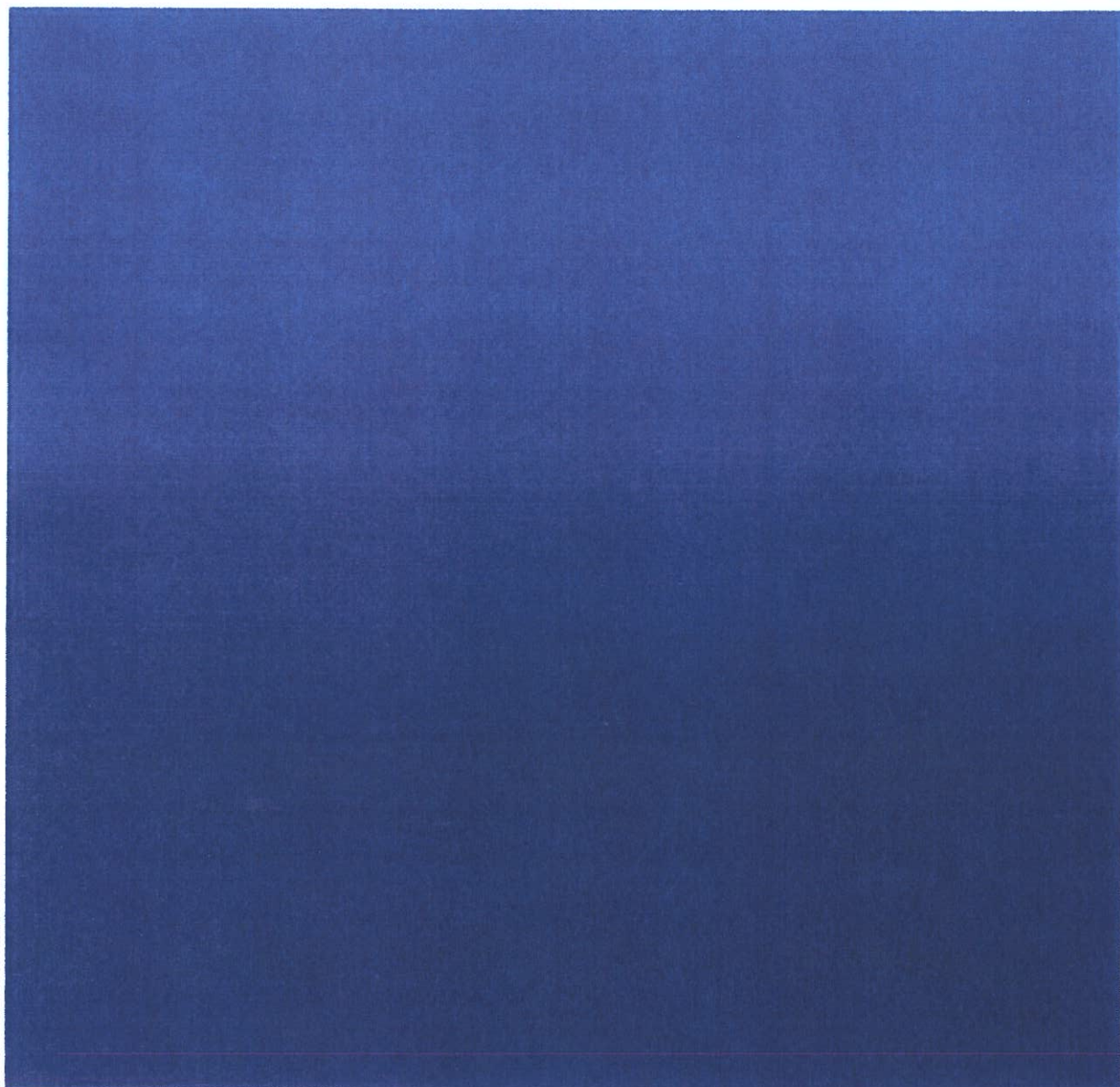
If You are still not happy

In the event that Your complaint remains unresolved, You may also write to The Consumer Complaints Manager at the Malta Financial Services Authority. This will not prejudice any rights You may have at law including any right to institute legal proceedings.

Thank You for Your feedback

We value Your feedback and at the heart of Our brands We remain dedicated to meeting Our customers as individuals and giving them the best possible service at all times. If We have fallen short of this promise, We apologise and aim to do everything possible to put things right.

Thank You for choosing Argus Insurance Company (Europe) Limited.



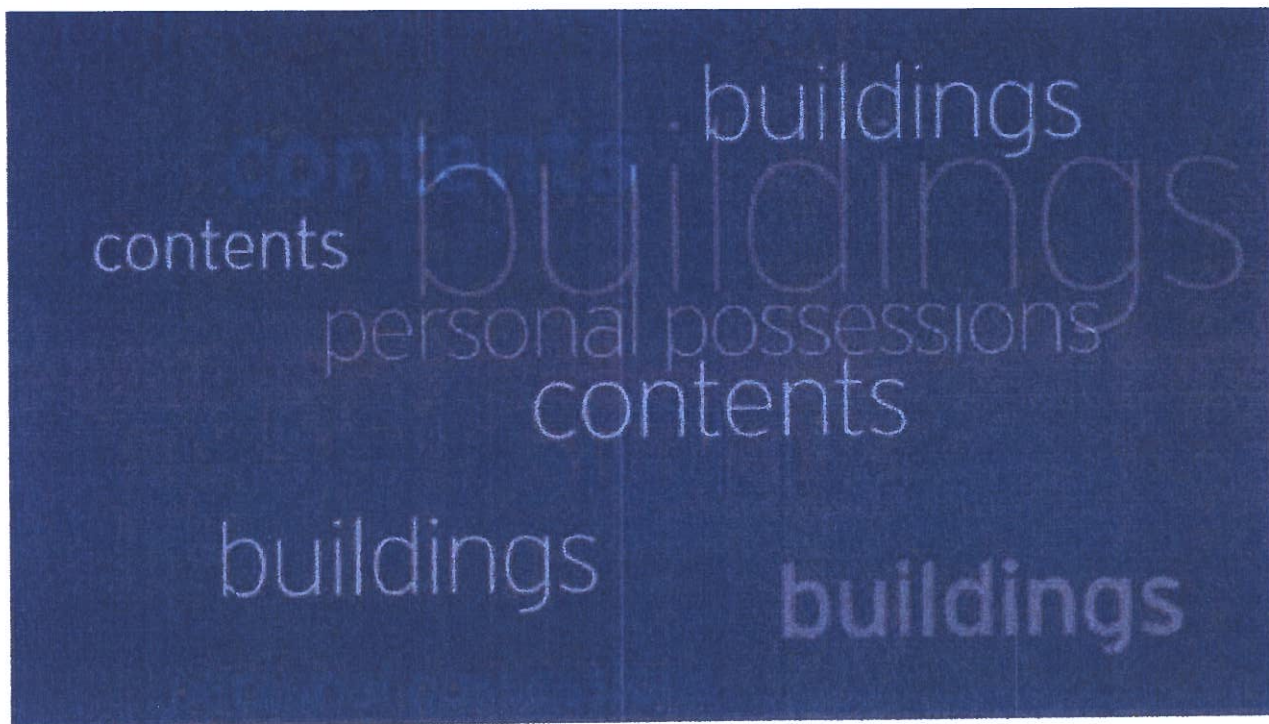
ARGUS

Our Interest is You.

Argus Insurance Agencies Limited
La Concorde, Triq Abate Rigord, Ta' xbiex, XBX 1121, Malta
Telephone: (+356) 2342-2000 | Fax: (+356) 2342-2190
insurance@argus.com.mt | www.argus.com.mt

Argus Insurance Agencies Limited is entitled to act as an authorised agent of Argus Insurance Company (Europe) Limited and is regulated by the Malta Financial Services Authority. Registration number: C597.

**ANNEX 15- INSURANCE POLICY FOR APARTMENT 2, LES LAPINS, TRIQ IL-MARKIZI
ZIMMERMANN BARBARO, SLIEMA**



Home
Insurance

Home Protector Extra

Insurance Policy

ARGUS
Our Interest is You.

HOME PROTECTOR INSURANCE SCHEDULE

THE INSURER: ARGUS INSURANCE COMPANY (EUROPE) LIMITED.

POLICY NUMBER 44678FHC084571

INSURED: JEAN PAUL TESTA

ADDRESS: OBO TESTA CATERING CONCEPT LTD
RU 19 THE POINT, TIGNE POINT
SLIEMA

OCCUPATION: DIRECTOR

PERIOD OF INSURANCE: (a) From 03/12/2018 To 02/12/2019 (both days included)
(b) Any subsequent period for which the Insured shall pay and the Insurers shall agree to accept a Renewal Premium

RENEWAL DATE: 03/12/2019

PREMIUM: € 50.00 STAMP DUTY: € 13.00 POLICY FEE: € 5.00

TOTAL PREMIUM: € 68.00

THE PROPERTY INSURED

Section 1 - Buildings

Sum Insured

STANDARD

LES LAPIN, APT 2, TRIQ ZIMMERMAN BARBARO, SLIEMA

€ 40,000

Total Sum Insured On Buildings: € 40,000

Section 2 - Contents

Not Insured

Section 3 - Personal Possessions

Not Insured

This schedule is not valid if your cheque payment is dishonored.
The Insurance Product Information Document for this policy can be found on www.argus.com.mt

ARGUS

TYRONE MONTOVIO,
CHIEF EXECUTIVE,
ARGUS INSURANCE COMPANY (EUROPE) LIMITED.

DATE OF ISSUE 03/12/2018

Vanika Debono

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THE NEW HOME PROTECTOR EXTRA INSURANCE POLICY

Argus Insurance Company (Europe) Limited has its origins on the Rock of Gibraltar, dating back to 1841, and is fully licensed to act as an Insurance Company by the Financial Services Commission Number FSC00027B.

Argus Insurance Company (Europe) Limited is a registered company in Gibraltar bearing Company number 1862 and holds its registered office at Regal House, Queensway, Gibraltar.

Argus Insurance Company (Europe) Limited may be contacted at:

P.O. Box 45, Regal House, 3 Queensway, Gibraltar.

Telephone Number: +350 79520.

Fax Number: +350 70942.

Argus Insurance Agencies Limited bearing Company number C597 is enrolled to act as insurance agent of Argus Insurance Company (Europe) Limited and is regulated by the Malta Financial Services Authority.

Argus Insurance Agencies Limited is authorised to carry on business of insurance regulated by the Malta Financial Services Authority.

We will provide insurance in terms of this Policy and its Schedule for any Damage, Injury or legal liability occurring within the territorial limits defined in the Policy during the insurance period, provided that You have paid the premium and abided by all the terms, conditions and endorsements of this Policy.

HOW TO USE YOUR POLICY

We welcome You as a Policyholder of Argus Insurance Company (Europe) Limited. Please read this Policy Booklet together with Your Schedule. These set out the cover You have chosen, plus any limits that apply. If You are not satisfied with the details or the policy does not cover Your needs, please return the Schedule to Your insurance adviser.

THE CONTRACT OF INSURANCE

This policy is a contract between You and Argus Insurance Company (Europe) Limited and is based on the information You gave Us when You applied for this insurance. In return for Your premium, We will provide the cover shown in the Schedule during the period of insurance.

LAW APPLICABLE TO CONTRACT

Unless You and We both agree otherwise, this contract shall be subject to Maltese Law and to the exclusive jurisdiction of the Maltese Courts.

USE OF LANGUAGE

Unless otherwise agreed, the contractual terms and conditions and other information relating to this contract will be in English.

CHANGES WE NEED TO KNOW ABOUT

Please tell Your insurance adviser immediately if there are any changes which may affect this insurance for example:

- The people to be insured;
- The sums insured are not adequate;
- Your home is to be left unoccupied for more than 30 days consecutive; and/or
- Criminal convictions or cautions of the people insured.

Any change in circumstances may result in revised terms and conditions of this policy from the date of the change. If You do not tell Us about any change, it may affect any claim You make.



Signed: Dr Vanessa Borg
Chief Executive
Argus Insurance Agencies Limited
For and on behalf of Argus Insurance Company (Europe) Limited

IMPORTANT: In the event of any occurrence likely to result in a claim under this insurance please contact Your local representative at the following address:

**Argus Insurance Agencies Limited
La Concorde
Triq Abate Rigord
Ta' Xbiex XBX 1121
Malta**

PLEASE NOTE THAT:

Some or all the information which You supply to Our Company in connection with any insurance will be held by the Company and may be passed to other insurance companies and insurance associations for underwriting and claims handling purposes.

DEFINITIONS

The words defined below will have the same meaning wherever they are shown in Your policy or any endorsement.

Company/We/Us/Our

Argus Insurance Company (Europe) Limited.

Proposal

The Proposal Form and any other information provided by You or on Your behalf.

Period of Insurance

The Period shown in the Schedule and any further period of time which We have accepted Your premium.

Home

The private house or self-contained flat at the address shown in the Schedule.

Policy Holder/Your/You

Those named in the Schedule as the Insured.

The Schedule

The Schedule is part of this Policy. Whenever there is a change in the terms of Your insurance contract, You will be given a fresh Schedule. The Schedule gives details of the Policyholder, the Period of Insurance, the property insured, the amounts insured, any endorsements, and the insured address.

Endorsement

A change or alteration to the terms of the Policy.

Betterment

The resulting improved condition following replacement of damaged items.

Buildings

- The home and domestic outbuildings, greenhouses including interior decorations.
- Underlying or interconnecting garages.
- Swimming pools excluding related equipment which is insurable under the Contents Section, tennis courts, patios, terraces, drives, footpath, walls, gates, hedges and fences, walls (including rubble walls).
- Aerials and masts, satellite dishes, solar water heaters, photovoltaic systems and water storage tanks.
- Parquet flooring, wall paper and murals.
- Burglar alarm and fire alarm systems and air-conditioning equipment.
- Stair and passenger lifts and Your share of common areas.
- Domestic fixed fuel tanks, including LPG tanks (subject to the installation having been certified by the competent authority).
- Including landlords fixtures and fittings.

All situated at the Home shown in the Schedule and owned by You or for which You are legally responsible.

Contents

- Furniture and all other household goods and other articles in the home or its domestic outbuilding or garages owned by any member of Your household.
- Clothing and other personal belongings (including money and valuables up to the limit shown in Your Schedule) which belong to You or for which You are legally responsible or which belong to domestic employees who live with You.
- Radios, television sets (including cable and satellite receivers), DVD players, game stations, computers, recording, audio and video equipment and home entertainment equipment.
- Mirrors, plate-glass tops on furniture, fixed glass in furniture, ceramic hobs or tops in.
- Free-standing cookers.

- Fitted kitchen furniture and built-in appliances which form part of the fitted units.
- Built-in wardrobes.
- Fixed swimming pool equipment including vacuum pump and other machinery.

This does not include the following:

- **Motor vehicles, caravans, trailers, boats, canoes, surfboards, sailboards, overcraft, aircraft, gliders and any accessory which is designed to be used with any of these.**
- **Trees, bushes or plants of any kind (but not houseplants which You usually keep in Your buildings).**
- **Interior decorations.**
- **Plans, drawings, securities (stocks & shares), certificates or documents of any kind except those defined as money.**
- **Property owned or used totally or partly for business purposes or connected with any employment unless specifically included under the Schedule.**
- **Burglar alarm and fire alarm systems and domestic air-conditioning equipment.**
- **Any living creature.**
- **Property more specifically insured by this or any other policy.**

Valuables

Articles made of precious metal including gold and silverware, jewellery, furs, pictures, works of art, collections of coins, medals or stamps, clocks, watches, video and photographic cameras, hifi equipment, computer equipment, portable and non-portable computer and other electronic equipment and musical equipment.

Personal Effects

Articles normally worn, used or carried about by the person in everyday life. This does not include tools or instruments used or held for business or professional purposes.

Motor Vehicles

Mechanically or electrically propelled vehicles (other than domestic garden equipment and motorized wheelchairs) caravan, aircraft or watercraft.

Bicycles

Any pedal cycle, bicycle or tricycle and its accessories owned by You or any member of Your Household. This does not include any motorized pedal cycle, bicycle or tricycle.

Domestic Staff

A person employed to carry out domestic duties associated with Your Home and not employed by You in any capacity in connection with any business, trade or profession.

Money

Cash, bank and currency notes, cheques, money orders, postage stamps (not part of a collection) travellers cheques, and gift tokens – used or held solely for private, social and domestic purposes.

This does not include securities, certificates, promotional vouchers, air miles vouchers, credit notes, lottery tickets of any kind, money used or held for any trade, professional or business purposes.

Excess

The first part of a claim which You must pay. If claims are made under two or more covers for loss or damage caused by the same insured cause at the same time, only one excess will be deducted from the total amount of the agreed claim.

Unoccupied

Not lived in by any member of Your household or by any other person with Your permission for more than 30 consecutive days.

Unfurnished

Does not contain enough furniture for normal living purposes.

Sum Insured

The Sum Insured as shown on the Schedule is the maximum amount payable (depending on any special condition shown on the policy document) for all claims which happen because of any one incident. The maximum amount is not reduced if We pay a claim.

The Sum Insured under Section 1 – The Building must be adequate to rebuilt Your buildings as new including the cost of professional fees, site clearance costs and costs which You must pay by law taking into consideration the basis of settlement described in the Building - Claims Settlement Section.

The Sum Insured under Section 2 – The Contents of Your policy must be enough to replace the insured items as NEW taking into consideration the basis of settlement described in the Contents - Claims Settlement Section.

Full Theft

Theft or attempted theft not involving forcible or violent entry or exit into the Home.

Accidental Damage

Accidental physical loss or damage other than by an excluded cause

- **Excluding damage whilst Your home or any part of it is lent, let or sub-let.**
- **Excluding damage caused by wear and tear, settlement or shrinkage.**
- **Excluding damage caused by wet or dry rot, frost, atmospheric or climatic conditions, vermin, insects, domestic pets, fungus or a gradually operating cause.**
- **Excluding damage caused by faulty workmanship, defective design or the use of defective materials or any manufacturing defects.**
- **Excluding the cost of maintenance and normal redecoration.**
- **Excluding any loss, destruction or damage specifically excluded elsewhere in this policy.**
- **Excluding any damage caused by a deliberate act by You or any member of Your household.**
- **Excluding electrical or mechanical breakdown misuse or use contrary to the manufacturer's instructions.**
- **Excluding loss or damage caused by excavations, vibrations, construction or structural works whether in the Home or vicinity.**

COVER SECTION 1: THE BUILDING

WHAT WE COVER

The buildings are insured against damage by the following causes:

1. Fire, Explosion, Lightning, Earthquake.
2. Smoke
 - Excluding damage caused by agricultural or industrial operations including pollution or any gradual process and smoke from fireplaces.
3. Escape of water or oil from any fixed water or cooling installation or domestic appliance including washing machine, dishwasher, and aquariums.
 - Excluding damage to the component or appliance from which the water or oil escapes.
 - Excluding damage occurring after Your home has been unoccupied for 30 consecutive days.
4. Impact involving an aircraft, aerial device or anything falling from them, or by a vehicle, train or animal.
 - Excluding damage caused by insects, birds or domestic pets.
5. Falling trees or branches
 - Excluding damage to gates, hedges, fences or tennis courts.
 - Excluding the cost for removal of the fallen tree or branch.

6. Falling receiving aerials satellite dishes and their fitting or masts.
 - Excluding damage caused during the process of erection, dismantling or maintenance of such items.
 - Excluding any amount exceeding €250 unless specified otherwise by endorsement.
7. Riot, Civil Commotion, Strike, Labour or Political Disturbance.
8. Malicious persons or vandals
 - Excluding loss or damage occurring after Your home has been unoccupied for 30 consecutive days.
 - Excluding loss or damage caused by You or Your Household or by tenants.
9. Storm or Flood
 - Excluding damage to gates, hedges, fences or tennis courts and earth retaining walls.
 - Excluding damage caused by frost.
 - Excluding damage caused by humidity, condensation and dampness as a result of ingress of water.
 - Excluding damage caused by subsidence, heave or landslip.
10. Theft or attempted theft
 - Excluding loss or damage caused by You or Your household.
 - Excluding loss or damage occurring after Your home has been unoccupied for 30 consecutive days.
11. Damage to Underground Services including accidental damage for which You are legally responsible for cables or underground services.
 - Excluding damage to pipes and cables, resulting during repair or maintenance work to pipes and cables.

EXTENSIONS

The following Extensions **apply** to and form part of this Section.

ARG - HOME (EXT) 001 - Pipes and Cables

Accidental damage to those underground services supplying the buildings.

- Excluding damage which You are not legally responsible to repair.
- Excluding any costs for clearing a blockage which has not directly resulted in the service pipe breaking.

ARG - HOME (EXT) 002 - Glass and Sanitary Ware

Accidental breakage of fixed glass in walls, doors and roofs including double glazed units, skylights, solar panels, ceramic hobs and washbasins, pedestals, baths, shower screens, sinks, lavatory pans and other sanitary ware in the buildings.

ARG - HOME (EXT) 003 - Water and Cooling Installations

Damage to any fixed domestic water appliance caused by freezing.

- Excluding damage resulting from rusting corrosion or general wear and tear.
- Excluding damage occurring after Your home has been unoccupied for 30 consecutive days.

ARG - HOME (EXT) 004 - Rent and Alternative Accommodation

If Your home is made uninhabitable by any of the causes insured We will pay for:

- a) The rent You should have received but have lost whilst Your home is unfit to live in.
 - b) Reasonable additional cost of comparable alternative accommodation until Your home is fit to live in again. The maximum amount payable shall not exceed 15 percent (15%) of the sum insured on buildings.
- Excluding costs which You incur without Our written permission.

ARG – HOME (EXT) 005 - Loss of Keys

If the keys are stolen or accidentally lost, We will pay for replacing locks, including keys to:

- a) Any external doors and windows of Your Home.
- b) Intruder alarms and safes installed in.
- Excluding any amount in excess of €500.

ARG – HOME (EXT) 006 - Architects and Surveyors Fees

If Your Buildings suffer a loss or damage covered by this policy We will pay reasonable costs in respect of architects' fees, surveyors' fees and legal fees necessary to rebuild, replace or repair Your Buildings.

- Excluding any amount in excess of 10 percent (10%) of the total sum insured on the Buildings.
- Excluding any fees incurred in preparing any claim under this Policy.

ARG – HOME (EXT) 007 - Removal of Debris and Demolition Costs

Expenses necessarily incurred by You with Our consent in removing debris, dismantling and/or demolishing, shoring or propping up of the portion or portions of the insured property destroyed or damaged by any peril insured under this Policy.

- Excluding any amount in excess of 10 percent (10%) of the total sum insured on the Buildings.

ARG – HOME (EXT) 008 – Cover During Sale

If You contract to sell the buildings, the purchaser who completes the sale shall have the benefit of the insurance provided by this cover up to the date of completion provided the buildings are not otherwise insured.

- Excluding any loss or damage if Your home is unoccupied.

ARG – HOME (EXT) 009 - Trace and Access

We will pay the reasonable and necessary cost of finding the source of water leakage including subsequent repairs to walls, floors or ceilings.

- Excluding any loss or damage caused by wear and tear.
- Excluding any amount in excess of €500.

ARG – HOME (EXT) 010 - Emergency Entry to Your Home

We will pay for the Damage to Your Home caused when the fire, police or ambulance service has to force an entry to Your Home because of a medical emergency or to prevent damage to the Buildings.

ARG – HOME (EXT) 011 – Loss of Metered Water

We will pay for loss of metered water and heating oil following accidental damage to the fixed plumbing or water installation or fixed heating installations.

- Excluding any amount in excess of €500.

CLAIMS SETTLEMENT

Important Notice

This Section of the policy shall only apply if You have chosen to insure Your buildings and the word 'Buildings' appears on Your last Schedule.

You are covered by the insurance provided under this Section during the Period of Insurance. However this depends on the limits and any Special Exclusions (appearing under this Section), General Exclusions and General Conditions appearing under this Policy.

Claims Settlement: The Buildings

1. If the parts of the buildings damaged by any of the causes insured are repaired or replaced, We will pay You the cost of any necessary work done without any reduction for wear, tear or betterment if at the time of the loss:
 - (a) The buildings are in good repair.
 - (b) The sum Insured is not less than the cost of reconstructing and finishings of the buildings.
2. If the parts of the buildings damaged by any of the causes insured are not repaired or replaced or the buildings are not in good repair, or the sum insured is less than the cost of rebuilding the buildings, We will pay You at Our option:
 - a) The cost of reinstating the damage less an allowance for any wear, tear or betterment or;
 - b) The difference between the value of the buildings prior to the destruction or damage and the value of the buildings following the destruction or damage.
3. The maximum amount payable in respect of any one incident is the sum insured.
4. The sum insured on buildings will not be reduced following payment of a claim.

COVER SECTION 2: THE CONTENTS

The contents are insured against loss or damage by the following causes while they are in Your home or its domestic outbuildings and garages:

The maximum We will pay in relation to valuable items is 30 percent (30%) of the total contents sum insured unless the schedule shows an increased amount.

1. Fire, Explosion, Lightning or Earthquake.
2. Smoke
 - Excluding loss or damage caused by agricultural or industrial operations or any gradual process.
3. Escape of water or oil from any fixed water or cooling installation or domestic appliance including washing machine, dishwasher and aquariums.
 - Excluding damage to the component or appliance from which the water or oil escapes.
 - Excluding loss or damage occurring after Your home has been unoccupied for 30 consecutive days.
4. Impact with a building involving an aircraft, aerial device or anything falling from them, or by a vehicle, train or animal.
 - Excluding damage caused by insects, birds or domestic pets.
5. Falling trees or branches.
6. Falling receiving aerials and their fittings or masts.
7. Riot, Civil Commotion, Strike, Labour or Political Disturbance.

8. Malicious persons or vandals.
 - Excluding loss or damage occurring after Your home has been unoccupied for 30 consecutive days.
9. Storm or flood.
 - Excluding damage caused by humidity, condensation and dampness as a result of ingress of water
10. Theft.
 - Excluding loss or damage occurring after Your home has been unoccupied for 30 consecutive days.

WHAT WE DO NOT COVER

- Loss by deception, unless it is only entry that is gained by deception.
- Loss or damage caused by You or Your household.
- Loss while Your home or any part of it is lent, let or sub-let unless force is used to gain entry into or exit from Your home or its outbuildings or garages.
- Loss of money from Your home unless force is used to gain entry into or exit from Your home.
- Loss of money from outbuildings or garages.
- Loss or damage occurring after Your home has been unoccupied for 30 consecutive days.

Maximum limits payable under this Section:

Contents - We will pay You up to the amount of:

- Valuables (single article): 5 percent (5%) of the Contents Sum Insured subject to a maximum limit of €2,500.
- Total Valuables: one-third (1/3) of the amount insured on Contents.

Unless these specific limits are increased and shown on the Policy Schedule or by Endorsement.

COVER SECTION 2: THE CONTENTS EXTRA DAMAGE

WHAT WE COVER

1. Accidental damage to household goods, appliances and fixtures and fittings other than landlords whilst in Your home

WHAT WE DO NOT COVER

- Damage to clothing and personal effects and money.
 - Damage whilst any part of the property is lent, let or sub-let.
 - Damage caused by wear and tear, settlement or shrinkage.
 - Damage caused by wet or dry rot, frost, atmospheric or climatic conditions, vermin, insects, domestic pets, fungus or a gradually operating cause.
 - Damage caused by faulty workmanship, defective design or the use of defective materials.
 - Damage caused by repairing, restoring, renovating, cleaning or dyeing.
 - Deterioration of food.
 - Damage solely caused by mechanical or electrical fault or breakdown.
 - Any loss, destruction or damage specifically excluded elsewhere in this policy.
2. Loss of Money used or held solely for private social or domestic purposes
 - Excluding securities, certificates other than savings certificates, and documents.
 - Excluding depreciation in value of Money.
 - Excluding loss of Money caused by errors or omission in payments, receipts, or book-keeping.
 - Excluding loss of Money not reported to the Police.

- Excluding loss of Money used or held for business or professional purposes.
- Excluding any amount in excess of €1,000.

3. Deep Freezer Contents

Loss of or damage to food in a domestic deep freezer caused by:

- A rise or fall in temperature.
- Contamination from refrigerant or refrigerant fumes.

We will also pay for loss or damage to food which has been removed from the deep freezer following an incident insured by this cover.

Provided always that:

- We will not be liable for more than €250 any one claim and in the aggregate during the policy period.
- Loss or damage due to the deliberate act of the power supply authority or the withholding or restricting of power by the authority is excluded.
- Loss or damage resulting from willful neglect by You or Your household is excluded.
- Loss or damage to food in Your deep freezer if the compressor unit is more than 10 years old is excluded.

4. Mirrors and Glass

Breakage of mirrors, glass or ceramic tops to furniture and fixed glass in furniture.

- Excluding damage to light fittings.
- Excluding damage occurring after Your home has been unoccupied for 30 consecutive days.

5. TVs, Videos, Computers (Valuables)

Accidental Damage to televisions video players and recorders, home computers and audio equipment in Your home and their receiving aerials.

- Excluding mechanical or electrical breakdown.
- Excluding damage caused by cleaning, assembling, repairing or dismantling of the apparatus.

- Excluding damage to items designed to be portable or to records, recording tapes or discs.
- Excluding the value of the data contained within the computer or any disk and the cost of reinstating that data.
- Excluding consequential loss of any kind.
- Excluding damage occurring after Your home has been unoccupied for 30 consecutive days.

6. Rent and Alternative Accommodation

If Your home is made uninhabitable by any of the causes insured, We will pay the rent which You still have to pay for parts of Your home which are unfit to live in reasonable additional costs of comparable alternative accommodation until Your home is fit to live in again. The maximum We will pay is 15 percent (15%) of the contents sum insured as stated on the policy schedule.

7. Door Locks

Replacement and installation of locks including keys to any external doors, alarm systems or domestic safes fitted in the home are accidentally lost or stolen We will pay up to €500 and one incident.

8. Contents temporarily removed to the garden

Loss of or damage to the contents by any cause insured by Cover 2 occurring in the open within the boundaries of the land belonging to the home – up to €500.

- Excluding loss or damage caused by storm or flood.
- Excluding loss or damage to pedal cycles.
- Excluding loss or damage that happens after the home has been left unoccupied or unfurnished for more than 30 days.

9. Temporary Removal

Loss of or damage to the contents by any cause insured by Cover 2 while temporarily removed from Your home into:

- A bank safe deposit, occupied private dwelling or anywhere in the Maltese Islands.
- Excluding loss or damage in a furniture depository.
- Excluding loss or damage caused by malicious persons or vandals.
- Excluding loss or damage caused by storm or flood to property not in a building.
- Excluding loss or damage by theft unless force is used to gain entry into or exit from a building.

10. Fatal Injury Benefit

We will pay compensation of up to €5,000 each person (maximum 2 persons) if You or Your spouse die as a result of injury caused in the home by fire, explosion, lightning or assault by thieves in Your home.

11. Furniture in Transit

Accidental loss of or damage to the contents during their transit by land by professional removal contractors from Your existing home directly to Your new home subject to both homes being in the Maltese Islands.

WHAT WE DO NOT COVER

- The first €250 of each claim in addition to the applicable excess.
- Loss of money.
- Damage caused solely by wear, tear or depreciation, vermin, insect, domestic pets, mildew or fungus.
- Loss or damage to property in storage.
- Loss of or damage to visitors' personal possessions.
- Loss of or damage to china, glass, earthenware and other items of a brittle nature, unless they have been packed by professional packers.

12. Fire and Police Department Charges

Expenses charged by the Police and Fire Department as a result of a loss covered by this Section up to a maximum limit of €1,000.

13. Loss of Metered Water and Fuel

Accidental loss of domestic heating fuel or metered water for which You are charged by the Water Authority up to a maximum limit of €500.

- Excluding any losses when the home is unoccupied for more than 30 consecutive days.

14. Wedding Gifts

Loss or damage to wedding gifts excluding money by any cause insured by Cover 2 for 1 month before and after the wedding date but only while they are in Your home.

- Excluding any amount in excess of €5,000.

Average Clause

If, at the time of any loss or damage, the value of the Contents shall be greater than the sum insured thereon, then You shall be considered as being Your own insurer for the difference, and shall bear a proportional share of the loss.

The Contents' sum insured should include the cost of replacing all the Contents as new, (less an allowance for wear and tear in respect of household linen and clothing).

CLAIMS SETTLEMENT

This Section of the policy shall only apply if You have chosen to insure Your Contents and the word 'Contents' appears on Your last Schedule.

You are covered by the insurance provided under this Section during the Period of Insurance. However this depends on the limits and any Special Exclusions (appearing under this Section), General Exclusions and General Conditions appearing under this Policy.

If Your contents are lost or damaged by any cause insured under this Section We can choose to:

- Pay the cost of replacement as new (or)
- Pay the cost of repairs (or)
- Arrange for repairs (or)
- Pay You the equivalent replacement (or)
- Pay You cash based on the cost of repairs (or)
- In respect of goods which are no longer manufactured or obsolete We will pay You cash the market price at the time of the loss.

- Replace as new except for:
 - Household linen and clothing where a deduction of wear and tear will be made.
By household linen We mean towels, bed and table linen.
 - Items that can be economically repaired (including household linen and clothing) where the cost of repair will be paid.
 - Any Betterment in the replaced item.

COVER SECTION 3: VALUABLES 'ALL RISKS'

WHAT WE COVER

This Section of the policy only applies if You have chosen to insure individual specific Valuables – as listed on the Schedule - belonging to You or members of Your household against accidental loss or damage while they are:

- in Your home or its domestic outbuildings and garages within the boundaries of Your home.
- temporarily moved to anywhere in the Maltese Islands.
- temporarily moved to anywhere in the world for up to 15 consecutive days.

WHAT WE DO NOT COVER

- Loss of or damage to baggage shipped as freight.
- Loss of or damage to valuables in baggage while in transit by air and outside the Insured's control.
- Loss of or damage caused by denting, chipping or scratching, bruising or denting, wear and tear, loss of value, rot, fungus, insects, vermin, atmospheric or climatic conditions, the effect of light or other gradual causes.
- Loss of or damage caused by dyeing, cleaning, restoring, repairing or dismantling items, or electrical and mechanical breakdown.
- Damage to sports equipment while it is being used.
- Loss of or damage to musical instruments that have lost their tone, have broken strings, broken reed or broken drumsticks.

- Theft from any unattended vehicle unless the property was hidden from view:
 - In a fully enclosed boot (or)
 - Under a factory-fitted cover/parcel shelf or in a glove compartment and all the windows, sun roof, doors and boot were securely closed.
- Loss or damage deliberately caused by You, Your household, Your domestic employees and paying guests or tenants.
- Damage caused by pets or domestic animals.
- Confiscation or detention by customs or other officials.
- Consequential loss of any kind.
- Business or professional use.
- Losses not reported to the police.
- Any loss of value.

CLAIMS SETTLEMENT

We will pay the cost of replacement as new or, at Our option, We will replace as new except for items that can be economically repaired where the cost of repair will be paid. Any Betterment is to be deducted from the total amount of claim.

The maximum amount payable is the sum insured (subject to any limits or Excesses) as stated in the Schedule.

SPECIAL CONDITIONS

ARG – HC (SC) 001 - Settings & Mountings

It is a condition of the Policy that all settings, mountings, clips and fastenings are inspected and overhauled by a competent jeweler prior to each renewal date and the certificate is to be produced in the event of a claim relating to the insured item to which this condition shall apply.

EXTENSIONS:

The following Extensions apply to and form part of this Section

ARG - HC (EXT) 001 – Unspecified Personal Effects and Valuables

The insurance under this Section is extended to include Unspecified Personal Effects and Valuables belonging to You not individually exceeding the amount stated under the Schedule.

EXCLUDING

- Motor vehicles, pedal cycles, caravans, trailers, boats, canoes, surfboards, sailboards, aircraft, gliders and any accessories which are designed to be used with any of these.
- Pets, livestock, household goods, domestic appliances, china, glass, earthenware and other items of brittle nature, contact lenses, camping equipment, musical instruments.

SECTION 4: PERSONAL MONEY & CREDIT CARDS

WHAT WE COVER

This Section of the policy only applies if You have chosen to insure:

- Loss of Money belonging to You and
- All sums which You must pay under the terms of any Credit, Debit, Charge, Cheque or Cash Card

EXCLUDING

- Liability resulting from a lost card which You did not report to the police and to the organisation which gave You the card within 24 hours of discovering You had lost it.
- Liability which happens if You break the terms and conditions of the organisation which gave You the card.
- Liability if anyone related to You uses Your card fraudulently.
- Loss due to confiscation or depreciation in value or to errors or omissions in receipts, payments or accountancy.
- Loss due to unexplained shortage.
- Liability more specifically insured under any other policy.

SECTION 5 A:

Liability as Owner or Occupier of Your Home and Your Personal Capacity

WHAT WE COVER

As You are the occupier of Your buildings We will insure You, for all sums which You become legally liable to pay for accidents happening in and around Your buildings.

These accidents must result in:

1. bodily injury to or illness of any person (but not any member of Your household or Your employees); (or)
2. loss or damage to property.

EXCLUDING

- Loss of or damage to property which belongs to or is in the care of:
 - Your household;
 - any other person living permanently with You; (or)
 - any person employed by members of Your household.
- Liability which happens because You own or occupy any land or building which is not one of the following:
 - Your buildings;
 - any previous buildings which You occupied immediately before it was disposed of or sold and for which You may be liable.

- Liability which happens because You own, possess or use the following:
 - Animals
 - Firearms
 - Motor vehicles
 - Mechanically propelled aircraft or watercraft.
- Liability, if You or any member of Your household passes on any disease or virus.
- Liability as a result of any agreement or contract unless You were liable before You made the agreement or contract.
- Liability in connection with Your trade, business or profession.
- Liability covered by any other Policy.
- Liability in respect of damage to property belonging You or held in trust by You or in Your custody and control.
- Liability for any wilful or malicious acts.
- Injury, death, disease or illness to any of Your household (other than Your Domestic Staff).
- Injury, disease, loss or damage caused by goods sold, supplied, repaired, serviced, maintained or manufactured by You or by remedial, professional or other treatment.
- The amount exceeding the Limit of Indemnity of €1,250,000 in respect of any one incident.

We will also pay for any extra costs and expenses made against Your household or incurred by Your household with Our written permission.

SECTION 5 B:

Liability as Owner or Occupier of Your Home and Your Personal Capacity

WHAT WE COVER

As Employer of Domestic Staff.

Any amount that You become legally liable to pay as compensation (including claimant's costs and expenses) in respect of:

- Accidental death, bodily injury or illness of any Domestic Staff arising out of and in the course of such employment.

In case of the Insured's death, Your legal personal representatives will have the benefit of this section for liability incurred by You for an event covered by this section, provided that the legal personal representatives observe the terms of the Policy as far as they can apply.

We will also pay defence costs and expenses incurred with Our written consent.

This section also provides insurance against liability within the terms of any collective agreement or of any legal notice issued according to legislation for payment of wages during a continuous period of incapacity in respect of injuries to employees occurring during the actual discharge of the employee's duty.

EXCLUDING

The full amount of any injury benefit entitlement under such legislation which shall be deducted from any such payment.

- The first six days of injury.
- Any period after twelve months from the date of injury.
- Any injury due to contributory negligence on the part of the employee or contravention by the employee of any safety rules laid down by the employer.
- Any liabilities arising from:
 - The transmission of any communicable disease or virus.
 - Any agreement or contract unless liability would have existed otherwise.
 - Injuries out of the profession or business of the Insured.
- Any amount exceeding €2,500,000 in any one claim.
- Any amount in excess of €5,000,000 in respect of all compensation, costs and expenses for all claims arising during the Period of Insurance.

SECTION 6: GENERAL CONDITIONS

These are the conditions, together with any special terms, that apply to the entire policy.

1. Policy Terms and Conditions

- You and members of Your household covered under this policy must comply with its terms and conditions.
- You cannot transfer Your interest in this policy to anyone else unless You get Our written permission.

2. Notification of a claim

When You become aware of a possible claim under this policy, You must notify us in writing as soon as possible but not later than 15 days after any loss, damage or accident. If there has been theft, attempted theft, vandalism or any malicious act You must also tell the police immediately. You must at Your own expense provide us with all details and evidence We request, including written estimates and proof of ownership or value. Any writ, summons or other legal document served on You or any member of Your household in connection with a possible claim must be sent to Us immediately. You must not answer any correspondence without Our consent. You must also take every reasonable effort to recover any home contents that have been lost.

3. Precautions

You must take all reasonable steps to prevent loss damage or accident and maintain the insured property is in a sound condition and good repair.

4. Other Insurance

If any loss, damage or legal liability covered under this policy is also covered by any other insurance We will not pay more than Our rateable proportion of any claim.

5. Cancellations

You may cancel the policy at any time by giving Us written notice and You will get a refund on short-period basis off the premium for any unexpired period of cover as long as no claim has been lodged during the current Period of Insurance.

We may cancel this policy by giving You at least 7 days' notice at Your last known address. If no claim is made or will arise, We will give You a refund on Your premium for any remaining period of cover subject to a small administration fee. If claim is made or will arise, We will not give You a refund on Your premium.

We can also cancel the policy immediately if You do not pay the premium or do not make a payment under any instalment agreement. You will not get a refund for any instalment You have already paid.

We reserve the right to amend premiums and policy terms, conditions, exclusions and endorsements.

6. Conduct of the Claim

You must give whatever information or assistance We request and must not admit, deny or negotiate any claim without Our written consent. No property may be abandoned to Us.

7. Subrogation

Before or after We pay Your claim under this policy You must, if We ask You, take, or allow Us to take in Your name, all the steps needed to enforce Your rights against any other person. We will pay any costs and expense involved.

8. Arbitration

All differences arising out of the Policy shall be referred to the decision of an arbitrator appointed under current statutory provisions within one month after a written request by You or Us. An award must be made by the arbitrator before any court proceedings can be started against Us. If We refuse liability for a claim and this claim is not referred to arbitration within the period as defined by Legislation, the claim shall be deemed to have been withdrawn and cannot subsequently be revived.

9. Rights and Responsibilities

- (i) We may enter any building where a loss or damage has occurred and deal with any salvage in a reasonable manner. No salvage may be abandoned to Us.
- (ii) We may take over and conduct in the name of the Insured with complete and exclusive control, the defence or settlement of any claim.
- (iii) We may also start legal action in the name of the Insured to recover from others, compensation in respect of anything covered by this Policy.

10. Your Duty of Care

You and Your household must take all reasonable steps to prevent loss, damage or accidents and maintain the insured property in a good state of repair. You must also tell Us as soon as possible about any change in the information You gave Us if it will affect this Policy. If You do not, Your Policy may not be valid or You may not be properly covered.

11. Dishonest Claims

We will not pay any claim under this Policy if in any respect this is fraudulent or if any false declaration be made or used in support thereof. We will also not pay any claim if this is dishonest or exaggerated in any way. We reserve the right to cancel cover immediately and We can tell the police of any such dishonest claim.

12. Contract Clause

This Contract of Insurance shall for all effects and purposes be deemed to be a Maltese Contract and shall be governed by and according to Maltese Law and subject to the exclusive jurisdiction of the Maltese Courts.

13. Maltese Jurisdiction Clause

Without prejudice to any arbitration proceedings in Malta under current statutory provisions, this Policy shall be subject to the exclusive jurisdiction of the Maltese Courts. We will pay only in respect of judgements, orders or awards that are delivered by or obtained from a court within Malta, or in Arbitration in Malta under current statutory provisions. We will not pay in respect of any judgement, order or award obtained in Malta for the enforcement of a judgement or arbitration award obtained elsewhere or to costs and expenses of litigation recovered by any claimant from You or any other persons entitled to indemnity under this policy which costs and expenses of litigation are not incurred in Malta.

14. Sanction Limitation and Exclusion Clause

The Company shall not be deemed to provide cover and shall not be liable to pay any claim or pay any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose the Company to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union.

SECTION 7: GENERAL EXCLUSIONS

WHAT WE DO NOT COVER

1. RADIOACTIVE CONTAMINATION AND WAR RISKS

Any loss or damage to property, legal liability, expense, consequential loss or bodily injury directly or indirectly caused by or arising from or contributed to by:

- (i) ionising radiation or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel
- (ii) the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component of it
- (iii) any liability, loss, cost or expense of whatsoever nature directly or indirectly caused by, resulting from, arising out of or in connection with nuclear reaction, nuclear radiation or radioactive contamination regardless of any other cause contributing concurrently or in any other sequence to the loss
- (iv) war, invasion, act of foreign enemy, hostilities (whether war is declared or not), civil war, rebellion, revolution, insurrection or military or usurped power
- (v) acts of terrorism committed by a person or persons acting on behalf of in connection with any organisation.

For the purpose of this condition, "terrorism" means the use of violence for political ends and include and use of violence for the purpose of putting the public or any section of the public in fear.

2. SONIC BANGS

Loss or damage caused by pressure waves from aircraft or other aerial devices travelling at sonic or supersonic speed.

3. EXISTING DAMAGE

Any loss or damage occurring before cover commences.

4. LOSS OF VALUE

Loss in value of property.

5. WEAR AND TEAR

Wear and Tear by any gradually operating cause.

6. SUBSIDENCE, LANDSLIP OR HEAVE

We will not pay any damages or losses resulting from subsidence, landslip or heave. This also excludes:

- (i) any damages arising from normal settlement or bedding down of new structures;
- (ii) any damages caused by the buildings being constructed, demolished, altered or repaired or any ground works or excavation works at Your premises.

7. CONSEQUENTIAL LOSS

Consequential Loss of any kind or description by You or Your household.

8. MATCHING OF ITEMS

The costs of replacing any undamaged item or parts of items forming part of a set, suite or other article of a uniform nature, colour or design when damage occurs within a clearly identifiable area or to a specific part and replacements which cannot be matched.

9. HIV

No section of this policy shall apply in respect of, and this policy does not cover, any claim arising directly or indirectly from any injury, illness, death, loss, expense or other liability attributable to HIV (Human Immune-Deficiency Virus) and/or any HIV related illness, including AIDS (Acquired Immune Deficiency Syndrome) and/or any mutant derivative or variations thereof, however caused.

10. POLITICAL RISKS

This policy excludes loss destruction or damage directly or indirectly occasioned by or through or in consequence of:

- (i) War, invasion, act of foreign enemies, hostilities or war-like operations (whether war be declared or not), civil war.
- (ii) Mutiny, civil commotion assuming the proportions of or amounting to a popular rising, military rising, insurrection, rebellion, revolution, military or usurped power or any act of any person acting on behalf or in connection with any organisation with activity directed towards the overthrow by force of its government de jure or de facto or to the influencing of it by terrorism or violence, martial law and confiscation or nationalisation or requisition or destruction of or damage to property by or under the order of any government or public or local authority.

11. TERRORISM (unless specifically noted on the Schedule)

- (i) This insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any act of terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss.
- (ii) For the purpose of this exclusion an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

- (iii) This exclusion also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any act of terrorism.
- (iv) If the insurers allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the insured.
- (v) In the event any portion of this exclusion is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

12. ELECTRONIC RISK

This policy does not cover:

- (i) Any damage to data, which shall include but shall not be limited to:
 - Loss destruction or corruption of data whether in whole or in part.
 - Unauthorised appropriation use access to or modification of data.
 - Unauthorised transmission of data to any third parties.
 - Damage arising out of any misinterpretation use or misuse of data.
 - Damage arising out of any operator error in respect of data.
- (ii) Any damage to the property Insured arising directly or indirectly from
 - The transmission or impact of any virus.
 - Unauthorised access to a system.
 - Interruption of or interference with electronic means of communication used in the conduct of the insured's business including but not limited to any diminution in the performance of any website or electronic means of communication.

- Breakdown or failure of a System in each case other than damage to the property
 - Insured caused by any of the covers insured provided that such damage does not arise by
 - reason of any malicious act or omission or
 - Any of the contingencies described in
 - paragraph (a) above.
- (iii) The following definitions apply to this exclusion:
- Damage means for the purposes of this exclusion loss or destruction or damage to the property insured and any loss or destruction of or damage to data.
 - Data means information represented or stored electronically including but not limited to code or series of instructions operating systems software programs and firmware.
 - Breakdown or failure of a system means the complete or partial failure or inability; Whether in terms of availability functionality and/or performance or otherwise of a System whether or not owned by the Insured to operate at any time as desired as specified or as required in the circumstances of the Insured's business activities.
 - System includes computers other computing and electronic equipment linked to computer hardware electronic data processing equipment microchips and anything which relies on a microchip for any part of its operation and includes for the avoidance of doubt any computer installation.
 - Microchip: a unit of packaged computer circuitry manufactured in small scale and made for programme logic and/or computer memory purposes and expressly including integrated circuits and micro controllers.

- Virus: programming code designed to achieve an unexpected unauthorised and/or undesirable effect or operation when loaded onto a system transmitted between systems by transfer between computer systems via networks extra-nets and internet or electronic mail or attachments thereto or via floppy diskettes or CD-ROMs or otherwise and whether involving self-replication or not.

This also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any act of terrorism.

If the insurers allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the insured.

In the event any portion of this exclusion is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

13. EXCESS

This policy excludes the first €50 of each and every claim unless stated otherwise under this policy or by endorsement.

SECTION 8: COMPLAINTS PROCEDURE

OUR COMMITMENT TO CUSTOMER SERVICE

At Argus Insurance Company (Europe) Limited, We are committed to going the extra mile for Our customers and wherever possible, exceeding their expectations.

If You believe that We have not delivered the service You expected or You are concerned about any aspect of the service We have provided, then please let Us know by emailing us at insurance@argus.com.mt

We aim to resolve Your concerns within 24 hours. Experience tells Us that most difficulties can be sorted within this time. If You continue to be unhappy with Our response, You can progress Your complaint with The Complaints Officer who will conduct a separate investigation and full review.

We will issue a letter acknowledging Your complaint and We will continue to keep You well informed of the further actions We will be taking to reach a suitable conclusion. You will receive a final response letter from us to conclude the complaint.

We promise to

- Fully investigate Your complaint.
- Keep You informed of progress.
- Do everything possible to resolve Your complaint.
- Learn from Our mistakes.
- Use the information from Your complaint to proactively improve Our service in the future.

How to contact Us

Our Customer Service Centre can be contacted on 2342-2100.

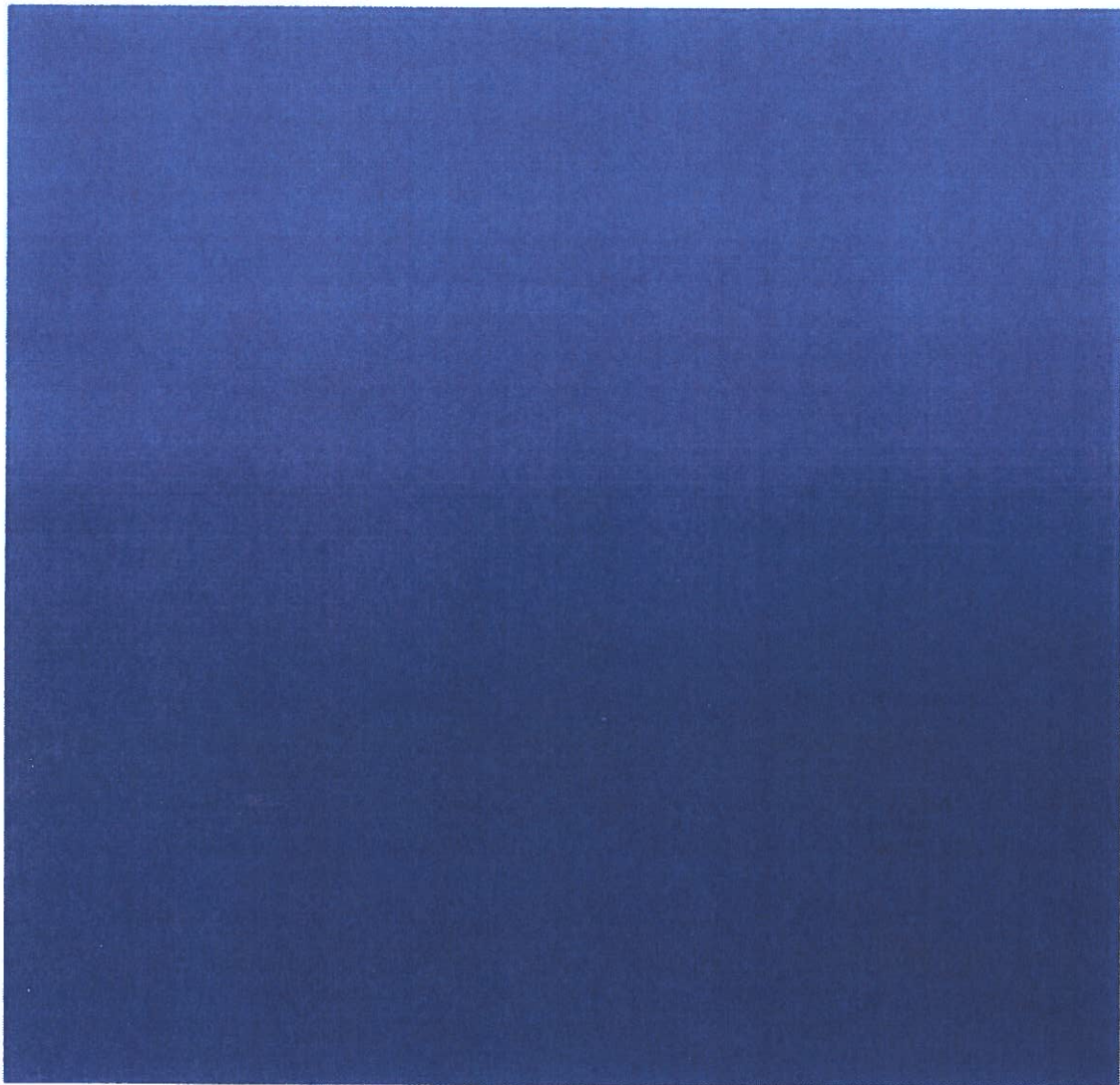
If You are still not happy

In the event that Your complaint remains unresolved, You may also write to The Consumer Complaints Manager at the Malta Financial Services Authority. This will not prejudice any rights You may have at law including any right to institute legal proceedings.

Thank You for Your feedback

We value Your feedback and at the heart of Our brands We remain dedicated to meeting Our customers as individuals and giving them the best possible service at all times. If We have fallen short of this promise, We apologise and aim to do everything possible to put things right.

Thank You for choosing Argus Insurance Company (Europe) Limited.




ARGUS

Our Interest is You.


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Argus Insurance Agencies Limited is licensed to act as an insurance agent of Argus Insurance Company Limited, which is licensed and regulated by the Malta Financial Services Authority. Registration number: C597.


Issuer

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Corporate Advisor, Reporting Accountant and Auditor

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Security Trustee

CRV International Limited
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Placement Broker, Registrar & Escrow Agent

Jesmond Mizzi Financial Advisors Limited
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