

Securities Note

dated 30 October 2017

This document is a Securities Note issued in accordance with the provisions of Chapter 4 of the Listing Rules published by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended. This Securities Note is issued pursuant to the requirements of Listing Rule 4.14 of the Listing Rules and contains information about the Bonds being issued by Virtu Finance p.l.c. Application has been made for the admission to listing and trading of the Bonds on the Official List of the Malta Stock Exchange. This Securities Note should be read in conjunction with the most updated Registration Document issued from time to time containing information about the Issuer.

In respect of an Issue of up to €25,000,000 3.75% Unsecured Bonds 2027
of a nominal value of €100 per Bond issued at par by

Virtu Finance p.l.c.

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

with the joint and several Guarantee* of

Virtu Maritime Limited

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

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

ISIN: MT0001561209

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

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

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

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

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



Charles Borg



Roderick E. D. Chalmers

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

Table of Contents

IMPORTANT INFORMATION	63
1. DEFINITIONS	65
2. RISK FACTORS	67
2.1 General	67
2.2 Forward Looking Statements	67
2.3 Suitability of Investment	67
2.4 Risks Relating to the Bonds	67
3. PERSONS RESPONSIBLE AND CONSENT FOR USE OF PROSPECTUS	69
3.1 Persons Responsible	69
3.2 Consent for Use of Prospectus	69
4. ESSENTIAL INFORMATION	70
4.1 Reasons for the Issue and Use of Proceeds	70
4.2 Expenses	70
4.3 Issue Statistics	70
4.4 Interest of Natural and Legal Persons Involved in the Issue	71
5. INFORMATION CONCERNING THE SECURITIES TO BE ISSUED AND ADMITTED TO TRADING	71
5.1 General	71
5.2 Ranking of the Bonds	71
5.3 Rights Attached to the Bonds	72
5.4 Interest	72
5.5 Yield	72
5.6 Registration, Form, Denomination and Title	72
5.7 Negative Pledge	73
5.8 Payments	73
5.9 Redemption and Purchase	74
5.10 Events of Default	74
5.11 Transferability of the Bonds	74
5.12 Further Issues	75
5.13 Meetings of Bondholders	75
5.14 Authorisations and Approvals	75
5.15 Notices	76
6. TAXATION	76
6.1 General	76
6.2 Malta Tax on Interest	76
6.3 Cooperation with other Jurisdictions on Tax Matters	76
6.4 Foreign Account Tax Compliance (FATCA)	77
6.5 Maltese Taxation on Capital Gains on a Transfer of the Bonds	77
6.6 Duty on Documents and Transfers	77
7. TERMS AND CONDITIONS OF THE BOND ISSUE	77
7.1 Expected Timetable of the Bond Issue	77
7.2 General Terms and Conditions	77
7.3 Plan of Distribution and Allotment	79
7.4 Placement Agreements	79
7.5 Allocation Policy	80
7.6 Pricing	80
7.7 Admission to Trading	80
7.8 Additional Information	80
ANNEX I – AUTHORISED FINANCIAL INTERMEDIARIES	81
ANNEX II – SPECIMEN APPLICATION FORM	82
ANNEX III – GUARANTEE	84
ANNEX IV – FINANCIAL ANALYSIS SUMMARY	87

Important Information

THIS SECURITIES NOTE CONTAINS INFORMATION ON AN ISSUE BY VIRTU FINANCE P.L.C. (THE “ISSUER”) OF A MAXIMUM OF €25,000,000 UNSECURED BONDS 2027 OF A NOMINAL VALUE OF €100 PER BOND, ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF 3.75% PER ANNUM, PAYABLE ANNUALLY ON 30 NOVEMBER OF EACH YEAR. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON 30 NOVEMBER 2027. THE ISSUER SHALL REDEEM THE BONDS ON SUCH DATE UNLESS OTHERWISE PREVIOUSLY REPURCHASED FOR CANCELLATION.

THIS SECURITIES NOTE CONTAINS INFORMATION ABOUT THE ISSUER, THE GUARANTOR AND THE BONDS IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES, THE ACT AND THE REGULATION, AND SHOULD BE READ IN CONJUNCTION WITH THE REGISTRATION DOCUMENT ISSUED BY THE ISSUER.

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

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

THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR THE PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR THE BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED OR IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO; OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION.

IT IS THE RESPONSIBILITY OF ANY PERSON IN POSSESSION OF THIS DOCUMENT AND ANY PERSON WISHING TO APPLY FOR ANY BONDS ISSUED BY THE ISSUER 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 ISSUER SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF APPLYING FOR ANY SUCH BONDS AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRY OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

SAVE FOR THE ISSUE IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE BONDS OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (OTHER THAN MALTA) WHICH HAS IMPLEMENTED 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 OR WHICH, PENDING SUCH IMPLEMENTATION, APPLIES ARTICLE 3.2 OF SAID DIRECTIVE, THE BONDS CAN ONLY BE OFFERED TO “QUALIFIED INVESTORS” (AS DEFINED IN SAID DIRECTIVE) AS WELL AS IN ANY OTHER CIRCUMSTANCES WHICH DO NOT REQUIRE THE PUBLICATION BY THE ISSUER OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF SAID DIRECTIVE.

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

A COPY OF THIS DOCUMENT HAS BEEN SUBMITTED TO THE LISTING AUTHORITY IN SATISFACTION OF THE LISTING RULES, THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES IN ACCORDANCE WITH THE ACT.

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

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

ALL THE ADVISERS TO THE ISSUER AND THE GUARANTOR NAMED IN THE PROSPECTUS UNDER THE HEADING “*ADVISERS TO THE ISSUER AND THE GUARANTOR*” UNDER SECTION 3.2 OF THE REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND THE GUARANTOR IN RELATION TO THIS ISSUE AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS AND/OR IN RELATION TO THE COMPLETENESS OR ACCURACY OF THE CONTENTS OF OR INFORMATION CONTAINED IN THE PROSPECTUS.

THE 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. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISERS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS.

1. Definitions

Words and expressions and capitalised terms used in this Securities Note shall, except where the context otherwise requires and except where otherwise defined herein, bear the same meaning as the meaning given to such words, expressions and capitalised terms as indicated in the Registration Document forming part of the Prospectus. Additionally, the following words and expressions as used in this Securities Note shall bear the following meanings whenever such words and expressions are used in their capitalised form, except where the context otherwise requires:

Act	the Companies Act (Cap. 386 of the laws of Malta);
Applicant/s	an Authorised Financial Intermediary or any person or persons whose name or names (in the case of joint applicants) appear/s in the registration details of an Application Form;
Application/s	the application to subscribe for Bonds made by an Applicant/s by completing an Application Form and delivering same to any of the Authorised Financial Intermediaries;
Application Form/s	the subscription form to be completed by subscriber/s to the Bonds and submitted to the Registrar by the Authorised Financial Intermediaries, a specimen of which is contained in Annex II of this Securities Note;
Authorised Financial Intermediaries	the licensed stockbrokers and financial intermediaries listed in Annex I of this Securities Note;
Bond(s)	the €25,000,000 bonds of a nominal value of €100 per Bond redeemable at their nominal value on 30 November 2027 bearing interest at the rate of 3.75% per annum, being issued pursuant to the Prospectus;
Bondholder	a holder of Bonds;
Bond Issue	the issue of the Bonds;
Bond Issue Price	the price of €100 per Bond;
Business Day	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
CSD	the Central Securities Depository of the Malta Stock Exchange, having its address at Garrison Chapel, Castille Place, Valletta, VLT 1063, Malta;
Euro or €	the lawful currency of the Republic of Malta;
Exchange, Malta Stock Exchange or MSE	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Cap. 345 of the laws of Malta), having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta, and bearing company registration C 42525;
Group Company	any one of the companies forming part of the Virtu Maritime Group, including the Guarantor;
Guarantee	the joint and several suretyship of the Guarantor undertaking to guarantee the due and punctual performance of all the obligations undertaken by the Issuer under the Bonds, and, without prejudice to the generality of the foregoing, to pay all amounts of principal and interest which have become due and payable to any Bondholder within 60 days from the date such amount falls due and remains unpaid by the Issuer. A copy of the Guarantee and a description of the nature, scope and terms of the Guarantee are appended to the Securities Note as Annex III thereof;
Guarantor	Virtu Maritime Limited, a private limited liability shipping company registered in Malta with company number C 81559, having its registered office at Virtu, Ta' Xbiex Terrace, Ta' Xbiex, XBX 1034, Malta;
Interest Payment Date	30 November of each year between and including each of the years 2018 and the year 2027, provided that if any such day is not a Business Day, such Interest Payment Date will be carried over to the next following day that is a Business Day;
Issue Date	expected on 7 December 2017;
Issuer or Company	Virtu Finance p.l.c., a public limited liability company registered in Malta with company number C 81622, having its registered office at Virtu, Ta' Xbiex Terrace, Ta' Xbiex, XBX 1034, Malta;
Listing Authority	the Board of Governors of the MFSA, appointed as Listing Authority for the purposes of the Malta Financial Services Authority Act (Cap. 330 of the laws of Malta);
Listing Rules	the listing rules of the Listing Authority;
Manager and Registrar	Bank of Valletta p.l.c., a public limited liability company registered in Malta, with company number C 2833, having its registered office at 58, Zachary Street, Valletta, VLT 1130, Malta;

Memorandum and Articles of Association	the memorandum and articles of association of the Issuer in force at the time of publication of the Prospectus;
Official List	the list prepared and published by the MSE as its official list in accordance with the MSE Bye-Laws;
Prospectus	collectively the Registration Document, Summary Note and this Securities Note (each as defined in this Securities Note);
Redemption Date	30 November 2027;
Redemption Value	the nominal value of each Bond (€100 per Bond);
Registration Document	the registration document issued by the Issuer dated 30 October 2017, forming part of the Prospectus;
Regulation	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus and dissemination of advertisements, as amended by: Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 amending Regulation (EC) No. 809/2004 as regards information on the consent to use of the prospectus, information on underlying indexes and the requirement for a report prepared by independent accountants or auditors; Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities; Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 amending Regulation (EC) No. 809/2004 as regards the regulatory technical standards for publication of supplements to the prospectus; and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015 amending Regulation (EC) No. 809/2004 as regards the regulatory technical standards for publication of the prospectus and dissemination of advertisements;
Securities Note	this document in its entirety, forming part of the Prospectus;
Sponsor	Rizzo, Farrugia & Co. (Stockbrokers) Ltd., a private limited liability company registered in Malta with company number C 13102 having its registered office at Airways House, Third Floor, High Street, Sliema, SLM 1549, Malta. Rizzo, Farrugia & Co. (Stockbrokers) Ltd. is an authorised financial intermediary licensed by the Malta Financial Services Authority and a member of the Malta Stock Exchange;
Subsidiary	an entity over which the Guarantor has control. In terms of the International Financial Reporting Standards adopted by the European Union, a group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The term ‘Subsidiaries’ shall collectively refer to the said entities;
Summary Note	the summary note issued by the Issuer dated 30 October 2017, forming part of the Prospectus;
Terms and Conditions	the terms and conditions of the Bond Issue, including the terms contained in this Securities Note;
Vessel	the vessel having Incat Hull Number 089, commissioned by Virtu Wavepiercer, the construction and delivery of which is to be part funded by the proceeds of the Bond Issue;
Virtu Holdings	Virtu Holdings Limited, a private limited liability company registered in Malta with company number C 30642, having its registered office at Virtu, Ta’ Xbiex Terrace, Ta’ Xbiex, Malta;
Virtu Holdings Group	the group of companies of which Virtu Holdings is the Parent, which includes the Virtu Maritime Group and the Issuer;
Virtu Maritime Group	the Guarantor and its direct or indirect Subsidiaries; and
Virtu Wavepiercer	Virtu Wavepiercer Limited, a private limited liability shipping company registered in Malta with company number C 77138, having its registered office at Virtu, Ta’ Xbiex Terrace, Ta’ Xbiex, Malta.

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

Unless it appears otherwise from the context:

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

2. Risk Factors

2.1 GENERAL

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 RE-PURCHASED AND CANCELLED.

AN INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS INCLUDING THOSE DESCRIBED BELOW. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER, WITH THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISERS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS. THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS NOT INTENDED TO BE INDICATIVE OF ANY ORDER OF PRIORITY OR OF THE EXTENT OF THEIR CONSEQUENCES.

NEITHER THIS SECURITIES NOTE, NOR ANY OTHER PARTS OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE BONDS: (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION OR (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER OR THE SPONSOR OR AUTHORISED FINANCIAL INTERMEDIARIES THAT ANY RECIPIENT OF THIS SECURITIES NOTE OR ANY OTHER PART OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS OR ANY BONDS, SHOULD PURCHASE ANY BONDS.

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

2.2 FORWARD-LOOKING STATEMENTS

This Securities Note contains “forward-looking statements” which include, among others, statements concerning matters that are not historical facts and which may involve projections of future circumstances. These forward-looking statements are subject to a number of risks, uncertainties and assumptions and important factors that could cause actual results to differ materially from the expectations of the Issuer’s Directors. No assurance is given that the future results or expectations will be achieved.

2.3 SUITABILITY OF INVESTMENT

An investment in the Bonds may not be suitable for all recipients of the Prospectus. In so far as prospective investors seek advice from Authorised Financial Intermediaries concerning an investment in the Bonds, Authorised Financial Intermediaries are to determine the suitability or otherwise of prospective investors’ investment in the Bonds before making an investment decision. In particular, Authorised Financial Intermediaries should determine whether each prospective investor:

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

2.4 RISKS RELATING TO THE BONDS

An investment in the Bonds involves certain risks including, but not limited to, those described below:

- Prior to the Bond Issue, there has been no public market nor trading record for 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.
- The existence of an orderly and liquid market for the Bonds depends on a number of factors, including but not limited to the presence of willing buyers and sellers of the Issuer’s Bonds at any given time and the general economic conditions in the market in which the Bonds are traded. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market, over which the Issuer has no control. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to sell or otherwise trade in the Bonds at or above the Bond Issue Price or at all.
- An investment in the Bonds may not be suitable for all recipients of this Prospectus and investors are urged to consult a licensed stockbroker or investment adviser licensed under the Investment Services Act (Cap. 370 of the laws of Malta)

as to the suitability or otherwise of an investment in any of the Bonds before making an investment decision. An informed investment decision can only be made by investors after they have read and fully understood the risk factors associated with an investment in the Bonds and the inherent risks associated with the Issuer's business. In the event that an investor in the Bonds does not seek professional advice and/or does not read and fully understand the provisions of this Prospectus, there is a risk that such investor may acquire an investment which is not suitable for his or her profile.

- The Issuer is entitled to issue the Bonds bearing a fixed rate of interest. Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. Investors should also be aware that the price of fixed rate bonds moves in response to changes in interest rates. When prevailing market interest rates are rising, the price of fixed rate bonds declines. Conversely, if market interest rates are declining, the price of fixed rate bonds rises. This is referred to as market risk, and would be relevant to a Bondholder electing to sell the Bonds before maturity on the secondary market.
- A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference, if different.
- No prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time.
- The Issuer may incur further borrowing or indebtedness and may create or permit to subsist other security interests upon the whole or any part of its present or future undertakings, assets, or revenues (including uncalled capital).
- The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer, guaranteed by the Guarantor, and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured obligations of each of the Issuer and the Guarantor. The Bonds will, however, rank subordinate to the present and future secured creditors of the Issuer and the Guarantor. Furthermore, subject to the negative pledge clause (section 5.7 of this Securities Note), third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer and/or the Guarantor, as the case may be, for as long as such security interests remain in effect. In essence, this means that for so long as the Issuer and/or Guarantor may have secured, privileged or other higher-ranking creditors, in the event of insolvency of the Issuer (and recourse to the Guarantor in terms of the Guarantee), the Bondholders would rank after such creditors but equally between themselves and with other unsecured creditors (if any) of the Issuer (and/or Guarantor, as applicable).
- Repayment of interest and capital on the Bonds is being guaranteed by the Guarantor, and therefore Bondholders are entitled to request the Guarantor to pay the full amounts due under the Bonds if the Issuer fails to meet any amount, when due. The strength of this undertaking on the part of the Guarantor and, therefore, the level of recoverability by the Bondholders from the Guarantor of any amounts due under any of the Bonds, is dependent upon, and directly linked to, the financial position and solvency of the Guarantor, and in the case of insolvency of the Guarantor, such level of recoverability is further dependent upon the existence or otherwise of any prior ranking claims over the assets of the Guarantor.
- In the event that the Issuer wishes to amend any of the Terms and Conditions of Issue of the Bonds it shall call a meeting of Bondholders in accordance with the provisions of section 5.13 of this Securities Note. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority. Furthermore, the Guarantor has the power to veto any changes to the Terms and Conditions of the Bonds which are issued with the benefit of its Guarantee. Were the Guarantor to exercise such right of veto, any proposed amendments to the Terms and Conditions of the Bonds would not be put into effect.
- The Terms and Conditions of this Bond Issue are based on the requirements of the Listing Rules, the Act and the Regulation in effect as at the date of the Prospectus. No assurance can be given as to the impact on the Bonds of any possible judicial decision or change in law or administrative practice after the date of the Prospectus.
- Even after the Bonds are admitted to trading on the MSE, the Issuer is required to remain in compliance with certain requirements relating to, *inter alia*, the free transferability, clearance, and settlement of the Bonds in order to remain a listed company in good standing. Moreover, the Listing Authority has the power to suspend trading or listing of the Bonds if, *inter alia*, it comes to believe that such a suspension is required for the protection of investors or the integrity or reputation of the market. The Listing Authority may discontinue the listing of the Bonds on the MSE. Any such trading suspensions or listing revocations or discontinuations described above could have a material adverse effect on the liquidity and value of the Bonds.
- The Issuer has not sought, nor does it intend to seek, the credit rating of an independent rating agency and there has been no assessment by any independent rating agency of the Bonds.

3. Persons Responsible and Consent for Use of Prospectus

3.1 PERSONS RESPONSIBLE

This document includes information given in compliance with the Listing Rules for the purpose of providing prospective investors with information with regard to the Issuer. All of the Directors of the Issuer, whose names appear under the sub-heading “*Directors*” under the heading “*Identity of Directors, Senior Management, Advisers and Auditors of the Issuer and the Guarantor*” in section 3 of the Registration Document, accept responsibility for the information contained in this Securities Note. To the best of the knowledge and belief of the Directors of the Issuer and the directors of the Guarantor, who have taken all reasonable care to ensure that such is the case, the information contained in this Securities Note is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors of the Issuer and the directors of the Guarantor accept responsibility accordingly.

3.2 CONSENT FOR USE OF PROSPECTUS

Consent required in connection with the use of the Prospectus by the Authorised Financial Intermediaries:

For the purposes of any subscription for Bonds through any of the Authorised Financial Intermediaries in terms of this Securities Note and any subsequent resale, placement or other offering of Bonds by such Authorised Financial Intermediaries in circumstances where there is no exemption from the requirement to publish a prospectus under the Prospectus Directive, the Issuer consents to the use of this Prospectus (and accepts responsibility for the information contained therein) with respect to any such subsequent resale or placement or other offering of Bonds, provided this is limited only:

- i. in respect of Bonds subscribed for through the Authorised Financial Intermediaries listed in Annex I of this Securities Note: pursuant to the placement agreements as detailed in section 7.4 of this Securities Note;
- ii. to any resale or placement of Bonds subscribed for as aforesaid, taking place in Malta;
- iii. to any resale or placement of Bonds subscribed for as aforesaid, taking place within the period of 60 days from the date of the Prospectus.

Neither the Issuer nor the Sponsor has any responsibility for any of the actions of any Authorised Financial Intermediary, including their compliance with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to a resale or placement of the Bonds.

Other than as set out above, neither the Issuer nor the Sponsor has authorised (nor do they authorise or consent to the use of this Prospectus in connection with) the making of any public offer of the Bonds by any person in any circumstance. Any such unauthorised offers are not made on behalf of the Issuer or the Sponsor and neither the Issuer nor the Sponsor has any responsibility or liability for the actions of any person making such offers.

Investors should enquire whether an intermediary is considered to be an Authorised Financial Intermediary in terms of the Prospectus. If the investor is in doubt as to whether it can rely on the Prospectus and/or who is responsible for its contents, it should obtain legal advice.

No person has been authorised to give any information or to make any representation not contained in or inconsistent with this Prospectus. If given or made, it must not be relied upon as having been authorised by the Issuer or Sponsor. The Issuer does not accept responsibility for any information not contained in this Prospectus.

In the event of a resale, placement or other offering of the Bonds by an Authorised Financial Intermediary, the Authorised Financial Intermediary shall be responsible to provide information to investors on the terms and conditions of the resale, placement or other offering at the time such is made.

Any resale, placement or other offering of the Bonds to an investor by an Authorised Financial Intermediary will be made in accordance with any terms and other arrangements in place between such Authorised Financial Intermediary and such investor including as to price, allocations and settlement arrangements. Where such information is not contained in the Prospectus, it will be the responsibility of the applicable Authorised Financial Intermediary at the time of such resale, placement or other offering to provide the investor with that information and neither the Issuer nor the Sponsor has any responsibility or liability for such information.

Any Authorised Financial Intermediary using this Prospectus in connection with a resale, placement or other offering of the Bonds subsequent to the Bond Issue shall, limitedly for the period of 60 days from the date of the Prospectus, publish on its website a notice to the effect that it is using this Prospectus for such resale, placement or other offering in accordance with the consent of the Issuer and the conditions attached thereto. The consent provided herein shall no longer apply following the lapse of such period.

Any new information with respect to Authorised Financial Intermediaries unknown at the time of the approval of this Securities Note will be made available through a company announcement which will also be made available on the Issuer’s website: www.virtu.com.mt.

4. Essential Information

4.1 REASONS FOR THE ISSUE AND USE OF PROCEEDS

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

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

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

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

4.2 EXPENSES

Professional fees, and costs related to publicity, advertising, printing, listing, registration, sponsor, management, registrar fees, selling commission, and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €450,000. There is no particular order of priority with respect to such expenses.

4.3 ISSUE STATISTICS

Amount:	€25,000,000;
Form:	The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD;
Denomination:	Euro (€);
ISIN:	MT0001561209;
Minimum amount per subscription:	Minimum of €2,000 and multiples of €100 thereafter;
Redemption Date:	30 November 2027;
Plan of Distribution:	The Bonds are open for subscription by Authorised Financial Intermediaries, either for their own account or for the account of underlying customers;
Bond Issue Price:	At par (€100 per Bond);
Status of the Bonds:	The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer, guaranteed by the Guarantor, and shall at all times rank <i>pari passu</i> , without any priority or preference, among themselves and with other unsecured debts of each of the Issuer and the Guarantor, if any;
Listing:	Application has been made to the Listing Authority for the admissibility of the Bonds to listing and to the MSE for the Bonds to be listed and traded on its Official List;
Placement Agreements:	The Issuer has reserved a maximum amount of €25,000,000 in value of Bonds for subscription by Authorised Financial Intermediaries through conditional placement agreements which may be submitted by Authorised Financial Intermediaries by latest 12:00 hours on 15 November 2017 as detailed further in section 7.4 of this Securities Note;
Placement Date:	12:00 hours on 15 November 2017;
Closing date for submission of Application Forms:	12:00 hours on 23 November 2017;
Interest:	3.75% per annum;
Interest Payment Date(s):	Annually on 30 November as from 30 November 2018 (the first Interest Payment Date);

Governing Law of Bonds:	The Bonds are governed by and shall be construed in accordance with Maltese law;
Jurisdiction:	The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds.

4.4 INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for the subscription for Bonds by Bank of Valletta p.l.c. and Rizzo, Farrugia & Co. (Stockbrokers) Ltd., and any fees payable in connection with the Bond Issue to Rizzo, Farrugia & Co. (Stockbrokers) Ltd. as Sponsor and to Bank of Valletta p.l.c. as Manager and Registrar, so far as the Issuer is aware, no person involved in the Bond Issue has an interest material to the Issue.

5. Information Concerning The Securities to be Issued and Admitted to Trading

5.1 GENERAL

- 5.1.1 Each Bond forms part of a duly authorised issue of 3.75% Unsecured Bonds 2027 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €25,000,000 (except as otherwise provided under section 5.12 “Further Issues” of this Securities Note). The expected Issue Date of the Bonds is 7 December 2017.
- 5.1.2 The currency of the Bonds is Euro (€).
- 5.1.3 Subject to admission to listing of the Bonds to the Official List of the MSE, the Bonds are expected to be assigned ISIN MT0001561209.
- 5.1.4 All outstanding Bonds not previously re-purchased and cancelled shall be redeemed by the Issuer at par on the Redemption Date.
- 5.1.5 The issue of the Bonds is made in accordance with the requirements of the Listing Rules, the Act, and the Regulation.
- 5.1.6 The Bond Issue is not underwritten.

5.2 RANKING OF THE BONDS

The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer, guaranteed by the Guarantor, and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debts of each of the Issuer and the Guarantor, if any. Furthermore, subject to the negative pledge clause (section 5.7 of this Securities Note), third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer (and/or Guarantor) for so long as such security interests remain in effect. As at the date of this Securities Note, the Issuer does not have any subordinated indebtedness.

The following table sets out a summary of the Virtu Maritime Group’s indebtedness as at 1 January 2017, and includes details of security given in respect of guarantees, mortgages, overdraft facilities and bank loans. The bank borrowings and facilities listed below are secured by privileges, hypothecs and mortgages (as applicable), and therefore, to the extent that such borrowings and/or facilities remain outstanding, the indebtedness being created by the Bonds would, specifically in respect of the assets constituting the said security, rank after all these borrowings and/or facilities. In addition, subject to the negative pledge set out in section 5.7 of this Securities Note, the Bonds would also rank after any future debts which may be secured by a cause of preference such as a privilege, hypothec and/or mortgage, in so far as the asset constituting the relevant security is concerned.

Virtu Maritime Group Pro Forma group indebtedness €000’s	Pro Forma 1 January 2017
Bank borrowings due within one year (secured)	6,012
Bank borrowings due after one year (secured)	34,901
Total bank borrowings (secured)	40,913
Less: Cash and cash equivalents	(3,200)
Net indebtedness	37,713
Total equity	72,163

As at 1 January 2017, the Virtu Maritime Group’s net indebtedness amounted to €37.7 million, made up of €40.9 million in secured bank borrowings net of €3.2 million in cash and cash equivalents. This results in a gearing level of 34%¹.

¹ Gearing is calculated as follows: $\text{net indebtedness} / (\text{net indebtedness} + \text{total equity})$.

Bank borrowings of €40.9 million consisted of outstanding balances (as at 1 January 2017) on facilities obtained from Bank of Valletta p.l.c. by: Virtu Fast Ferries Limited in the amount of €30.9 million for the purpose of part-financing the acquisition of the vessel *Jean De La Valette*; Virtu Rapid Ferries Limited in the amount of €8.6 million for the purpose of end-financing the acquisition of the vessel *Maria Dolores*; and Virtu Ferries Limited in the amount of €1.5 million for the purpose of financing expenses in relation to the mobilisation of the vessel *Jean De La Valette*.

The facilities provided to Virtu Fast Ferries Limited and Virtu Rapid Ferries Limited are secured by mortgages on the vessels owned by the respective companies. In addition, all the facilities are secured by, *inter alia*: general hypothecs over assets of these Subsidiaries and companies forming part of the Virtu Holdings Group; pledges over insurance policies relative to the mortgaged vessels and secondary charges on vessels belonging to other companies within the Virtu Holdings Group.

Virtu Wavepiercer has entered into a commitment with the shipbuilders to acquire the Vessel at a contracted price of €75 million, which will be financed by: a bank term loan of €40 million to be secured, *inter alia*, on the Vessel; the net Bond proceeds; a shareholder's loan of €7 million; and the balance being funded through own funds. The Vessel is due for delivery during the last quarter of 2018 / first quarter of 2019.

With reference to the level of gearing² of the Virtu Maritime Group as at 1 January 2017 indicated earlier in this section 5.2, it is noted, on a hypothetical basis and for comparative purposes only, that had the financing of the Vessel specified in the preceding paragraph been drawn down on 1 January 2017, the gearing of the Virtu Maritime Group as at that date would have been 61% (compared to 34% indicated above as aforesaid).

5.3 RIGHTS ATTACHED TO THE BONDS

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

- i. the repayment of capital;
- ii. the payment of interest;
- iii. seek recourse from the Guarantor pursuant to the Guarantee, in case of failure by the Issuer to pay any sum payable by it to the Bondholders pursuant to the terms of the Bonds detailed in this Securities Note;
- iv. ranking with respect to other indebtedness of the Issuer in accordance with the provisions of section 5.2 above;
- v. attend, participate in and vote at meetings of the Bondholders in accordance with the Terms and Conditions of the Bond Issue; and
- vi. enjoy all such other rights attached to the Bonds emanating from this Prospectus.

5.4 INTEREST

5.4.1 The Bonds shall bear interest from and including 30 November 2017 at the rate of 3.75% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 30 November 2018 (covering the period 30 November 2017 to 29 November 2018). Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. In terms of article 2156 of the Civil Code (Cap. 16 of the laws of Malta), the right of the Bondholders to bring claims for payment of interest and repayment of the principal on the Bonds is barred by the lapse of five years.

5.4.2 When interest is required to be calculated for any period of less than a full year, it shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each, and in the case of an incomplete month, the number of days elapsed.

5.5 YIELD

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 3.75%.

5.6 REGISTRATION, FORM, DENOMINATION AND TITLE

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

5.6.2 The CSD will issue, upon a request by a Bondholder, a statement of holdings to such Bondholder evidencing his/her/its entitlement to the Bonds held in the register kept by the CSD.

5.6.3 The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €100 provided that on subscription, the Bonds will be issued for a minimum of €2,000 per individual Bondholder. Authorised Financial Intermediaries subscribing for Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €2,000 to each underlying client.

² Gearing is calculated as follows: $\text{net indebtedness} / (\text{net indebtedness} + \text{total equity})$.

- 5.6.4 Any person in whose name a Bond is registered may (to the fullest extent permitted by any 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*” in section 5.11 of this Securities Note.
- 5.6.5 Upon submission of an Application Form, Applicants who opt to subscribe for the online e-portfolio by ticking the appropriate box on the Application Form will be registered by the CSD for the online e-portfolio facility and will receive by mail at their registered address a handle code to activate the new e-portfolio login. The Bondholder’s statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further details on the e-portfolio are found on <https://eportfolio.borzamalta.com.mt/Help>.

5.7 **NEGATIVE PLEDGE**

The Issuer and, in respect of the Virtu Maritime Group, the Guarantor, undertake, for as long as any principal or interest under the Bonds or any of the Bonds remains outstanding, not to create or permit to subsist any Security Interest (as defined below), other than a Permitted Security Interest (as defined below), upon the whole or any part of their respective present or future assets or revenues, to secure any Financial Indebtedness (as defined below) of the Issuer and/or the Guarantor.

Without prejudice to the above, the Issuer undertakes, for as long as any principal or interest under the Bonds or any of the Bonds remains outstanding, not to declare and/or pay any dividend, whether interim or final. Furthermore, without prejudice to the aforesaid, in respect of the Virtu Maritime Group, the Guarantor undertakes, for as long as any principal or interest under the Bonds or any of the Bonds remains outstanding, not to declare and/or pay any dividend, whether interim or final, in the event that such declaration and/or payment would result in the Gearing (as defined below in this section 5.7) of the Virtu Maritime Group exceeding 75% (34% as at 1 January 2017 as indicated in section 5.2).

For the purposes of the above, the following definitions shall apply:

“**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 for the acquisition of that asset; (E) leases entered into primarily as a method of raising finance for 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;

“**Security Interest**” means any privilege, hypothec, pledge, lien, charge, mortgage, or other encumbrance or real right which grants rights of preference to a creditor over the assets of the Issuer and/or the Guarantor and/or any of the Subsidiaries, as the case may be;

“**Permitted Security Interest**” means:

- A. any Security Interest arising by operation of the law;
- B. any Security Interest securing bank facilities or overdrafts or guarantees (including those issued to suppliers of the Virtu Maritime Group) in the ordinary course of business;
- C. any Security Interest securing any indebtedness of the Issuer created for the sole purpose of financing or raising finance for the redemption of all the Bonds; or
- D. any other Security Interest (in addition to (A), (B) and (C) above) securing Financial Indebtedness of the Issuer and/or the Guarantor and/or any of the Subsidiaries, as the case may be, where the creation of any such Security Interest would not result in the gearing of the Virtu Maritime Group exceeding 75% (34% as at 1 January 2017 as indicated in section 5.2).

“**Gearing**” means, in relation to the Virtu Maritime Group on a consolidated basis, the result of the following computation: $\text{net indebtedness} / (\text{net indebtedness} + \text{total equity})$.

5.8 **PAYMENTS**

- 5.8.1 Payment of the principal amount of a Bond will be made in Euro by the Issuer to the person in whose name such Bonds are registered, with interest accrued up to the Redemption Date, by means of a direct credit transfer into such bank account as the Bondholder may designate from time to time. Such payment shall be effected within seven days of the Redemption Date. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith. 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.
- 5.8.2 In the case of Bonds held subject to usufruct, payment will be made against the joint instructions of all bare owners and usufructuaries. Before effecting payment, the Issuer and/or the CSD shall be entitled to request any legal documents concerning the entitlement of the bare owner/s and the usufructuary/ies deemed necessary for the payment of the Bonds.
- 5.8.3 Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business 15 days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time. Such payment shall be effected within seven days of the Interest Payment Date. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith.

- 5.8.4 All payments with respect to the Bonds are subject in all cases to any applicable fiscal or other laws and regulations prevailing in Malta. In particular, but without limitation, all payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made net of any amount which the Issuer is compelled by law to deduct or withhold for or on account of any present or future taxes, duties, assessments or other government charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within the Republic of Malta or any authority thereof or therein having power to tax.
- 5.8.5 No commissions or expenses shall be charged by the Issuer to the Bondholders in respect of such payments. The Issuer shall not be liable for charges, expenses and commissions levied by parties other than the Issuer.

5.9 REDEMPTION AND PURCHASE

- 5.9.1 Unless previously re-purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 30 November 2027.
- 5.9.2 Subject to the provisions of this section 5.9, the Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.
- 5.9.3 All Bonds so purchased will be cancelled forthwith and may not be re-issued or re-sold.

5.10 EVENTS OF DEFAULT

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

- 5.10.1 the Issuer shall fail to pay any interest on any Bond when due and such failure shall continue for 30 days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- 5.10.2 the Issuer shall fail duly to perform or shall otherwise be in breach of any other material obligation contained in the Terms and Conditions of the Bonds and such failure shall continue for 60 days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- 5.10.3 an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer and/or Guarantor; or
- 5.10.4 the Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or ceases or threatens to cease to carry on its business or a substantial part of its business; or
- 5.10.5 the Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or
- 5.10.6 there shall have been entered against the Issuer and/or the Guarantor 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 €5,000,000 or its equivalent and 90 days shall have passed since the date of entry of such judgment without it having been satisfied or stayed; or
- 5.10.7 any default occurs and continues for 90 days under any contract or document relating to any Financial Indebtedness (as defined in section 5.7 above) of the Issuer and/or the Guarantor in excess of €5,000,000 or its equivalent at any time.

5.11 TRANSFERABILITY OF THE BONDS

- 5.11.1 The Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in whole in accordance with the rules and regulations of the MSE as may be applicable from time to time.
- 5.11.2 Any person becoming entitled to a Bond in consequence of the death or bankruptcy of a Bondholder may, upon such evidence being produced as may from time to time properly be required by the Issuer or the CSD, elect either to be registered himself as the 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.
- 5.11.3 All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations.
- 5.11.4 The cost and expenses of effecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Issuer shall so require, the payment of a sum sufficient to cover any tax, duty or other government charge or insurance charges that may be imposed in relation thereto, will be borne by the transferee.
- 5.11.5 The Issuer will not register the transfer or transmission of the Bonds for a period of 15 days preceding the due date for any payment of interest on the Bonds.

5.12 FURTHER ISSUES

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

5.13 MEETINGS OF BONDHOLDERS

- 5.13.1 The Issuer may, from time to time call, meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of obtaining the consent of Bondholders on matters which in terms of the Prospectus require the approval of a Bondholders' meeting and to effect any change to the Terms and Conditions of the Bonds.
- 5.13.2 A meeting of Bondholders shall be called by the Directors by giving all Bondholders listed on the register of Bondholders as at a date being not more than 30 days preceding the date scheduled for the meeting, not less than 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 to the Prospectus that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval by the Bondholders in accordance with the provisions of this section 5.13 at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.
- 5.13.3 The amendment or waiver of any of the Terms and Conditions of the Bond Issue contained in this Securities Note may only be made with the approval of Bondholders at a meeting called and held for that purpose in accordance with the terms hereof, subject to section 5.13.8 below.
- 5.13.4 A meeting of Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose, at least two Bondholders present, in person or by proxy, representing not less than 51% in nominal value of the Bonds then outstanding, shall constitute a quorum. If a quorum is not present within 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 the Bondholders present at that meeting. The Issuer shall within two 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 days, and not later than 15 days, following the original meeting. At an adjourned meeting the number of Bondholders present, 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, the adjourned meeting.
- 5.13.5 Any person who in accordance with the Memorandum and Articles of Association of the Issuer is to chair the annual general meetings of shareholders shall also chair meetings of Bondholders.
- 5.13.6 Once a quorum is declared present by the chairman of the meeting, the meeting shall then proceed to business and address the matters set out in the notice convening the meeting. In the event of decisions being required at the meeting, the Directors or their representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall allow reasonable and adequate time to the Bondholders to present their views to the Issuer and the other Bondholders present at the meeting. The meeting shall then put the matter as proposed by the Issuer to a vote of the Bondholders present at the time at which the vote is being taken, and any Bondholders taken into account for the purpose of constituting a quorum who are no longer present for the taking of the vote shall not be taken into account for the purpose of such vote.
- 5.13.7 The voting process shall be managed by the Company Secretary under the supervision and scrutiny of the auditors of the Issuer.
- 5.13.8 The proposal placed before a meeting of Bondholders shall only be considered approved if at least 65% in nominal value of the Bonds held by 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.
- 5.13.9 Save for the above, the rules generally applicable to proceedings at general meetings of shareholders of the Issuer shall *mutatis mutandis* apply to meetings of Bondholders.

5.14 AUTHORISATIONS AND APPROVALS

The Board of Directors of the Issuer authorised the Bond Issue pursuant to a Board of Directors' resolution passed on 18 August 2017.

The Guarantee being given by the Guarantor in respect of the Bonds was authorised by a resolution of the board of directors of the Guarantor dated 18 August 2017.

5.15 NOTICES

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

6. Taxation

6.1 GENERAL

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

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

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

6.2 MALTA TAX ON INTEREST

Since interest is payable in respect of a Bond which is the subject of a public issue, 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 a final withholding tax, currently at the rate of 15% of the gross amount of the interest, pursuant to article 33 of the Income Tax Act. 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 Maltese income tax return. No person should be charged to further tax in Malta in respect of such income. Furthermore, such tax should not be available as a credit against the recipient’s tax liability or for a refund, as the case may be, for the relevant year of assessment in Malta.

In the case that a valid election is made by an eligible Bondholder resident in Malta to receive the interest due without the deduction of final tax, interest will be paid gross and such person will be obliged to declare the interest so received in his Maltese income tax return and be subject to tax on such interest at the standard rates applicable to that person at that time. Additionally in the case that an election has been made by the Bondholder to receive the interest gross of Maltese income tax, the Issuer will advise the Inland Revenue on an annual basis of the identity of all such recipients unless the beneficiary does not fall within the definition of a “recipient” as described above. Any such election made by a resident Bondholder at the time of subscription may be subsequently changed by giving notice in writing to the Issuer. Such election or revocation will be effective within the time limit set out in the Income Tax Act.

In terms of article 12(1)(c) of the Income Tax Act, Bondholders who are not resident in Malta satisfying the applicable conditions set out in the Income Tax Act are exempt from Maltese tax on the interest received and will receive interest gross, subject to the requisite declaration/evidence being provided to the Issuer in terms of law.

6.3 COOPERATION WITH OTHER JURISDICTIONS ON TAX MATTERS

The Council of the European Union has adopted Directive 2014/107/EU amending Directive 2011/16/EU on administrative cooperation in the field of taxation so as to introduce an extended automatic exchange of information regime that implements the OECD measures known as the “Common Reporting Standard”. Malta has transposed Directive 2014/107/EU into national law by means of Legal Notice 384 of 2015 amending the Cooperation with Other Jurisdictions on Tax Matters Regulations. In terms of this legal notice, the automatic exchange of information obligations extend to jurisdictions that are not EU Member States with which there is a relevant information exchange agreement in place.

Consequently, financial institutions of an EU Member State and of participating jurisdictions, including Maltese financial institutions, are required to report to their respective tax authorities certain financial account information in respect of account holders (and in some cases, beneficial holders), that are residents of another EU Member State or of a participating jurisdiction in order to be exchanged automatically with the tax authorities of the other EU Member States or participating jurisdictions. Financial account information in respect of holders of the Bonds could fall within the scope of the Common Reporting Standard and they may therefore be subject to reporting obligations.

6.4 FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA)

FATCA is contained within the U.S. Hiring Incentives to Restore Employment (HIRE) Act of 2010. FATCA requires foreign financial institutions to provide the Internal Revenue Service with information on Specified U.S. persons holding accounts outside of the U.S., including certain non-U.S. entities with U.S. Controlling Persons. Non-compliance results in a punitive 30% withholding tax on distributions captured by FATCA. FATCA was transposed into Maltese law by means of Legal Notice 78 of 2014 as amended by Legal Notice 30 of 2015. Consequently all Maltese financial institutions are obliged to identify and report to the Maltese tax authorities financial accounts held by Specified U.S. persons and certain non-U.S. entities with U.S. Controlling Persons. Financial account information in respect of holders of the Bonds could fall within the scope of FATCA and they may therefore be subject to reporting obligations.

6.5 MALTESE TAXATION ON CAPITAL GAINS ON A TRANSFER OF THE 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, 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”, no tax on capital gains should be chargeable in respect of a transfer of the Bonds, provided that the Bonds are held for capital purposes.

6.6 DUTY ON DOCUMENTS AND TRANSFERS

In terms of article 50 of the Financial Markets Act (Cap. 345 of the laws of Malta), as the Bonds constitute financial instruments of a company quoted on a regulated market exchange, as is the MSE, redemptions and transfers of the Bonds are exempt from Maltese duty.

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

7. Terms and Conditions of the Bond Issue

7.1 EXPECTED TIMETABLE OF THE BOND ISSUE

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

7.2 GENERAL TERMS AND CONDITIONS

- 7.2.1 The contract created by the acceptance of an Application shall be subject to the Terms and Conditions set out in this Securities Note and the Memorandum and Articles of Association of the Issuer. 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.
- 7.2.2 If the Application Form is signed on behalf of another person, legal or natural, the person signing will be deemed to have bound that person and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions on their behalf. Such intermediary 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 Registrar or the Authorised Financial Intermediary.
- 7.2.3 In the case of joint Applications, reference to the Applicant in these Terms and Conditions is a reference to each Applicant, and liability therefor is joint and several. 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-à-vis* the Issuer, to be the holder of the Bond/s so held and shall have the right to receive interest on the Bond/s and to vote at meetings of 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.
- 7.2.4 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.

- 7.2.5 No person receiving a copy of the Prospectus 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.
- 7.2.6 It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself/herself as to the 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.
- 7.2.7 The Bonds will be issued in Euro (€). The aggregate principal amount of the Bond Issue is of €25,000,000.
- 7.2.8 Pursuant to the placement agreements described in more detail under section 7.4 below, Authorised Financial Intermediaries (either in their own names or in the names of their underlying clients) are to submit Application Forms representing the amount they have been bound to subscribe to by not later than 12:00 hours on 23 November 2017.
- 7.2.9 In the case of corporate Applicants or Applicants having separate legal personality, the Application Form must be signed by a person authorised to sign and bind such Applicant. It shall not be incumbent on the Issuer or Registrar to verify whether the person or persons purporting to bind such an Applicant is or are in fact authorised.
- 7.2.10 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 18 years, following which all interest and redemption monies shall be paid directly to the registered holder. This is provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of 18 years. In the case of joint Applications, the joint holders shall nominate one 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 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 whose names appear in the field entitled "Additional Applicants" in the Application Form or joint holders in the register as the case may be. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond/s so held.
- 7.2.11 Subject to all other terms and conditions set out in the Prospectus, the Issuer reserves the right to reject, in whole or in part, or to scale down any Application, including multiple or suspected multiple Applications and to present any cheques and/or drafts for payment upon receipt. The right is also reserved to refuse any Application which in the opinion of the Issuer is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents. Only original Application Forms will be accepted and photocopies/facsimile/scanned copies will not be accepted.
- 7.2.12 The Bonds will be issued in multiples of €100. The minimum subscription amount of Bonds that can be subscribed for by Applicants is €2,000.
- 7.2.13 The issue and allotment of the Bonds is conditional upon the Bonds being admitted to the Official List of the MSE. In the event that the Bonds are not admitted to the Official List of the MSE, any Application monies received by the Issuer will be returned without interest by direct credit into the Applicant's bank account indicated by the Applicant on the relative Application Form.
- 7.2.14 All Application Forms must be accompanied by the full price of the Bonds applied for in Euro.
- 7.2.15 For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations (Subsidiary Legislation 373.01 of the laws of Malta), as amended from time to time, all appointed Authorised Financial Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in Articles 1.2(d) and 2.4 of the "Members' Code of Conduct" appended as Appendix 3.6 to Chapter 3 of the MSE Bye-Laws, irrespective of whether the said appointed Authorised Financial Intermediaries are MSE Members or not. Such information shall be held and controlled by the MSE in terms of the Data Protection Act (Cap. 440 of the laws of Malta) for the purposes and within the terms of the MSE Data Protection Policy as published from time to time.
- 7.2.16 By completing and delivering an Application Form, the Applicant:
- a agrees and acknowledges to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer 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 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 number 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;

- c authorises the Issuer and the MSE to process the personal data that the Applicant provides in the Application Form, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the Data Protection Act. The Applicant has the right to request access to and rectification of the personal data relating to him/her as processed by the Issuer and/or the MSE. Any such requests must be made in writing and sent to the CSD at the Malta Stock Exchange. The requests must further be signed by the Applicant to whom the personal data relates;
- d confirms that in making such Application no reliance was placed on any information or representation in relation to the Issuer and the Guarantor or the Issue of the Bonds other than what is contained in the Prospectus and accordingly agree/s that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;
- e agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his/her remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the laws of Malta) and regulations made thereunder, and that such monies will not bear interest;
- f agrees to provide the Registrar and/or the Issuer, as the case may be, with any information which it/they may request in connection with the Application;
- g 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 Application in any territory, and that the Applicant has not taken any action which will or may result in the Issuer or the Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bond or his/her Application;
- h warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- i 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) as well as not to be accepting the invitation set out in the Prospectus 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;
- j agrees that Rizzo, Farrugia & Co. (Stockbrokers) Ltd. will not, in their capacity of Sponsor, treat the Applicant as their customer by virtue of such Applicant making an Application for the Bonds, and that Rizzo, Farrugia & Co. (Stockbrokers) Ltd. will owe the Applicant no duties or responsibilities concerning the price of the Bonds or their suitability for the Applicant;
- k agrees that all documents in connection with the issue of the Bonds will be sent at the Applicant’s own risk and may be sent 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
- l renounces to any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Issuer against any amount due under the terms of these Bonds.

7.3 *PLAN OF DISTRIBUTION AND ALLOTMENT*

The Bonds shall be distributed through an intermediaries’ offer. In this regard, the Issuer has reserved a maximum amount of €25,000,000 in value of Bonds for subscription by Authorised Financial Intermediaries through conditional placement agreements, pursuant to which the Issuer will bind itself to allocate the Bonds in favour of these Authorised Financial Intermediaries. Further information on the said placement agreements may be found in section 7.4 below. In terms of these placement agreements, Authorised Financial Intermediaries may subscribe for Bonds for their own account or for the account of underlying customers, and shall in addition be entitled to distribute to the underlying customers any portion of Bonds subscribed for upon commencement of trading or submit Application Forms directly in the name of their underlying customers.

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

7.4 *PLACEMENT AGREEMENTS*

As indicated in section 7.3 above, the Issuer has reserved a maximum amount of €25,000,000 in value of Bonds for subscription by Authorised Financial Intermediaries through conditional placement agreements whereby the Issuer will bind itself to allocate the Bonds to such Authorised Financial Intermediaries in accordance with the terms of such agreements. The Authorised Financial Intermediaries will in turn bind themselves to subscribe to a specified amount of Bonds subject to, and conditional upon, the Bonds being admitted to the Official List of the Malta Stock Exchange.

The conditional placement agreements will become binding on each of the Issuer and the respective Authorised Financial Intermediaries on the date of signing of the conditional placement agreements and need to be submitted by latest 12:00 hours on 15 November 2017 being the Placement Date, provided that these Authorised Financial Intermediaries would have paid to the Issuer (acting through the Registrar) all subscription proceeds in cleared funds on the Placement Date. Such agreements shall become unconditional upon admission of the Bonds to trading on the Official List.

Authorised Financial Intermediaries subscribing for Bonds may do so for their own account or for the account of underlying customers, including retail customers, and shall, in addition, be entitled to either distribute to their underlying customers any portion of the Bonds subscribed for upon commencement of trading, or submit to the Registrar, Application Forms directly in the name of their underlying customers. In either case, subscription amounts made by Applicants through Authorised Financial Intermediaries, including those made under nominee, shall be in multiples of €100 Bonds, subject to a minimum subscription amount of €2,000 in Bonds by each individual Bondholder or underlying customer.

7.5 ALLOCATION POLICY

The Issuer shall allocate the Bonds to Authorised Financial Intermediaries pursuant to the placement agreements entered into with the Issuer, details of which can be found in section 7.4 above.

7.6 PRICING

The Bonds are being issued at par, that is, at €100 per Bond.

7.7 ADMISSION TO TRADING

7.7.1 The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 30 October 2017.

7.7.2 Application has been made to the MSE for the Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List.

7.7.3 The Bonds are expected to be admitted to the MSE with effect from 7 December 2017 and trading is expected to commence on 11 December 2017.

7.8 ADDITIONAL INFORMATION

Save for the financial analysis summary set out as Annex IV, the Securities Note does not contain any statement or report attributed to any person as an expert.

The financial analysis summary has been included in the form and context in which it appears with the authorisation of the Sponsor, which has given and has not withdrawn its consent to the inclusion of such report herein.

The Sponsor does not have any material interest in the Issuer. The Issuer confirms that the financial analysis summary has been accurately reproduced in the Securities Note and that there are no facts of which the Issuer is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

Annex I – Authorised Financial Intermediaries

Name	Address	Telephone
Bank of Valletta p.l.c.	BOV Centre, Cannon Road, St Venera SVR 9030, Malta	2275 1732
Rizzo, Farrugia & Co (Stockbrokers) Ltd	Airways House, Third Floor, High Street, Sliema SLM 1549, Malta	2258 3000

Annex II – Specimen Application Form



Virtu Finance p.l.c.

VIRTU FINANCE P.L.C.
€25,000,000 3.75% UNSECURED BONDS 2027
APPLICATION FORM

Please read the notes overleaf before completing this Application Form. **Mark 'X' where applicable.**

APPLICANT (see notes 2 to 7)

A	<input type="checkbox"/> Non-Resident	<input type="checkbox"/> Minor (under 18)	<input type="checkbox"/> Body Corporate/ Body of Persons	<input type="checkbox"/> CIS-Prescribed Fund
B	TITLE (Mr/Mrs/Ms/...)		FULL NAME AND SURNAME / REGISTERED NAME	
	ADDRESS			
				POSTCODE
	MSE A/C NO. (if applicable)	I.D. CARD / PASSPORT / COMPANY REG. NO.	TEL. NO.	MOBILE NO.

© ADDITIONAL (JOINT) APPLICANTS (see note 4) (please use additional Application Forms if space is not sufficient)

TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME	I.D. CARD/PASSPORT NO.
TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME	I.D. CARD/PASSPORT NO.

D MINOR'S PARENTS / LEGAL GUARDIAN/S (see note 5) (to be completed **ONLY** if the Applicant is a minor)

TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME	I.D. CARD/PASSPORT NO.
TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME	I.D. CARD/PASSPORT NO.

(F) I/WE APPLY TO PURCHASE AND ACQUIRE (see notes 8 & 9):

AMOUNT IN FIGURES	AMOUNT IN WORDS
€	

Virtu Finance p.l.c. 3.75% Unsecured Bonds 2027 (the "Bonds") (minimum subscription of €2,000 and in multiples of €100 thereafter) at the Bond Issue Price (at par), as defined in the Prospectus dated 30 October 2017 (the "**Prospectus**"), payable in full upon application under the Terms and Conditions of the Bonds as set out in the Prospectus.

F RESIDENT - WITHHOLDING TAX DECLARATION (see notes 10 & 11a) (to be completed ONLY if the Applicant is a resident of Malta)

☐ I/We elect to have final withholding tax deducted from my/our interest.

☐ I/We elect to receive interest GROSS (i.e. without deduction of withholding tax).

G NON-RESIDENT - DECLARATION FOR TAX PURPOSES (see note 3, 11 & 11a) (to be completed ONLY if the Applicant is a non-resident)

TAX COUNTRY	CITY OF BIRTH	
T.I.N. (Tax Identification Number)	COUNTRY OF BIRTH	
PASSPORT/NATIONAL I.D. CARD NUMBER	COUNTRY OF ISSUE	ISSUE DATE

☐ I/We am/are **NOT** resident in Malta but I/we am/are resident in the European Union

☐ I/We am/are **NOT** resident in Malta and I/we am/are **NOT** resident in the European Union

H **INTEREST AND REDEMPTION MANDATE** (see note 12) Completion of this panel is **MANDATORY**

BANK	IBAN
------	------

I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, and subject to its Terms and Conditions of the Bonds as contained therein which I/we fully accept.

Signature/s of Applicant/s
(Parent/s or legal guardian/s are/is to sign if Applicant is a minor)
(All parties are to sign in the case of a joint Application)

Date _____

<p>AUTHORISED FINANCIAL INTERMEDIARY'S STAMP</p>	<p>AUTHORISED FINANCIAL INTERMEDIARY'S CODE</p> <div style="text-align: center;"> <div style="display: flex; justify-content: space-around; width: 100px;"> <div style="border-left: 1px solid black; border-right: 1px solid black; height: 40px; width: 15px;"></div> <div style="border-left: 1px solid black; border-right: 1px solid black; height: 40px; width: 15px;"></div> <div style="border-left: 1px solid black; border-right: 1px solid black; height: 40px; width: 15px;"></div> <div style="border-left: 1px solid black; border-right: 1px solid black; height: 40px; width: 15px;"></div> <div style="border-left: 1px solid black; border-right: 1px solid black; height: 40px; width: 15px;"></div> </div> </div>	<p>APPLICATION NUMBER</p>
--	---	---------------------------

Annex II – Specimen Application Form

Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Prospectus dated 30 October 2017 regulating the Bond Issue

1. This Application is governed by the general Terms and Conditions contained in Section 7.2 of the Securities Note dated 30 October 2017 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS.
3. Applicants who are non-residents in Malta for tax purposes, must indicate their passport number in Panel B and complete Panel G. The relative box in Panel A must also be marked appropriately.
4. Applicants are to insert full personal details in Panel B. In the case of an Application by more than one person (including husband and wife) full details of all individuals, including I.D. card numbers, must be given in Panels B and C **but the person whose name appears in Panel B shall, for all intents and purposes, be deemed to be the registered holder of the Bonds (vide note 7 below).**
Upon submission of an Application Form, Bondholders who opt to have an online e-portfolio facility (by marking the relative box in Panel B), will receive by mail at their registered address a handle code to activate the new e-portfolio login. Registration for the e-Portfolio facility requires a mobile number to be provided on the Application Form. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further detail on the e-portfolio may be found on <https://eportfolio.borzamalta.com.mt/Help>.
5. Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or by the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. The relative box in Panel A must also be marked appropriately. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption proceeds payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption proceeds shall be payable directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
6. In the case of a body corporate, the name of the entity exactly as registered and the registration number are to be inserted in Panel B. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
7. **APPLICANTS WHO ALREADY HOLD SECURITIES ON THE MSE ARE TO INDICATE THEIR MSE ACCOUNT NUMBER IN PANEL B. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED IN THE MSE ACCOUNT NUMBER QUOTED ON THIS APPLICATION FORM. IF DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE MSE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF, A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE WILL HAVE TO BE EFFECTED.**
8. Applications must be for a minimum subscription of €2,000 and thereafter in multiples of €100.
9. Applications must be accompanied by the relevant subscription amount in Euro.
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 Panel A) will have final withholding tax (currently 10%), deducted from interest payments.
In terms of Section 6.1.2 of the Securities Note, 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. 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.
- 11a. The contents of notes 10 and 11 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisors in case of doubt.
12. Interest and redemption proceeds will be credited to the account indicated in Panel H or as otherwise amended by the Bondholder/s during the term of the Bond.
13. Authorised Financial Intermediaries are to submit completed Application Forms representing the total amount committed in terms of the Placement Agreement as mentioned in Section 7.4 of the Securities Note by latest 12:00 hours on 23 November 2017. The Issuer reserves the right to refuse any Application which appears to be in breach of the Terms and Conditions as contained in the Prospectus.
14. 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 Data Protection Act (Cap. 440 of the laws of Malta);
 - 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 Issuer. The request must be signed by yourself as the Applicant to whom the personal data relates.

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

Annex III – Guarantee

THE GUARANTEE

To All Bondholders:

Re: GUARANTEE AND INDEMNITY

Reference is made to the issue of the €25 million Bonds 2027 by Virtu Finance p.l.c., a company registered in Malta bearing company registration number C 81622 (the “**Issuer**”) pursuant to and subject to the terms and conditions contained in the Securities Note forming part of the Prospectus to be dated 30 October 2017 (the “**Bonds**”).

Now therefore by virtue hereof we, Virtu Maritime Limited (C 81559), hereby stand surety jointly and severally with the Issuer and irrevocably and unconditionally guarantee the due and punctual performance of all the obligations undertaken by the Issuer under the Bonds and, without prejudice to the generality of the foregoing, undertake to pay all amounts of principal and interest which have become due and payable by the Issuer to Bondholders under the Bonds, within 60 days from the date such amount falls due and remains unpaid by the Issuer.

This Guarantee shall be governed by the laws of Malta.

Signed and executed on this the 18th day of August 2017.



John Portelli
Director
Virtu Maritime Limited



Charles Borg
Director
Virtu Maritime Limited

INTERPRETATION

In this Guarantee, unless the context otherwise requires:

- a. terms and expressions defined in or construed for the purposes of the Prospectus shall have the same meanings or be construed in the same manner when used in this Guarantee, unless defined otherwise in this Guarantee;
- b. “**Indebtedness**” means any and all moneys, obligations and liabilities now or hereafter due, owing or incurred by the Issuer under the Bonds to the Bondholders (whether alone and/or with others) in terms of the Prospectus and in any and all cases whether for principal, interests, capitalised interests, charges, disbursements, or otherwise and whether for actual or contingent liability; and
- c. “**writing**” or “**in writing**” shall mean any method of visual representation and shall include facsimile transmissions, telexes and other such electronic methods.

NATURE, SCOPE AND TERMS OF THE GUARANTEE

1. NATURE OF THE GUARANTEE

The offering of Bonds that will be made by the Issuer pursuant to the Prospectus will be made with the benefit of the joint and several corporate Guarantee of the Guarantor, the full terms of which are set out in clause 3 below.

2. INFORMATION ABOUT THE GUARANTOR

The information about the Guarantor required pursuant to the Listing Rules and the Regulation may be found in the Registration Document.

3. TERMS OF THE GUARANTEE

3.1 Covenant to Pay

For the purposes of the Guarantee, the Guarantor, as primary obligor, hereby jointly and severally with the Issuer irrevocably and unconditionally guarantees to each Bondholder that if for any reason the Issuer fails to pay any sum payable by it to such Bondholder pursuant to the terms and conditions of the Bonds detailed in the Securities Note as and when the same shall become due under any of the foregoing, the Guarantor will pay to such Bondholder on written demand the amount payable by the Issuer to such Bondholder. All demands shall be sent to the address or facsimile or other numbers as are stated below in clause 3.11 as the same may be changed by company announcements issued by the Issuer from time to time.

Such payment shall be made in the currency in force in Malta at the time the payment falls due.

All payments shall be made to Bondholders without any withholding for taxes (and in so far as this obligation exists under any law the payment shall be grossed up by the amount of withholding) and without set-off for any amounts which may be then owing to the Guarantor by the Issuer.

This Guarantee shall apply to all Bonds issued on or after 7 December 2017 in accordance with the terms of the Securities Note.

3.2 Guarantor as Joint and Several Surety

The Guarantor will be liable under this Guarantee as joint and several surety with the Issuer.

3.3 Maximum Liability

This is a continuing Guarantee for the whole amount due or owing under the Bonds or which may hereafter at any time become due or owing under the Bonds by the Issuer, but the amount due by the Guarantor to the Bondholders under this Guarantee shall be up to and shall not be in excess of €25,000,000, apart from interests due up to the date of payment and costs and expenses relating to the protection, preservation, collection or enforcement of the Bondholders' rights against the Issuer and/or the Guarantor, which shall be additional to the maximum sum herein stated.

3.4 Continuing and Unconditional Liability

The liability of the Guarantor under this Guarantee shall be continuing until such time as the Indebtedness is fully repaid and shall in no way be prejudiced or affected, nor shall it in any way be discharged or reduced, by reason of:

- a. the bankruptcy, insolvency or winding up of the Issuer; or
- b. the incapacity or disability of the Issuer or any other person liable for any reason whatsoever; or
- c. any change in the name, style, constitution, any amalgamation or reconstruction of either the Issuer or the Guarantor;
- d. a Bondholder conceding any time or indulgence, or compounding with, discharging, releasing or varying the liability of the Issuer or any other person liable or renewing, determining, reducing, varying or increasing any accommodation or transaction or otherwise dealing with the same in any manner whatsoever or concurring in, accepting or in any way varying any compromise, composition, arrangement or settlement or omitting to claim or enforce or extract payment from the Issuer or any other person liable; or
- e. any event, act or omission that might operate to exonerate the Guarantor without settlement in full of the Indebtedness towards the relevant Bondholder.

3.5 Indemnity

As a separate and alternative stipulation, the Guarantor unconditionally and irrevocably agrees that any Indebtedness to be payable by the Issuer but which is for any reason (whether or not now known or becoming known to the Issuer, the Guarantor or any Bondholder) not recoverable from the Guarantor, will nevertheless be recoverable from it as if it were the sole principal debtor and will be paid by it to the Bondholder on demand. This indemnity constitutes a separate and independent obligation from the other obligations in this Guarantee, gives rise to a separate and independent obligation from the other obligations in this Guarantee and gives rise to a separate and independent cause of action.

3.6 Representations and Warranties

3.6.1 The Guarantor represents and warrants:-

- i. that it is duly incorporated and validly existing under the laws of Malta and has the power to carry on its business;
- ii. that it has power to grant this Guarantee and that this Guarantee is duly authorised and all corporate action has been taken by the Guarantor in accordance with its deeds of constitution and the laws of its incorporation and regulation;
- iii. that this Guarantee constitutes and contains valid and legally binding obligations of the Guarantor enforceable in accordance with its terms;
- iv. that this Guarantee does not and will not constitute default with respect to or run counter to any law, by-law, articles of incorporation, statute, rule, regulation, judgment, decree or permit to which the Guarantor is or may be subject; or any agreement or other instrument to which the Guarantor is a party or is subject or by which it or any of its property is bound;
- v. that this Guarantee shall not result in or cause the creation or imposition of or oblige the Guarantor to create any encumbrance on any of the Guarantor's undertakings, assets, rights or revenues;
- vi. that it is in no way engaged in any litigation, arbitration or administrative proceeding of a material nature (which for the purposes of this Guarantee shall mean proceedings relative to a claim amounting to at least €5,000,000) and nor is it threatened with any such procedures;
- vii. that the obligations of the Guarantor under this Guarantee constitute general, direct and unsecured obligations of the Guarantor and rank equally with all its other existing and future unsecured obligations, except for any debts for the time being preferred by law;
- viii. that it is not in breach of or in default under any agreement relating to indebtedness to which it is a party or by which it may be bound nor has any default occurred in its regard;

- ix. that all the information, verbal or otherwise tendered in connection with the negotiation and preparation of this Guarantee is accurate and true and there has been no omission of any material facts; and
- x. that the granting of this Guarantee is in the commercial interest of the Guarantor and that the Guarantor acknowledges that it is deriving commercial benefit therefrom.

3.6.2 As from the date of this Guarantee, until such time as the Indebtedness is paid in full to the Bondholders, and for as long as this Guarantee shall remain in force, the Guarantor shall hold true, good and valid all the representations and warranties given under this clause.

3.7 Deposit and Production of the Guarantee

The instrument creating this Guarantee shall be deposited with and held by the Issuer at its registered address for the benefit of the Bondholders until all obligations of the Guarantor have been discharged in full, and until such time, the Guarantor acknowledges the right of every Bondholder to obtain a copy of the instrument creating the Guarantee.

3.8 Subrogation

Until all amounts which may be payable under the terms of the Bonds have been irrevocably paid in full, the Guarantor shall not by virtue of this Guarantee be subrogated to any rights of any Bondholder or claim in competition with the Bondholders against the Issuer.

3.9 Benefit of the Guarantee and No Assignment

This Guarantee is to be immediately binding upon the Guarantor for the benefit of the Bondholders. The Guarantor shall not be entitled to assign or transfer any of its obligations under this same Guarantee.

3.10 Amendments

The Guarantor has the power to veto any changes to the terms and conditions of the Bonds which are issued with the benefit of its Guarantee.

3.11 Notices

Any notice required to be given by any party hereto to the other party shall be deemed to have been validly served if delivered by hand or sent by pre-paid registered letter through the post or by facsimile to such other party at his address given herein or such other address as may from time to time be notified to the other party for this purpose and any notice so served shall be deemed to have been served, if delivered by hand, at the time of delivery, or if by post, seven days after posting and if by facsimile, at the time of transmission of the facsimile, provided that in the case of a change in the details of specified below, a company announcement by the Issuer to this effect shall constitute sufficient and proper notice to the Bondholders for the purposes of this clause.

For the purposes of this Guarantee, the proper addresses and facsimile numbers of the Guarantor are:

Virtu Maritime Limited

Address: Virtu, Ta' Xbiex Terrace, Ta' Xbiex, Malta

Tel. No.: +356 2349 1000

Contact Person: Matthew Portelli (Director)

3.12 Governing Law and Jurisdiction

This Guarantee is governed by and shall be construed in accordance with Maltese law.

Any dispute, controversy or claim arising out of or relating to this Guarantee or as to the interpretation, validity, performance or breach thereof shall be referred to and finally resolved by arbitration under the UNCITRAL Rules of Arbitration in accordance with the provisions of Part V (International Arbitration) of the Arbitration Act, 1996. Any arbitration commenced pursuant to this clause shall take place in Malta and be administered by the Malta Arbitration Centre. The number of arbitrators shall be three, one arbitrator to be appointed by each of the Parties or, in default, by the Malta Arbitration Centre, whereas the third arbitrator shall be appointed by the first two arbitrators or, if they fail to agree on such an appointment, by the Malta Arbitration Centre. No appeal shall lie from any such award given.

Annex IV – Financial Analysis Summary



Virtu Finance p.l.c.

Financial Analysis Summary

30 October 2017

*Prepared by Rizzo, Farrugia & Co (Stockbrokers) Ltd,
in compliance with the Listing Policies issued by the
Malta Financial Services Authority, dated 5 March 2013.*





Rizzo, Farrugia & Co (Stockbrokers) Ltd.
 Airways House, Third Floor, High Street, Sliema SLM 1549, Malta
T. +356 2258 3000 **F.** +356 2258 3001
E. info@rizzofarrugia.com **W.** www.rizzofarrugia.com

The Board of Directors
Virtu Finance p.l.c.
 Virtu, Ta' Xbiex Terrace
 Ta' Xbiex XBX 1034
 Malta

30 October 2017

Dear Sirs,

Virtu Finance p.l.c. – Financial Analysis Summary (the “Analysis”)

In accordance with your instructions and in line with the requirements of the Listing Authority Policies, we have compiled the Financial Analysis Summary set out on the following pages and which is being forwarded to you together with this letter.

The purpose of the Analysis is that of summarising key information appertaining to Virtu Finance p.l.c. (the “**Company**”, “**Issuer**” or “**VFP**”) and Virtu Maritime Limited (the “**Guarantor**”, or “**VML**”). The data is derived from various sources or is based on our own computations as follows:

- a. Historical financial data for the three years ended 31 December 2014, 2015 and 2016 has been extracted from the audited Combined Financial Statements of Virtu Maritime Group (the “**Combined Financial Statements**”), prepared by the directors of the Guarantor to present the financial position and results of its Subsidiaries on the basis of the assumption that the Virtu Maritime Group had operated as a single entity in the three years ended 31 December 2014, 2015 and 2016. Furthermore, the Pro Forma financial information of VML as at 1 January 2017 has been prepared for illustrative purposes only, in order to provide information on the financial position the Guarantor.
- b. The forecast data for financial year ending 31 December 2017 and projection data for financial year ending 31 December 2018 have been provided and approved by management of the Issuer and the Guarantor.
- c. Our commentary on the Combined Financial Statements of the Virtu Maritime Group is based on the explanations from management and the Financial Due Diligence Report (FDDR) prepared by the reporting accountants of the Issuer (PricewaterhouseCoopers).
- d. The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions as set out and defined within the Analysis.
- e. Relevant financial data in respect of competitors as analysed in section 10 has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies.

The Analysis is meant to assist potential investors by summarising the more important financial data of the Issuer and the Guarantor. The Analysis does not contain all data that is relevant to potential investors and is meant to complement, and not replace, the contents of the full Prospectus. The Analysis does not constitute an endorsement by our firm of the securities of the Issuer and should not be interpreted as a recommendation to invest. We shall not accept any liability for any loss or damage arising out of the use of the Analysis and no representation or warranty is provided in respect of the reliability of the information contained in the Prospectus. As with all investments, potential investors are encouraged to seek professional advice before investing.

Yours sincerely,

Vincent E. Rizzo
 Director

Table of Contents

LIST OF ABBREVIATIONS	90
------------------------------	-----------

IMPORTANT INFORMATION	91
------------------------------	-----------

Part 1

1. BACKGROUND AND HISTORY	92
1.1 The Issuer – Virtu Finance plc	92
1.2 The Guarantor – Virtu Maritime Limited	92
1.3 New Bond Issue	92
1.4 Principal Activities and Markets of Virtu Maritime Group	92
2. DIRECTORS AND SENIOR MANAGEMENT	93
2.1 Directors	93
2.2 Senior Management	93
3. THE ISSUER AND GUARANTOR WITHIN THE VIRTU MARITIME GROUP	94
3.1 The Re-Organisation	94
3.2 The Subsidiaries	95
4. MATERIAL CONTRACTS	96
4.1 The New Vessel	96
4.2 Terminal Concession Agreement	96
4.3 Charter Contracts	97
5. OVERVIEW OF MAJOR ASSETS	98
5.1 HSC JDLV	98
5.2 HSC Maria Dolores	99
6. MARKET OVERVIEW	100
6.1 Maritime Cargo Movements: Short Sea Shipping of Goods	100
6.2 The Tourism Industry	101
6.3 Maritime Links between Malta and Sicily	101

Part 2

7. HISTORIC FINANCIAL INFORMATION	102
Virtu Maritime Group	103
7.1 Segmental Analysis	103
7.2 Combined Statement of Comprehensive Income	104
7.3 Combined Statement of Cash Flows	105
7.4 Combined Statement of Financial Position	106
7.5 Ratio Analysis	109

Part 3

8. FORECASTS AND PROJECTIONS OF THE ISSUER	111
8.1 Key Assumptions	111
8.2 Statement of Comprehensive Income	111
8.3 Statement of Financial Position	112
8.4 Statement of Cash Flows	113
9. FORECASTS AND PROJECTIONS OF THE GUARANTOR	114
9.1 Statement of Comprehensive Income	114
9.2 Operating Segments Forecasts and Projections	115
9.3 Statement of Cash Flows	117
9.4 Statement of Financial Position	118
10. COMPARISON TO OTHER ISSUERS	120
GLOSSARY AND DEFINITIONS	122

List of Abbreviations

EU	European Union;
FAS	Financial Analysis Summary;
FY	Financial year 1 January to 31 December;
HCVs	Heavy Commercial Vehicles;
MGS	Malta Government Stock;
PwC	PricewaterhouseCoopers;
RoRo	Roll-on/Roll-off;
PPE	Property, Plant and Equipment;
ROPAX	Roll-on/Roll-off passenger vessel;
TEUs	Twenty-foot equivalent unit;
VFFL	Virtu Fast Ferries Limited;
VFL	Virtu Ferries Limited;
VFP	Virtu Finance p.l.c.;
VFSRL	Virtu Ferries SRL;
VFTL	Virtu Ferries Travel Limited;
VHL	Virtu Holdings Limited;
VMG	Virtu Maritime Group;
VML	Virtu Maritime Limited;
VRFL	Virtu Rapid Ferries Limited; and
VWPL	Virtu Wavepiercer Limited.

Important Information

Purpose of the Document

The purpose of this document is to present a financial analysis summary of Virtu Finance p.l.c. (the “**Issuer**”) and Virtu Maritime Group (the “**Guarantor**”) in line with the requirements of the Malta Financial Services Authority (MFSA) Listing Policies dated 5th March 2013 (the “**Financial Analysis Summary**” or “**FAS**”).

Sources of Information

The information that is presented has been collated from a number of sources, including the company’s website (www.virtu.com.mt), the FDDR prepared by PwC pursuant to the Listing Policies of the MFSA and the audited Combined Financial Statements of the Guarantor for the three years ended 31 December 2014 to 2016 presenting the financial position and results of its subsidiary companies (referred to as the Virtu Maritime Group) together with the Pro Forma financial information of the Guarantor as at 1 January 2017.

Historical financial information is being presented in thousands of Euro, unless otherwise stated, and has been rounded to the nearest thousand.

Forecasts and Projections

Forecasts and projections that are quoted in this document have been prepared and approved by the Directors of the Issuer and the Guarantor, who undertake full responsibility for the assumptions on which these forecasts and projections are based.

Part 1

1. Background and History

1.1 *THE ISSUER – VIRTU FINANCE P.L.C.*

Virtu Finance p.l.c. (the “**Issuer**” or “**VFP**”) was registered on 6 July 2017, as a public limited liability company and as such has no financial history. It was set up as a special purpose vehicle for the purpose of the issue of the new Bond as explained in section 3 of the FAS. Its main objective is that of carrying on of the business of a finance and investment company, including the financing or re-financing of the funding requirements of the business of the Virtu Maritime Group (the “**Group**” or “**VMG**”). Given the nature of the Issuer’s activities, i.e. raising finance for on-lending to the VMG, there is an inherent dependence on the Group’s cash flows and operations.

1.2 *THE GUARANTOR – VIRTU MARITIME LIMITED*

The Guarantor was registered on 30 June 2017 as a private limited liability shipping company. The Guarantor itself has no financial history, and it is the holding company of Virtu Wavepiercer Limited (“**VWPL**”), Virtu Fast Ferries Limited (“**VFFL**”), Virtu Ferries Limited (“**VFL**”), Virtu Ferries Travel Limited (“**VFTL**”) and Virtu Rapid Ferries Limited (“**VRFL**”) (hereinafter collectively referred to as the “**Subsidiaries**”). The Subsidiaries are involved in the Malta-Sicily operations and the vessels operated thereon, as well as the vessel HSC Maria Dolores, which is subject to a standard time charter with a third-party operator. An organisation chart showing the Group’s structure is set out in section 3.

1.3 *NEW BOND ISSUE*

The Group is tapping the local bond market for the first time through the issue of a €25 million bond maturing in 2027. The net proceeds raised by the Issuer will be on-lent to VWPL, which will use the funds to part finance the acquisition of the New Vessel, in line with the Ship Construction and Sale Agreement referred to in section 4.1. The Bond will be guaranteed by VML, the parent company of the Group.

1.4 *PRINCIPAL ACTIVITIES AND MARKETS OF VIRTU MARITIME GROUP*

The principal part of the VMG’s business is the operation of the Malta-Sicily route (the “**MLA-SIC line**”) by High Speed Passenger and Vehicle Ferries. This core business activity is provided by VFL, which is the main operating entity within the VMG. The MLA-SIC line is currently serviced by one High Speed Passenger and Vehicle Ferry, the HSC *Jean de la Valette* (the “**HSC JDLV**”). This is set to be complemented through the introduction of a second vessel on the MLA-SIC line as from 2019. The chartering of the HSC *Maria Dolores* vessel, currently on a Morocco-Spain route, also forms part of the Group’s business. Additionally, in 2010 the Group was awarded the exclusive use and operation of the sea passenger ferry terminal at the Valletta Grand Harbour, which concession is explained further in section 4.2.

2. Directors and Senior Management

2.1 DIRECTORS

Directors of the Issuer

The members of the Board as at date of this FAS are included hereunder:

Mr Charles Borg	Non-Executive, Independent Chairman
Mr Roderick E. D. Chalmers	Non-Executive, Independent Director
Mr Stefan Bonello Ghio	Non-Executive Director
Mrs Stephanie Attard Montalto	Executive Director
Mr Matthew Portelli	Executive Director

Directors of the Guarantor

VML's key governance structure is entrusted to the Board of Directors composed of the following members:

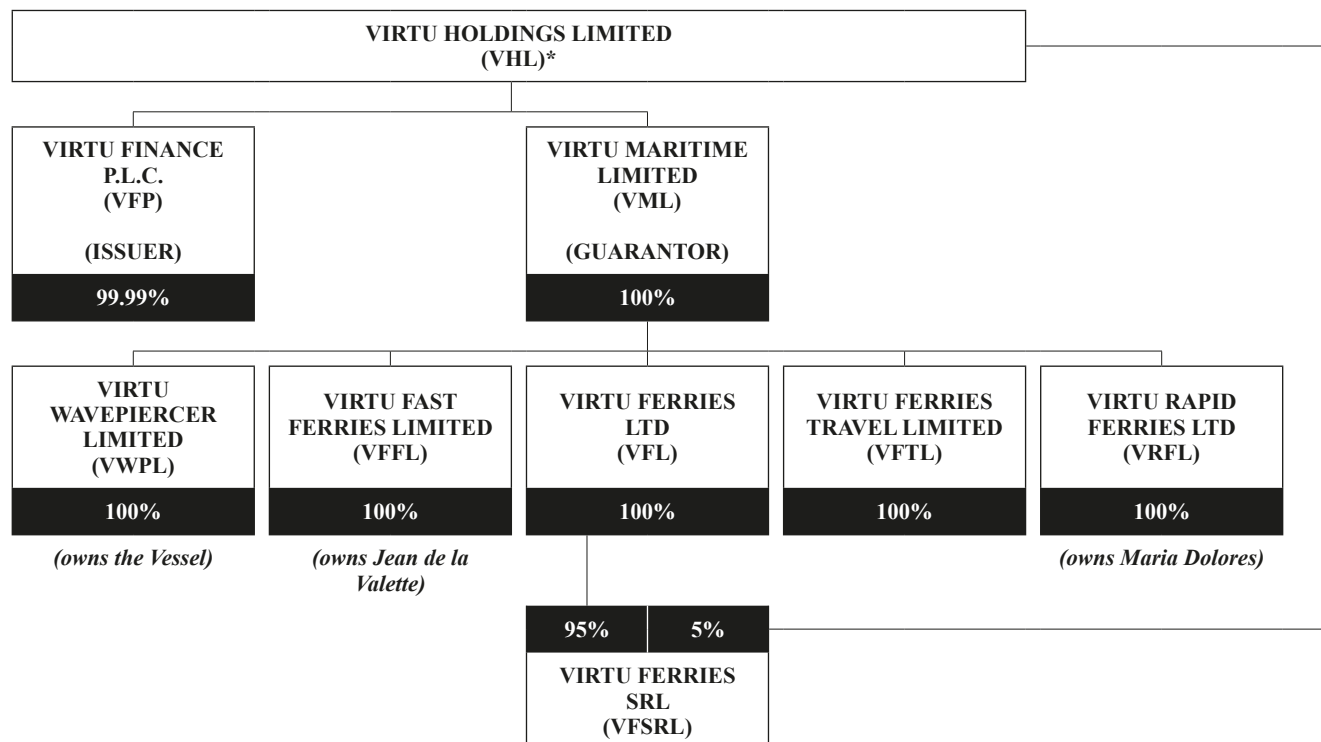
Mr Charles Borg	Non-Executive, Independent Director
Mr Francis A Portelli	Executive Director
Professor John M Portelli	Executive Director
Mr Matthew Portelli	Executive Director
Mrs Stephanie Attard Montalto	Executive Director

2.2 SENIOR MANAGEMENT

As at the date of this FAS, no employees are directly engaged by the Issuer and / or the Guarantor. The Issuer and the Guarantor rely entirely on the management structures and employees of the Virtu Holding group, which both companies form part of, as explained further in section 3 of this FAS.

3. The Issuer and Guarantor within the Virtu Maritime Group

Both the Issuer and the Guarantor are effectively wholly-owned subsidiaries of Virtu Holdings Limited (“VHL”) which form part of the wider Virtu Holdings group. The latter is a group of companies with interests in maritime-related activities such as ship-owning, bunkering and ship management as well as tourism and real estate. Today, the core business activity of the wider group is that of owning, managing and operating High Speed Passenger and Vehicle Ferries.



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

As indicated in the chart above, the Issuer is a subsidiary of VHL, which holds all shares in the Issuer save for one share held by another company with the same ultimate beneficial shareholders. All of the issued share capital of the Guarantor is also held by VHL. The Group's organisational structure is currently set up such that each Subsidiary of the Group carries out a particular business activity, as explained in later parts of this FAS.

3.1 THE RE-ORGANISATION

Prior to the incorporation and registration of the Issuer and the Guarantor as described in sections 1.1 and 1.2, VWPL, VFL, VFFL, VFTL and VRFL were all directly owned by VHL. By virtue of the re-organisation, VHL's direct shareholding in these Subsidiaries was transferred to the Guarantor through a share-for-share exchange. Therefore, as a result of this restructuring, the Guarantor became the new parent of the Subsidiaries.

3.2 THE SUBSIDIARIES

3.2.1 VFL

VFL is the main operating company of the VMG. The company was set up in 1990 and currently operates the HSC JDLV (a high-speed catamaran) between Malta and Sicily.

Previously, VFL operated other vessels including two small pax ferries – ACC *San Frangisk* and ACC *San Pawl*. In 2006, VFL operated the HSC *Maria Dolores* which was replaced by the HSC JDLV in 2010. VFL also operated the HSC *San Gwann* between 2001 until the vessel was sold in June 2016. VFL chartered the HSC *San Gwann* from Majorca Maritime Limited, a company forming part of the Virtu Holdings group. VFL also owns 95% of an Italian company – Virtu Ferries SRL (“VFSRL”).

3.2.2 VFFL

VFFL owns the HSC JDLV which is the vessel deployed on the Malta-Sicily route. Further details on the HSC JDLV vessel are presented in section 5.1 of this FAS. In 2010, this vessel replaced the HSC *Maria Dolores* on the Malta-Sicily route. The HSC *Maria Dolores* was delivered to the Group in 2006, and is currently operated on time charter basis by a third-party operator.

3.2.3 VFSRL

VFSRL is a company incorporated under the laws of Italy, and manages and operates the booking office in Pozzallo, Sicily. It was established to handle ferry ticket sales and provide other services in relation to ticketing and reservations.

3.2.4 VFTL

VFTL provides incoming and outgoing services to the tourist industry and acts as an in-house travel agent. In collaboration with VFSRL, VFTL offers the following services: excursion services to tourists travelling to and from Sicily; offering a number of tour packages to various sites including Taormina, Mount Etna and Syracuse amongst others; year-round day return excursion packages to Sicily; seasonal day return excursion packages to Malta; and transportation and accommodation arrangements for tourists visiting Sicily and Malta.

3.2.5 VRFL

VRFL is the owner of the HSC *Maria Dolores* which is chartered to a third-party for a period of three years commencing in May 2017. The vessel is deployed on the route between Tarifa in Spain and Tangier Ville in Morocco. Further details on the HSC *Maria Dolores* are presented in section 5.2 of this FAS.

3.2.6 VWPL

VWPL will be the owner of the New Vessel and further details are provided in section 4.1 of this FAS.

4. Material Contracts

What follows is a summary of the material contracts that the various Subsidiaries within the Group have entered into with third-parties.

4.1 THE NEW VESSEL

The Group's track record is marked by its ability to build and maintain an all-year round reliable and efficient ferry operation between Malta and Sicily. To better connect Malta to mainland Europe, the Group is now planning to introduce a second vessel on the MLA-SIC route as from 2019. To this effect, in October 2016, VWPL entered into a Ship Construction and Sale Agreement with Incat Tasmania PTY Ltd ("Incat") for the acquisition of a new vessel (the "New Vessel")¹. This vessel was commissioned for the purposes of complementing the operation of the HSC JDLV on the Group's MLA-SIC route. It is anticipated that the New Vessel will arrive in Malta in February 2019, and is expected to commence operations shortly thereafter. The acquisition of the New Vessel and its delivery will be financed by the proceeds of the new bond issue, bank financing, shareholder's loan and own funds. The cost of the New Vessel is €75 million.



Source: www.incat.com.au

The New Vessel will commence operations in 2019 and it is expected to enhance the Group's operations as a result of additional garage capacity.

4.2 TERMINAL CONCESSION AGREEMENT

VFL is party to a tripartite agreement between the Valletta Gateway Terminals Limited ("VGT"), VFL (as the client) and VHL whereby VGT granted VFL the exclusive right to use the VGT facilities, including the berth, outbuilding, sea passenger terminal and gates. The concession commenced from 1 September 2010 and will expire on 30 June 2036. Under the agreement, VGT is responsible to carry out, at its own expense, any extraordinary repairs of the facilities while VFL is responsible for the maintenance and ordinary repair of the facilities. The terminal also houses operations offices for cargo.



Source: Virtu Ferries

¹ Press Release issued by Virtu Ferries
<http://www.virtuferries.com/wp-content/uploads/2016/10/Press-Release-October-2016-1.pdf>

4.3 CHARTER CONTRACTS

Agreement & Counterparty	Nature of Agreement	Agreement Dates
<i>Bareboat Charter Agreement between VFL and VFFL.</i>	Standard BIMCO BARECON charter party agreement for ROPAX ² vessel HSC JDLV between VFL and VFFL.	Agreement dated 30/09/2010. Charter period of 10 years with delivery date 01/10/2010.
<i>Bareboat Charter Agreement between VFL and VWPL.</i>	Standard BIMCO BARECON charter party agreement for the New Vessel between VFL and VWPL.	Agreement dated 21/03/2017. Charter period of 10 years from delivery date (expected in 2018).
<i>Time Charter Agreement between VRFL and third-party operator.</i>	Standard BIMCO ROPAXTIME charter party agreement for ROPAX vessel HSC <i>Maria Dolores</i> between VRFL and Inter Shipping SRA.	Agreement dated 24/05/2017. Charter period of 3 years with delivery date 01/06/2017.
<i>Ship Management Agreement between VFL and VFFL.</i>	Standard ship management agreement for ROPAX vessel HSC JDLV between VFL and VFFL.	Agreement dated 30/09/2010. Commencement date 01/10/2010 for a period of 10 years.
<i>Ship Management Agreement between VFL and VWFL.</i>	Standard time charter party agreement for ROPAX vessel HSC JDLV between VFL and VWFL.	N/A

² ROPAX is a term used to refer to roll-on/roll-off passengers/vehicle vessel and passenger vessels which also has the capacity for freight vehicle transport along with passengers.

5. Overview of Major Assets

The assets of VMG are predominantly made up of ‘vessel and vessel equipment’ (“VVE”) as shown in the table below:

Year	Total Assets €'000	VVE ³ €'000	VVE % of Total Assets
2014	86,324	68,539	79.40%
2015	80,251	65,663	81.82%
2016	91,925	66,536	72.38%

5.1 HSC JDLV

The HSC JDLV is a high speed, all-weather passenger and vehicle catamaran. It is the largest vessel of its kind operating in the Mediterranean. The vessel was built by Austal Ships, WA in 2010 and was delivered in August 2010. It began its operations in October 2010, replacing the HSC *Maria Dolores*. The HSC JDLV was built to handle the increased cargo and passenger traffic between Malta and Sicily and is capable of carrying 156 cars, or a combination of 45 cars and 342 metres of truck lanes. The vessel can accommodate up to 800 passengers and manned by a crew of 24. It is designed to operate at a maximum speed of 38.5 knots.



Source: Virtu Ferries

With around 900 voyages per annum, the HSC JDLV has revolutionised transport and trade between the two Mediterranean islands. Many tourists come to Malta from Sicily on Virtu's service, making the company a material player in the local tourist industry.

³ Related to the net book value of the Group's vessels.

5.2 HSC MARIA DOLORES

The Group also owns, through its subsidiary VRFL, the high-speed ferry HSC *Maria Dolores*, which is chartered out, on a time charter basis, to Inter Shipping SRA. This third-party operator in turn operates a route between Tarifa in Spain and Tangier Ville in Morocco. The time charter agreement with Inter Shipping SRA has recently been renewed for a three-year period, commencing from 1 June 2017 until 31 May 2020. The vessel was previously chartered to the same operator for a period of 5 years.



Source: Virtu Ferries

The HSC *Maria Dolores* had previously been deployed on the Group's MLA-SIC route until 2010. It was built in 2006 by Austal Ships WA. It has a passenger capacity of 600 passengers and a vehicle capacity of 65 cars or 35 cars and 95 truck lane metres. The maximum speed at which it can travel is 36 knots.

6. Market Overview

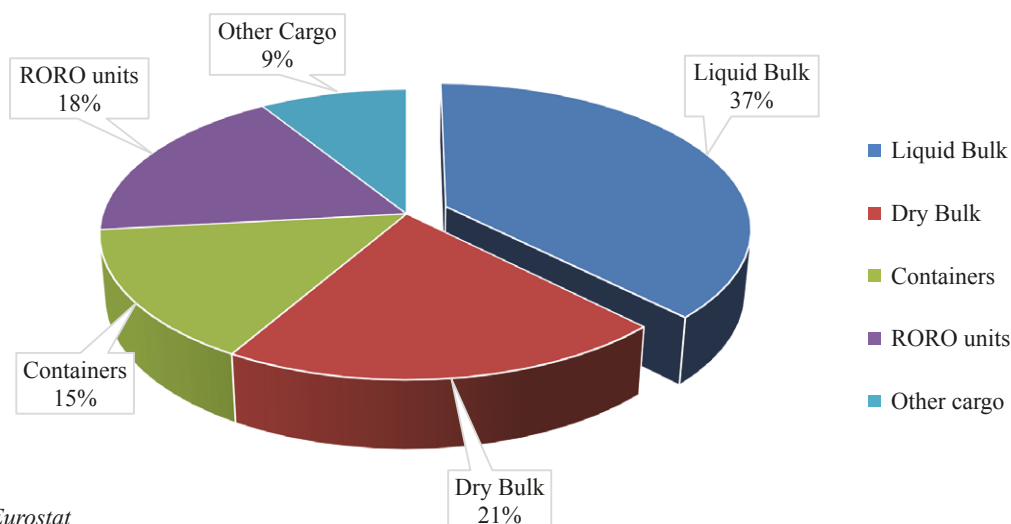
6.1 MARITIME CARGO MOVEMENTS: SHORT SEA SHIPPING OF GOODS

Short sea shipping statistics of the European Union (“EU”) cover the transport of goods between main ports in the EU-28 Member States and ports situated in Europe or in non-European countries in the Mediterranean and the Black Sea.

According to Eurostat, the total gross weight of goods transported as part of EU short sea shipping is estimated at 1.8 billion tonnes of goods in 2015, an increase of 0.9% compared to the previous year and 6% over 2010. The overall increase in short sea shipping recorded by the main EU ports seemed to consolidate the gradual recovery seen in EU short sea shipping following the economic downturn in Europe in 2009. Despite this, the 2015 level of EU short sea shipping still remained below the levels recorded in the years immediately preceding the economic downturn.

Malta recorded the largest relative increase in short sea shipping between 2014 and 2015 (+16.7%) from a low base of 2.9 million tonnes in 2014 to 3.4 million tonnes in 2015, followed by Slovenia (+15.2%), Croatia (+14.2%) and Denmark (+9.7%).

Type of Cargo Handled in 2015

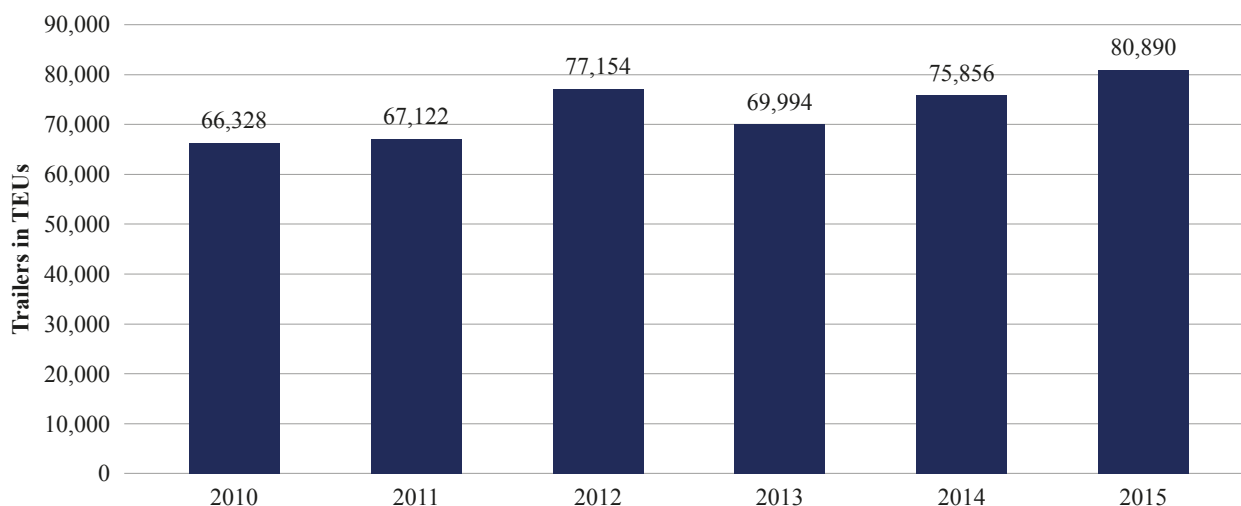


Source: Eurostat

Short sea shipping comprised around 59% of the total maritime transport of goods to and from the main EU ports in 2015. In the case of Malta, short sea shipping accounts for nearly 95% of total maritime transport of goods. In terms of the type of cargo handled, RoRo units accounted for 18% of the 3.4 million tonnes of cargo shipped to and from Malta in 2015, this being *circa* 4% higher than the EU-28 average.

According to information published by Transport Malta⁴, the number of trailers in twenty-foot equivalent units (TEUs) handled at the Port of Valletta increased from 66,328 in 2010 to 80,890 in 2015. These figures represent the number of trailers handled on both legs of the trip. This increase in the number of trailers handled represented an annual average growth rate of 4% over the five-year period.

Trailers handled at the Port of Valletta (TEUs)



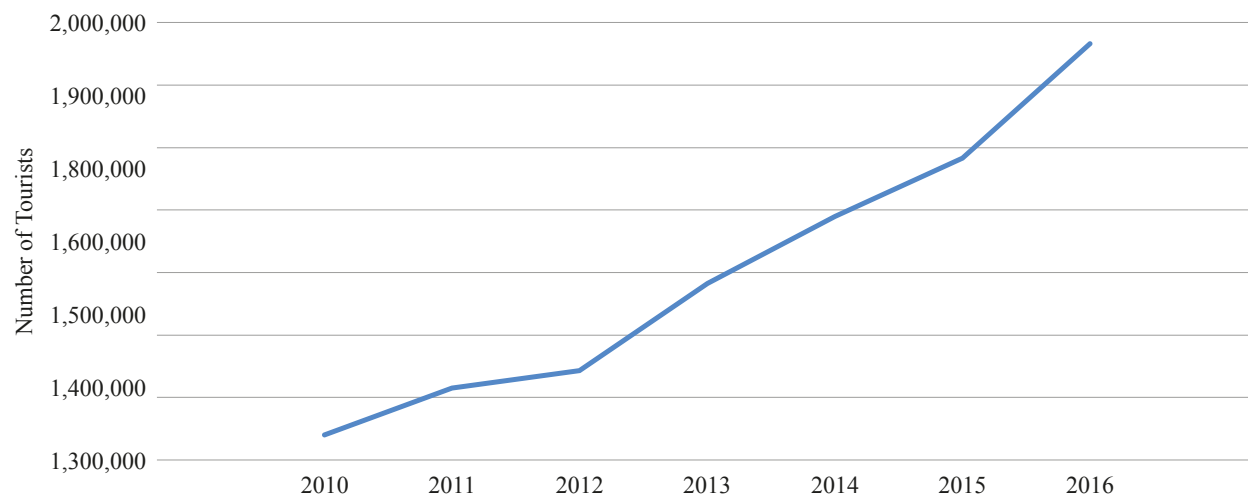
Source: Transport Malta

⁴ <http://www.transport.gov.mt/admin/uploads/media-library/files/Cargo%20Throughput%202015.pdf>

6.2 THE TOURISM INDUSTRY

One of the major catalysts for Malta's recent economic successes has been the notable growth of the tourism industry over the past few years. Indeed, the tourism industry is considered to be a crucial pillar of the economy as, directly and indirectly, it is estimated to account for 29% of Malta's GDP (Source: National Tourism Policy 2015-2020, p. 17).

Inbound Tourists



Source: NSO

The resilient performance in the tourism sector observed since 2010 persisted during 2016 in terms of inbound tourists. NSO data for 2016 show that the number of inbound tourists grew significantly during 2016, as it rose at an annual rate of 10.2% compared with a 5.5% growth rate recorded in 2015. The total number of visitors rose to almost two million, an increase of 182,562 tourists (10.2%) over the previous year. According to the NSO, this improvement was mostly driven by an increase in the number of leisure tourists, though the number of business and professional visitors also rose from 2015. Conversely, the number of persons who visited Malta for educational, religious, health and other purposes fell.

Another factor which contributed towards the development of the Maltese tourism industry in recent years has been the gradual shift from a purely holiday destination, and efforts are being made in order to attract a more business oriented segment. In order to achieve this change, efforts have been made by all stakeholders in the industry (both in public sphere as well as private operators and entrepreneurs) in order to increase the overall standard of the local tourism product.

Going forward, the prospects of the local tourism industry continue to look positive. The unstable socio-political and economic situations of some of Malta's closest competitors around the Mediterranean, as well as the continuing upgrading of the local tourism product in general are set to remain drivers of growth. Furthermore, Malta's six-month presidency of the Council of the EU from January to June 2017 and Valletta's journey towards the European Capital City of Culture in 2018 will also serve to attract additional visitors to Malta. On the downside, competition from other Mediterranean countries is likely to remain strong. More efforts to grow traffic in the winter months and attracting more visitors from new markets is a priority for Malta, and this strategy aims to ensure that the Maltese hospitality industry remains competitive and sustainable in the years to come.

6.3 MARITIME LINKS BETWEEN MALTA AND SICILY

The increase of maritime links and better infrastructure connecting the ports of Malta and Sicily was included in the EU's list of transport priorities, through a project better known as the TEN-T network, for the period until 2020⁵.

Furthermore, Malta's accession into the EU in 2004 has led to a growth in passenger and passenger vehicle traffic between Malta and Sicily due to the increase in the number of Maltese families travelling to Sicily by car (especially during the summer school vacation months), and the growing trend of Maltese families owning or renting holiday homes in Sicily. The growth in travel between Malta and Sicily also coincides with the significant growth of the Maltese tourism sector in general, as further explained in section 6.2 above. The increase in both inbound and outbound tourism, has been another key driver of growth on the Malta-Sicily line. Even though the summer period remains the peak season for the tourism sector, demand for the ferry service has increased significantly in other months of the year due to the increasing popularity of *agriturismo* holidays in Italy and Sicily and the appeal of affordable shopping arcades in certain parts of Sicily.

Coupled with the transport of passengers and passenger vehicles, Malta's accession to the EU has also led to a substantial change in how a broad range of products are sourced, particularly from regional logistics centres in Sicily and southern Italy. This, together with the opening of a number of international franchises, as well as the collaboration with foreign retailers targeting the local market, has resulted in a significant increase in the number of the light and heavy commercial vehicles using the MLA-SIC line for the carriage of goods between Malta and Sicily, particularly those transporting fresh produce, fish and other products of a perishable nature for which a fast ferry service is optimal.

⁵ Times of Malta

<https://www.timesofmalta.com/articles/view/20111021/local/Malta-Sicily-link-included-in-EU-s-infrastructure-priorities.390112>

Part 2

7. Historic Financial Information

NB: The MFSA Listing Policies require a 3-year historical analysis of financial information of the Issuer. The Issuer was incorporated on 6 July 2017 as a special purpose vehicle to act as the financing arm of the Virtu Holdings Group. The Issuer as a stand-alone company has not conducted any business and has no trading record. Thus, it has no financial information to report. Similarly, the Guarantor was incorporated on 30 June 2017 as the holding company of the Virtu Maritime Group. It has, to date, not conducted any business, and therefore has no trading record or financial information to report.

In anticipation of the issue of the Bonds, Virtu Maritime Limited was set up to be interposed in the group of companies owned by Virtu Holdings as the new parent company of the Subsidiaries, which together form the Virtu Maritime Group, as is described in further detail in section 3. The relative transfer of the shares in the Subsidiaries by Virtu Holdings to Virtu Maritime Limited was conducted on 3 August 2017 at the carrying value of the investment in the Subsidiaries in Virtu Holdings as at 31 December 2016.

The financial year-end of the Subsidiaries and Virtu Maritime Limited is 31 December. The financial information in this FAS accordingly represents the following:

- a. *The historical financial information in respect of the Subsidiaries as set out in the combined financial statements of the Virtu Maritime Group for the three years ended 31 December 2014, 2015 and 2016 (the “**Combined Financial Statements**”), prepared by the directors of Virtu Maritime Limited to present the financial position and results of the Subsidiaries on the basis of the assumption that the Virtu Maritime Group had operated as a single entity in the three years ended 31 December 2014, 2015 and 2016⁶.*

*The Combined Financial Statements have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”), as adopted by the European Union, and have been audited by PwC. The Combined Financial Statements have been prepared by aggregating the audited financial statements of the Subsidiaries constituting the Virtu Maritime Group, since all these entities are under common management and control but did not constitute a “group” for the purposes of IAS 27 “Consolidated and Separate Financial Statements”. The aggregated financial information has been adjusted to eliminate the impacts of intra-organisation transactions and balances, and to reflect the appropriate classification.*

The process described above, adopted for the preparation of the Combined Financial Statements, is similar to a consolidation process, however the financial results and financial position of the Subsidiaries could not be consolidated into the financial statements of Virtu Maritime Limited, since as at 31 December 2014, 2015 and 2016 Virtu Maritime Limited did not own or control the Subsidiaries.

- b. *The Pro Forma financial information of Virtu Maritime Limited as at 1 January 2017 has been prepared for illustrative purposes only, to provide information on the financial position of the Guarantor. The Pro Forma financial information, based on the Combined Financial Statements of the Virtu Maritime Group as at 31 December 2016, illustrates the resulting consolidated financial position of the Guarantor after superimposing the transactions giving rise to the re-organisation of the Virtu Maritime Group described in section 3, that are hypothetically assumed to have been carried out as at 1 January 2017. The Pro Forma financial information relative to the Virtu Maritime Group is further explained in section 7.4.*

The process for arriving at the Pro Forma financial information therefore builds on the combined position as at 31 December 2016, as described in paragraph (a) above, and further assumes that:

- *accounting entries related to the incorporation of Virtu Maritime Limited,*
- *transfer of ownership of the Subsidiaries, and*
- *related accounting entries for the re-organisation process, including capitalisation of the loan with Virtu Holdings Limited,*

are simulated within a Pro Forma set of financial statements with an effective date of 1 January 2017, to illustrate the financial position of the new group capturing all accounting entries as described in section 7.4 on that date. The legal incorporation of Virtu Maritime Limited and the restructuring entries described above, were concluded on 30 June 2017 and 3 August 2017 respectively.

Further detail covering the process for arriving at the Combined Financial Statements and the Pro Forma financial information is included in Note 1.1 of the Combined Financial Statements of Virtu Maritime Group and in Note 1 to the Pro Forma financial information of Virtu Maritime Limited.

All figures referred to in this section of the report have been supported by management information as necessary, with the exception of the financial ratios, which ratios have been calculated by Rizzo, Farrugia & Co (Stockbrokers) Limited.

All amounts in the tables below are in thousands (€'000), unless otherwise specified, and have been subject to rounding.

⁶ Virtu Wavepiercer Limited was incorporated on 5 September 2016, and accordingly no historical information relative to the preceding period is available in respect of this particular Subsidiary.

VIRTU MARITIME GROUP

7.1 SEGMENTAL ANALYSIS

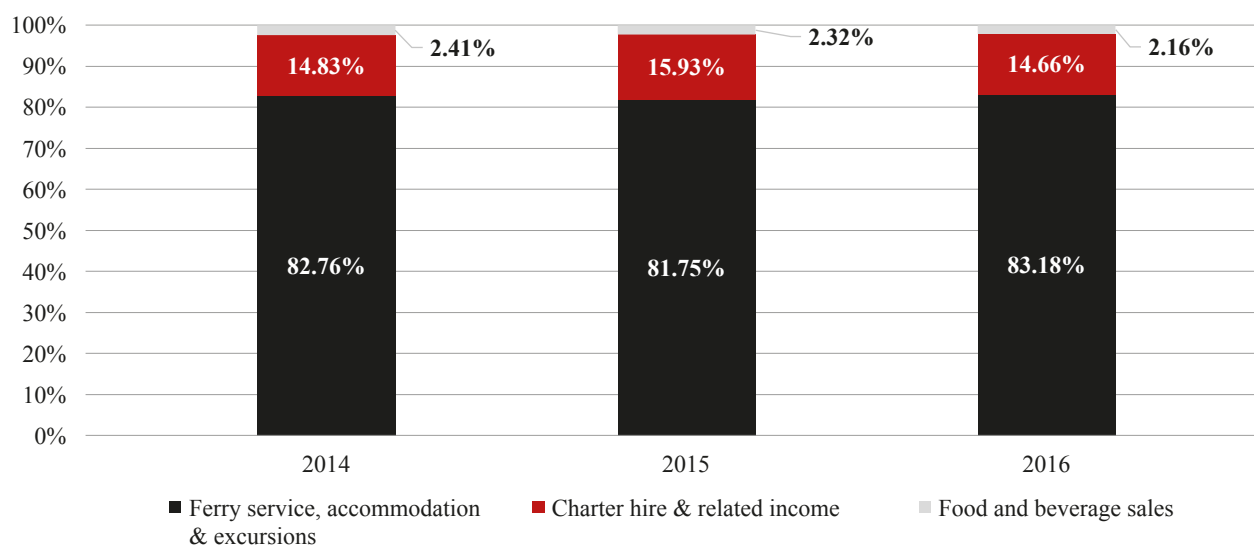
The table below provides a breakdown of revenue generated by the Group for the period under review. Revenue during the three-year period is mainly generated by the ferry service provided by HSC JDLV between Malta and Sicily and charter hire of the HSC *Maria Dolores*.

<u>VIRTU MARITIME GROUP</u>	ACTUAL	ACTUAL	ACTUAL
<i>for the year ended 31 December</i>	2014	2015	2016
	€'000	€'000	€'000
Ferry service, accommodation & excursions	24,032	24,904	27,182
Charter hire & related income	4,307	4,854	4,790
Food and beverage sales	699	704	708
Total Revenue	29,038	30,462	32,680

Source: The audited Combined Financial Statements of the Virtu Maritime Group for the three years ended 31 December 2014, 2015 and 2016.

As illustrated in the chart below, in the three financial years 2014 to 2016, the 'ferry service, accommodation & excursions' segment comprised the most significant revenue stream, representing 82.76%, 81.75% and 83.18% of total revenue respectively. Revenue from the provision of charter hire represented 14.66% of total revenue in FY2016 (FY2015: 15.93%; FY2014: 14.83%). Revenue from the sale of food and beverage items aboard the HSC JDLV accounted for *circa* 2% during the years under review.

Revenue by Segment



Source: Management information

7.2 COMBINED STATEMENT OF COMPREHENSIVE INCOME

VIRTU MARITIME GROUP

for the year ended 31 December

	ACTUAL 2014 €'000	ACTUAL 2015 €'000	ACTUAL 2016 €'000
Revenue	29,038	30,462	32,680
Cost of Sales	(14,869)	(16,167)	(15,739)
Gross Profit	14,169	14,295	16,941
Administrative expenses	(3,154)	(3,156)	(3,439)
Other income	233	254	319
Normalised EBITDA	11,248	11,393	13,821
Depreciation & amortisation	(3,155)	(3,133)	(3,162)
Normalised operating profit	8,093	8,260	10,659
Net costs from HSC San Gwann	(1,649)	(1,580)	(805)
Management fees	340	370	370
Settlement of claim	–	–	8,797
Operating profit	6,784	7,050	19,021
Net finance costs	(2,490)	(1,885)	(1,501)
Profit / (loss) before tax	4,294	5,165	17,520
Tax credit / (expense)	319	(77)	(327)
Profit / (loss) after tax	4,613	5,088	17,193
<i>Adjusted profit after tax, management fees, net costs from the HSC San Gwann, and settlement of claim</i>	<i>5,922</i>	<i>6,298</i>	<i>8,831</i>

**Note: In the audited Combined Financial Statements of VML, the 'management fees' and the 'settlement of claim' forms part of the 'other income' line, while the 'net costs from the HSC San Gwann' forms part of the 'cost of sales' line.*

Source: The audited Combined Financial Statements of the Virtu Maritime Group for the three years ended 31 December 2014, 2015 and 2016 and management information.

In the last three years, the Group registered an average increase in combined gross revenues of 6.0% per annum, increasing from €29.0 million in FY2014 to €32.7 million in FY2016. In FY2016, approximately €27.9 million was generated from the operation of the Malta-Sicily ferry service and €4.8 million from the time charter of the HSC *Maria Dolores* to a third-party operator.

Revenue increased by 12.5% between FY2014 and FY2016 particularly driven by the 13.0% increase in the segmental revenue of the ferry service.

Cost of sales increased over the three-year period mainly due to an increase in excursions, accommodation costs, operational payroll costs and staff expenses, reflecting the increased operational activity of the Group. Such an increase in costs was largely compensated for by a decrease in fuel expenses as a result of a reduction in fuel prices.

Payroll charges amounted to €3 million in FY2016. The Group employed *circa* 90 full-time equivalents during each of the years under review, of whom 36% are involved directly in the operation of the vessels including seamen, cabin crew, deck officers, motormen, engineers and technical shore crew. The technical superintendents, with the assistance of master, chief officer and chief engineer of the HSC JDLV oversee the day-to-day operation of the vessel. The Marine and Technical Department, made up of highly qualified master mariners and chief engineers, oversee the technical operations of the Group. The administrative function, which accounts for 64% of the persons employed by the Group, is predominantly made up of reservation, front desk officers and the finance function.

For illustration purposes, EBITDA has been normalised to exclude the management fees received from other related parties, the net costs arising from the HSC *San Gwann* operations (which was sold in 2016), and the other non-recurring income in FY2016 associated with the settlement of a claim with the HSC JDLV's shipbuilders. Total normalisation adjustments amounted to €1.3 million in FY2014, €1.2 million in FY2015 and €8.4 million in FY2016. The Group generated a combined normalised EBITDA of €13.8 million in FY2016 from the MLA-SIC line and from the operations of the HSC *Maria Dolores*, recording an increase of €2.6 million, compared to FY2014. The improvement is attributable to the €3.6 million increase in revenues registered, coupled by a €0.1 million increase in other operating income, offset by the increase in cost of sales of €0.8 million and an increase in administrative expenses of €0.3 million.

Over the three financial years 2014 to 2016, net finance costs relating to the vessels' bank loans, have decreased from €2.5 million in FY2014 to €1.5 million in FY2016. Reported profit after tax in FY2016 was of €17.2 million when compared to €5.1 million in FY2015 and €4.6 million in FY2014. However, if one had to exclude the €8.8 million settlement related to HSC JDLV, the €0.37 million management fees received from other companies within the Virtu Holdings Group, and net costs of €0.81 million incurred for the operation of the high-speed craft HSC *San Gwann*, the profit after tax for FY2016 would have been €8.8 million, which is an improvement of over 49% on the profit after tax of FY2014.

7.3 COMBINED STATEMENT OF CASH FLOWS

<u>VIRTU MARITIME GROUP</u>	ACTUAL	ACTUAL	ACTUAL
<i>for the year ended 31 December</i>	2014	2015	2016
	<i>€'000</i>	<i>€'000</i>	<i>€'000</i>
Cash flows from operating activities			
Cash from operations	9,455	7,759	12,724
Finance income	161	447	570
Finance costs	(2,651)	(2,332)	(2,071)
Tax paid	(38)	(22)	(35)
Net cash generated from operations	6,927	5,852	11,188
Cash flows from investing activities			
Purchase of property, plant and equipment	(174)	(102)	(4,151)
Proceeds from the issue of share capital	–	–	10
Net cash used in investing activities	(174)	(102)	(4,141)
Cash flows from financing activities			
Movement in borrowings	(6,627)	(5,960)	(5,754)
Net cash used in financing activities	(6,627)	(5,960)	(5,754)
Net movements in cash and cash equivalents	126	(210)	1,293
Cash and cash equivalents at beginning of the year	1,741	1,867	1,657
Cash and cash equivalents at end of year	1,867	1,657	2,950

Source: The audited Combined Financial Statements of the Virtu Maritime Group for the three years ended 31 December 2014, 2015 and 2016.

In total, net operating cash flows over the three-year period from FY2014 to FY2016 amounted to €24.0 million, after accounting for tax expenses of €0.1 million and net finance cost of €5.9 million.

In aggregate, investments in property, plant and equipment amounted to €4.4 million over the past three years, including €3.7 million relating to the advance payment to the shipbuilders for the construction of the New Vessel.

Net cash used in financing activities amounted to €18.3 million in debt servicing over the three years, mainly representing bank loan repayments. The closing cash and cash equivalents as at 31 December 2016 amounted to €3.0 million (FY2015: €1.7 million; FY2014: €1.9 million).

7.4 COMBINED STATEMENT OF FINANCIAL POSITION

<u>VIRTU MARITIME GROUP</u>	ACTUAL	ACTUAL	ACTUAL
<i>as at 31 December</i>	2014	2015	2016
	<i>€'000</i>	<i>€'000</i>	<i>€'000</i>
ASSETS			
Intangible assets	655	655	655
Vessel and vessel equipment	68,539	65,663	66,536
Land and buildings and PPE	1,175	1,020	1,136
Deferred taxation	588	526	234
Total non-current assets	70,957	67,864	68,561
Inventories	262	245	349
Trade and other receivables	13,214	10,432	20,057
Current tax asset	24	53	8
Cash and cash equivalents	1,867	1,657	2,950
Total current assets	15,367	12,387	23,364
Total assets	86,324	80,251	91,925
LIABILITIES			
Borrowings	46,641	40,891	34,901
Total non-current liabilities	46,641	40,891	34,901
Borrowings	5,986	5,776	6,012
Trade and other payables	11,222	30,225	48,450
Total current liabilities	17,208	36,001	54,462
Total liabilities	63,849	76,892	89,363
EQUITY			
Share capital	441	441	451
Retained earnings	22,034	2,918	2,111
Total equity	22,475	3,359	2,562
Total equity and liabilities	86,324	80,251	91,925

Source: The audited Combined Financial Statements of the Virtu Maritime Group for the three years ended 31 December 2014, 2015 and 2016.

As at 31 December 2016, the Group had €91.9 million in total assets (FY2015: €80.3 million; FY2014: €86.3 million) mainly comprising of 'vessel and vessel equipment'. Over the three financial years 2014 to 2016, intangible assets amounted to €0.7 million, being goodwill recognised as a result of the corporate restructuring carried out at the level of Virtu Holdings Limited in 2004. Over the three financial years 2014 to 2016, inventories representing spare parts held for maintenance of the vessels, bar and shop stocks have increased from €0.26 million in FY2014 to €0.35 million in FY2016.

Total current trade and other receivables increased from €13.2 million in FY2014 to €20.1 million in FY2016, the increase being mainly attributable to the amount due to the Group on the settlement of the HSC JDLV claim which was paid in 2017. Cash and cash equivalents increased from €1.9 million in FY2014 to €3.0 million in FY2016, reflecting the overall improved performance of the Group throughout FY2016.

On the liabilities side, total borrowings of the Group, both current and non-current decreased by nearly €12 million between FY2014 and FY2016, principally due to bank loan repayments made in FY2015 and FY2016. Bank borrowings amounted to €40.9 million as at 31 December 2016, while as at 31 December 2014 these amounted to €52.6 million.

Total trade and other payables advanced by €19.0 million in FY2015 and by a further €18.2 million in FY2016. As at the end of FY2016, the Group had a balance due to its shareholder of €38.5 million, principally representing dividends declared but not yet paid as at that date.

In FY2016, the Group's total equity amounted to €2.6 million, largely comprised of retained earnings equivalent to €2.1 million and share capital of €0.5 million. Total equity has decreased by 85.1% during FY2015 and declined further by 23.7% during FY2016, largely attributable to the dividends amounting to €24.2 million in FY2015 and €18.0 million in FY2016 which were declared by the Group to its shareholders.

ANALYSIS OF BORROWINGS

<u>VIRTU MARITIME GROUP</u>	ACTUAL	ACTUAL	ACTUAL
<i>for the year ended 31 December</i>	2014	2015	2016
	<i>€'000</i>	<i>€'000</i>	<i>€'000</i>
Short-term bank loans (current)	5,986	5,776	6,012
Long-term bank loans (non-current)	46,641	40,891	34,901
Total borrowings	52,627	46,667	40,913
Less: Cash and cash equivalents	1,867	1,657	2,950
Net Debt	50,760	45,010	37,963

Source: The audited Combined Financial Statements of the Virtu Maritime Group for the three years ended 31 December 2014, 2015 and 2016.

VMG's funding base has been composed of short-term and long-term bank loans. Over the three financial years 2014 to 2016, total borrowings have decreased from €52.6 million in FY2014 to €40.9 million in FY2016. A considerable portion of long-term borrowings have been taken out to finance the acquisition of the HSC JDLV and HSC *Maria Dolores* vessels, while a smaller proportion of the borrowings have been utilised to finance the sea passenger terminal works, construction of ramps and the purchase of miscellaneous equipment.

PRO FORMA STATEMENT OF FINANCIAL POSITION AS AT 1 JANUARY 2017

The Pro Forma financial information has been prepared using the Combined Financial Statements of Virtu Maritime Limited for the financial year ended 31 December 2016 and superimposing the following transactions (the "**Hypothetical Transactions**"), or that are hypothetically assumed to have been carried out, as at 1 January 2017:

- The incorporation of Virtu Maritime Limited as a private limited liability shipping company;
- The acquisition of the Subsidiaries by Virtu Maritime Limited from Virtu Holdings and the initial recognition of the fair value of the Subsidiaries;
- The reallocation of the Subsidiaries' fair value to each of their identifiable assets and liabilities, with the difference between the fair value of the Subsidiaries and the aggregate fair value of the identifiable assets and liabilities being allocated to goodwill; and
- The drawdown of a €20 million subordinated shareholder's loan from Virtu Holdings to the Guarantor.

The table below sets out a comparison between the Guarantor's financial position as at 1 January 2017 and the Pro Forma position that would have resulted assuming the Hypothetical Transactions were implemented on 1 January 2017.

<u>VIRTU MARITIME GROUP</u>	Combined position as at 1 January 2017	Pro Forma Adjustments				Pro Forma position as at 1 January 2017
		1	2	3	4	
	€'000					€'000
ASSETS						
Intangible assets	655			49,351		50,006
Vessel and vessel equipment	66,536					66,536
Land and buildings and PPE	1,136					1,136
Investment in subsidiaries	–		51,913	(51,913)		–
Deferred taxation	234					234
Total non-current assets	68,561	–	51,913	(2,562)	–	117,912
Inventories	349					349
Trade and other receivables	20,057					20,057
Current tax asset	8					8
Cash and cash equivalents	2,950	250				3,200
Total current assets	23,364	250	–	–	–	23,614
Total assets	91,925	250	51,913	(2,562)	–	141,526
EQUITY & LIABILITIES						
LIABILITIES						
Borrowings	34,901					34,901
Total non-current liabilities	34,901	–	–	–	–	34,901
Borrowings	6,012					6,012
Trade and other payables	48,450				(20,000)	28,450
Current tax liability	–					–
Total current liabilities	54,462	–	–	–	(20,000)	34,462
Total liabilities	89,363	–	–	–	(20,000)	69,363
EQUITY						
Share capital	451	250	4,113	(451)		4,363
Retained earnings	2,111			(2,111)		–
Other reserve	–		47,800			47,800
Capital reserves	–				20,000	20,000
Total equity	2,562	250	51,913	(2,562)	20,000	72,163
Total equity and liabilities	91,925	250	51,913	(2,562)	–	141,526

Source: The audited Combined Financial Statements of the Virtu Maritime Group for the three years ended 31 December 2014, 2015 and 2016 and the Pro Forma Financial Information as at 1 January 2017.

The Pro Forma adjustments were the following:

1. Cash for working capital: On 30 June 2017, VML was incorporated as a private limited liability company, with an initial issued paid up share capital of €250,000. This capital injection is being recognised in cash and share capital.
2. Recognition of investment in subsidiaries: Pursuant to the re-organisation, Virtu Holdings Limited transferred its shares in the Subsidiaries to the VML in exchange for an issue of 4,113,174 shares of a nominal value of €1.00 per share in VML. On initial recognition, the original cost for accounting purposes at which the Subsidiaries in VML's were recognised, was equivalent to their fair value of €51.9 million. The amount of €47.8 million representing the difference between the fair value of the Subsidiaries and the nominal value of shares issued has been recognised directly in equity in a reserve entitled "Other reserve".

3. Elimination of investment in Subsidiaries and consequential recognition of value uplift: The excess arising between the fair value attributed to the Subsidiaries, and the aggregate fair value of the net identifiable assets acquired, amounting to €2.6 million, results in goodwill of €49.4 million.
4. Quasi-equity loan recognition: On 7 August 2017, upon the drawdown of a €20 million subordinated shareholder's loan from Virtu Holdings to the Guarantor, the Guarantor completed its initial capital structuring.

The fair value of the Subsidiaries is attributable to the operations of the Malta – Sicily ferry service and the charter operations of the high-speed craft *Maria Dolores*. The valuation was based on some of the parts of the two income-generating units and was prepared on the basis of the discounted cash flows expected to be derived from ferry and charter operations, net of the carrying value of the HSC JDLV and the *Maria Dolores* and the cost of acquisition of the New Vessel.

7.5 RATIO ANALYSIS

PROFITABILITY RATIOS:

<u>VIRTU MARITIME GROUP</u>	ACTUAL For the year ended 31 December 2014	ACTUAL For the year ended 31 December 2015	ACTUAL For the year ended 31 December 2016	PRO FORMA As at 1 January 2017
Gross Profit margin (Gross Profit / Revenue)	48.79%	46.93%	51.84%	51.84%
Normalised EBITDA margin (Normalised EBITDA / Revenue)	38.74%	37.40%	42.29%	42.29%
Normalised Operating Profit margin (Normalised Operating Profit / Revenue)	27.87%	27.12%	32.62%	32.62%
Net Profit margin (Adjusted Profit for the period / Revenue)	20.39%	20.67%	27.02%	27.02%
Return on Equity (Adjusted Profit attributable to owners of the Company / Average Equity attributable to owners of the Company)	26.35%	48.76%	298.29%	23.64%
Return on Capital Employed (Adjusted Profit for the period / Average Capital Employed)	7.89%	10.07%	18.89%	11.28%
Return on Assets (Adjusted Profit for the period / Average Assets)	6.86%	7.56%	10.26%	7.57%

*The return on equity in FY2016 was exceptionally high due to a lower average equity in FY2016 following the significant dividend declaration of retained earnings in each of FY2015 and FY2016.

VMG's normalised EBITDA, operating profit and net profit margins for FY2016 were stronger when compared to the previous two years reflecting the increase in revenue, already explained in the previous sections of this FAS. Overall, gross profit margins have edged higher over the historical period, ranging from 48.79% in FY2014 to a peak of 51.84% in FY2016. Similarly, due to overall growth in profitability, the return on equity, on assets and on capital employed improved in FY2016 when compared to the previous years.

When taking into account the pro forma figures, the ratios relating to the return on assets, equity and capital employed were lower than the actual FY2016 ratios, as a result of the Pro Forma adjustments described in section 7.4.

LIQUIDITY RATIOS:

<u>VIRTU MARITIME GROUP</u>	ACTUAL For the year ended 31 December 2014	ACTUAL For the year ended 31 December 2015	ACTUAL For the year ended 31 December 2016	PRO FORMA As at 1 January 2017
Current Ratio <i>(Current Assets / Current Liabilities)</i>	0.89x	0.34x	0.43x	0.69x
Cash Ratio <i>(Cash & cash equivalents / Current Liabilities)</i>	0.11x	0.05x	0.05x	0.09x

Over the years, the Group's current ratio, representing the amount of current assets available to settle short-term liabilities, has been below one. The composition of the Group's current liabilities includes bank borrowings and a substantial balance of trade and other payables which increased to €48.5 million in FY2016 when compared to €11.2 million in FY2014. The main factor contributing to this significant change is the amount of €38.5 million representing dividends declared but not yet paid to shareholders.

During the years under review and as explained above, the Group experienced an increase in short-term liabilities which have also impacted the cash ratio accordingly.

When taking into account the pro forma adjustments, in view of the shift in the payables from current liabilities to equity (represented by the conversion of €20 million of the payable to a subordinated quasi-equity loan from the shareholders) the current ratio will be positively impacted, improving to 0.69x, albeit still below one.

SOLVENCY RATIOS:

<u>VIRTU MARITIME GROUP</u>	ACTUAL For the year ended 31 December 2014	ACTUAL For the year ended 31 December 2015	ACTUAL For the year ended 31 December 2016	PRO FORMA As at 1 January 2017
Interest Coverage ratio <i>(EBITDA / Net finance costs)</i>	4.52x	6.04x	9.21x	9.21x
Gearing Ratio (1) <i>(Net debt / Total Equity)</i>	2.26x	13.40x	14.82x	0.52x
Gearing Ratio (2) <i>[Total debt / (Total Debt plus Total Equity)]</i>	70.07%	93.29%	94.11%	36.18%
Net Debt to EBITDA <i>(Net Debt / EBITDA)</i>	4.51x	3.95x	2.75x	2.73x

In FY2016, net debt was 14.82 times of the Group's equity, representing a gearing of 94.11%, a notable increase when compared to a 70.07% gearing level in FY2014. The decline in equity was the result of the dividends which were declared to the parent in each of FY2015 and FY2016 amounting to €24.2 million and €18.0 million, respectively. Following the share-for-share transfer and the subordinated loan of €20.0 million originating from dividends paid to shareholders, the value of the Subsidiaries acquired by VML will be reflective of the fair value of the discounted cash flows of the operations of the said Subsidiaries. In this regard, the fair value adjustment is taken to a revaluation reserve which will increase the level of equity (as shown in the Pro Forma Statement of Financial Position above), resulting in an improved gearing of 36.18%.

The increase in revenue, resulting in higher EBITDA during FY2015 and FY2016, led to a stronger interest coverage ratio from 4.52 times in FY2014 to 9.21 times in FY2016. The improvement in the net debt to EBITDA signifies that, based on the EBITDA of FY2016, the Group will require 2.75 years of EBITDA to pay back its current net debt.

Part 3

8. Forecasts and Projections of the Issuer

In terms of the Listing Policies issued by the MFSA, the Issuer is required to prepare forecasts for the current year FY2017 and projections for FY2018.

8.1 KEY ASSUMPTIONS

The forecasts and projections are based on a number of assumptions all of which are the sole responsibility of the Directors of the Issuer. The actual outcome may be adversely affected by unforeseen situations and the variation between forecasts, projections and actual results may be material.

The key assumptions approved by the Directors of the Issuer in compiling the forecasts and projections are the following:

1. The forecasts apply as from the last quarter of FY2017. Until receipt of the proceeds from the Bond, the Issuer, being a finance company, would not have carried out any transaction or operation.
2. Inflation rate is assumed at 2% per annum.
3. Tax is assumed to be charged at a corporate tax rate of 35% on the Issuer's profits.
4. VML also pays VFP a facility fee, which is intended to cover bond amortisation costs, directors' fees and other administrative expenses incurred by VFP. In FY2017, this facility fee is assumed at €88,000, increasing to €137,000 in the following year.
5. Finance costs relating to interest costs payable on the Bonds is projected at €775,000 per annum.
6. Directors' fees are projected at €50,000 in FY2017, and increasing at 2% inflation thereafter.
7. Listing and related fees are projected at €6,000 in FY2017, increasing to €13,000 per annum thereafter, covering MSE listing charges. A further annual provision of €25,000 has been raised from FY2018 to cover for other costs related to the listing.
8. Other costs are projected at €10,000 annually as from FY2018, increasing by inflation. These mainly cover annual audit fees and professional fees.
9. The amortisation of bond issuance costs is assumed to be amortised over the life of the Bond, i.e. 10 years. In FY2018, the costs reflect a full year's charge at €45,000.

8.2 STATEMENT OF COMPREHENSIVE INCOME

<u>VIRTU FINANCE P.L.C.</u>	FORECASTS	PROJECTIONS
<i>for the year ended 31 December</i>	2017	2018
	<i>€'000</i>	<i>€'000</i>
Finance income	221	945
Finance costs	(129)	(775)
Other costs	(69)	(145)
Profit before tax	23	25
Tax expense	(8)	(9)
Profit after tax	15	16

Source: Management information

In FY2017 and FY2018, the Issuer is projected to generate €0.22 million and €0.95 million in finance income while incurring €0.13 million and €0.78 million in finance costs respectively. This increase in finance income and expenses is mainly attributable to the fact that the 2017 forecast only covers the period from October to December while the 2018 projection covers a whole year.

In FY2017 and FY2018, profit after tax is projected at €15,000 and €16,000 respectively.

8.3 STATEMENT OF FINANCIAL POSITION

VIRTU FINANCE P.L.C.

as at 31 December

	FORECASTS	PROJECTIONS
	2017	2018
	€'000	€'000
ASSETS		
Non-current assets		
Loans and receivables	24,550	24,550
Current assets		
Cash and cash equivalents	655	717
Total assets	25,205	25,267
EQUITY AND LIABILITIES		
LIABILITIES		
Non-current liabilities		
Unsecured Bonds 2027	25,000	25,000
Bond issuance costs	(439)	(394)
Current liabilities		
Accrued bond interest	129	129
Total liabilities	24,690	24,735
EQUITY		
Share capital	500	500
Retained earnings	15	31
Total equity	515	531
Total equity and liabilities	25,205	25,267

Source: Management information

As a financing vehicle, the Issuer's statement of financial position will be limited to the financing it raises to on-lend to the Group. In this regard, in FY2017 and FY2018, the Issuer will show a borrowing of €25 million, which net of bond issue costs, was on-lent to the Guarantor, thereby represented by a receivable of €24.6 million.

8.4 STATEMENT OF CASH FLOWS

VIRTU FINANCE P.L.C.

for the year ended 31 December

	FORECASTS	PROJECTIONS
	2017	2018
	€'000	€'000
Cash flows from operating activities		
Cash from operations (before interest payment)	152	800
Interest payment	–	(775)
Adjustments for amortisation of issue costs	11	45
Tax paid	(8)	(9)
Net cash generated from operating activities	155	61
Cash flows from investing activities		
Loans to Group	(24,550)	–
Net cash used in investing activities	(24,550)	–
Cash flows from financing activities		
Share capital	500	–
Proceeds from bond issue	25,000	–
Issue costs	(450)	–
Net cash from financing activities	25,050	–
Net movements in cash and cash equivalents	655	61
Cash and cash equivalents at beginning of the year	–	655
Cash and cash equivalents at end of year	655	716

Source: Management information

The projected cash flow reflects the €25 million bond issue net of the €0.45 million bond issue costs. Net cash flow from operations in FY2017 and FY2018 is estimated at €155,000 and €61,000 respectively, made up of the net finance margin and the facility fees. The latter provides for the recovery of the €0.45 million bond issue costs in addition to the Issuer's cash expenses over the life of the Bond.

9. Forecasts and Projections of the Guarantor

The forecasts and projections are based on a number of assumptions all of which are the sole responsibility of the Directors of the Guarantor. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecasts, projections and actual results may be material.

A detailed analysis of the key assumptions approved by the Directors of the Guarantor in compiling the forecasts and projections covering period from January 2017 to December 2018 are presented in the narrative below.

9.1 STATEMENT OF COMPREHENSIVE INCOME

<u>VIRTU MARITIME GROUP</u>	ACTUAL	FORECASTS	PROJECTIONS
<i>for the year ended 31 December</i>	2016	2017	2018
	€'000	€'000	€'000
Revenue	32,680	32,797	34,524
Cost of Sales	(15,739)	(15,934)	(16,531)
Gross Profit	16,941	16,863	17,993
Administrative expenses	(3,439)	(3,258)	(3,349)
Other income	319	308	338
Normalised EBITDA	13,821	13,913	14,982
Lifecycle provision	–	(1,034)	(1,534)
Depreciation & amortisation	(3,162)	(2,964)	(2,968)
Normalised operating profit	10,659	9,915	10,480
Net costs from HSC San Gwann	(805)	–	–
Management fees	370	–	–
Settlement of claim	8,797	–	–
Operating profit	19,021	9,915	10,480
Net finance costs	(1,501)	(1,929)	(1,836)
Profit / (loss) before tax	17,520	7,986	8,644
Tax credit / (expense)	(327)	(197)	13
Profit / (loss) after tax	17,193	7,789	8,657
<i>Adjusted profit after tax, management fees, net costs from the HSC San Gwann, and settlement of claim</i>	8,831	7,789	8,657

Source: The audited Combined Financial Statements of the Virtu Maritime Group for the three years ended 31 December 2014, 2015 and 2016; Management information.

The Group principally generates its revenue from the ferry service between Malta and Sicily (which comprises the most significant revenue stream) and charter hire. Management has prepared and approved the forecasts and projections in connection with these revenue streams.

The table below provides a breakdown of the expected revenue to be generated in FY2017 and FY2018 when compared to that generated in FY2016. As the New Vessel is scheduled to be delivered in 2019, the expected increase in revenue from the operations of the New Vessel is not reflected in the forecasts and projections presented in this FAS.

<u>VIRTU MARITIME GROUP</u>	ACTUAL	FORECASTS	PROJECTIONS
<i>for the year ended 31 December</i>	2016	2017	2018
	€'000	€'000	€'000
Ferry service, accommodation & excursions	27,182	27,118	28,405
Charter hire & related income	4,790	4,961	5,353
Food and beverage sales	707	718	766
Total Revenue	32,680	32,797	34,524

Source: The audited Combined Financial Statements of the Virtu Maritime Group for the three years ended 31 December 2014, 2015 and 2016; Management information.

During FY2017, operating expenses are forecasted at a level of €15.9 million (FY2016: €15.7 million). During FY2018 these are expected to increase again to €16.5 million in line with the envisaged growth in revenue.

Administrative costs are expected to remain constant during FY2017 and FY2018. Approximately half of the administrative costs relate to salaries.

EBITDA for FY2017 and FY2018 is expected to improve to €13.9 million and €15.0 million respectively when compared to the normalised EBITDA of €13.8 million registered in FY2016 on the back of revenue growth.

The statement of comprehensive income shows a lifecycle provision raised annually to cover the costs of periodic engines' overhaul when they fall due for each respective vessel. In FY2017, the Group is forecasting an annual provision of €1.0 million for the HSC JDLV. This is expected to increase to €1.5 million by the end of FY2018 and will include an additional provision of €0.5 million for HSC *Maria Dolores*. Upon the commissioning of the New Vessel in FY2019, the total provision is expected to increase further. The annual provision for each vessel's engines is based on the contracted overhaul cost for the stipulated number of hours, amortised on a straight-line basis during the period until the engine overhaul is projected to occur.

Depreciation and amortisation for FY2017 and FY2018 are expected to remain stable at *circa* €3.0 million, inclusive of the depreciation charges on the two vessels, the HSC JDLV and HSC *Maria Dolores*, and other non-current assets, including land & buildings, furniture & equipment and motor vehicles.

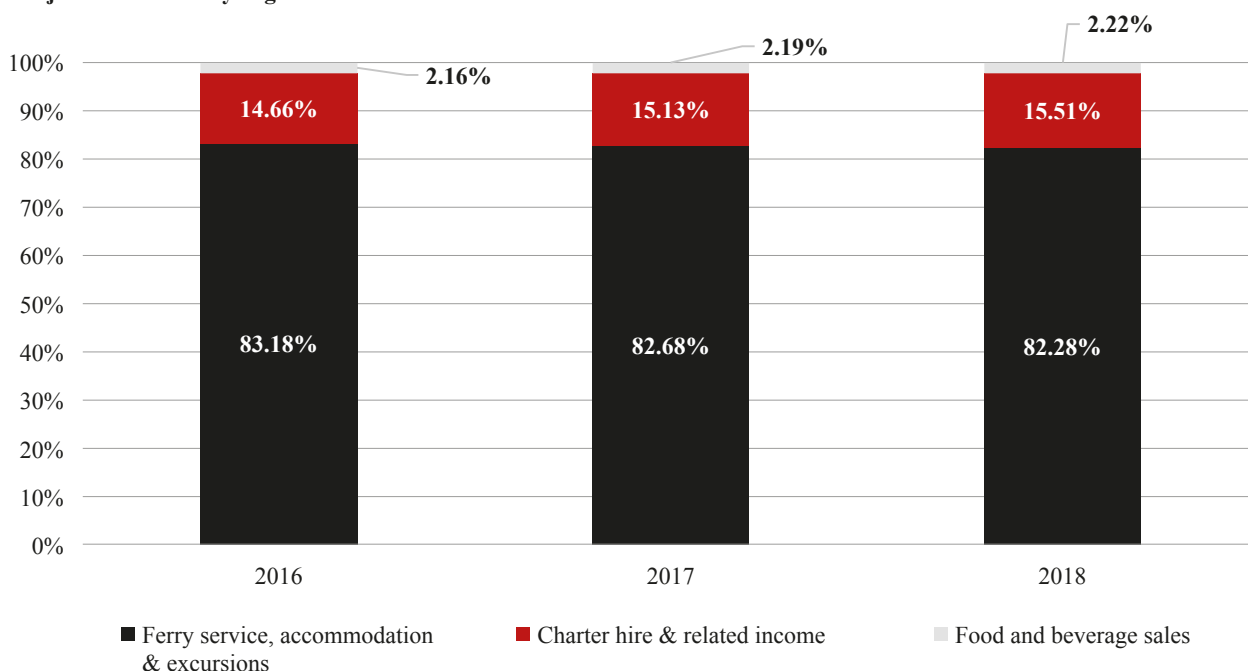
Net finance costs in FY2017 and FY2018 are expected to amount to €1.9 million and €1.8 million respectively, representing interest costs on legacy bank loans, the loan from the Issuer (net bond proceeds) and the shareholder's loans.

The net profit is projected at €7.8 million in FY2017 and €8.7 million in FY2018. The figure in FY2017 is lower than the normalised profit after tax in FY2016 of €8.8 million (adjusted to net off the effect of the settlement of the dispute in relation to the HSC JDLV – refer to section 7.2) due to the inclusion of a €1 million lifecycle provision.

9.2 OPERATING SEGMENTS FORECASTS AND PROJECTIONS

Revenue from the MLA-SIC route is expected to remain the largest income segment of VMG and while it is forecasted to decrease slightly in FY2017, it is projected to increase to €28.4 million in FY2018. The 4.7% increase in FY2018 is assumed to be mainly driven by an increase in passenger revenue. Approximately 15% of revenue is expected to be generated through the chartering of the HSC *Maria Dolores*. In FY2017 and FY2018, revenue from the sale of food and beverage aboard the HSC JDLV is expected to remain at the same levels of FY2016 (*circa* 2.0% of total revenue).

Projected Revenue by Segment



Source: Management Information

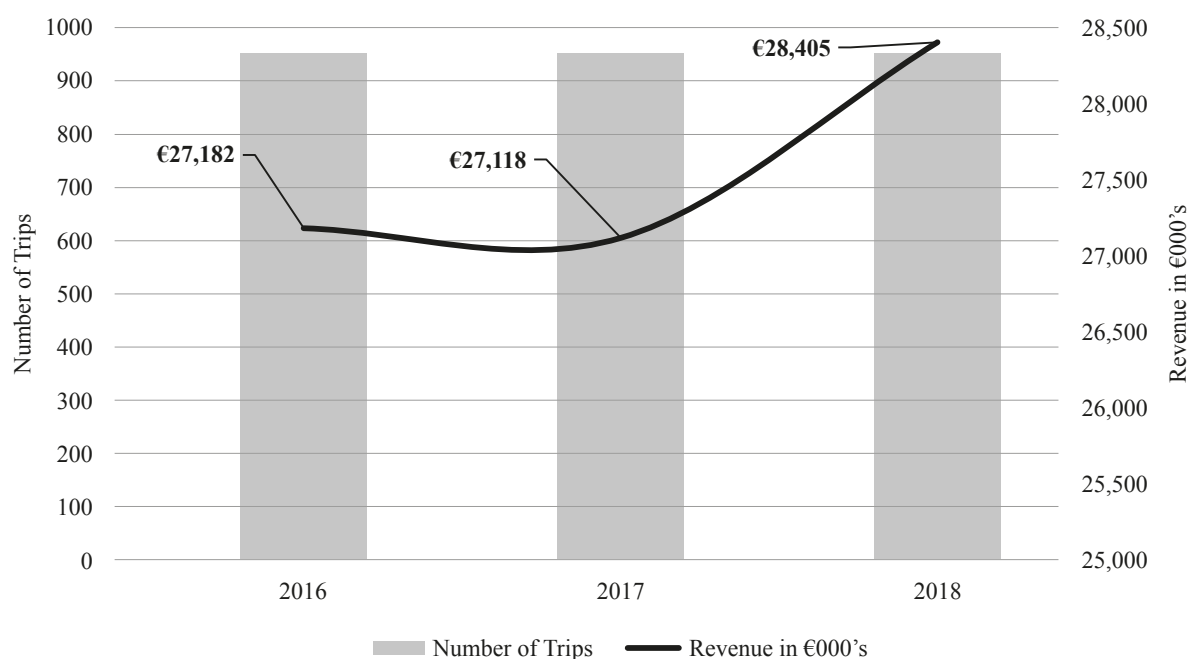
9.2.1 MLA-SIC Line

During FY2016, the HSC JDLV completed 952 trips on the MLA-SIC line, which generated revenue of €27.2 million. It is expected that in FY2017 and FY2018, prior to the commissioning of the New Vessel, the number of annual trips will remain constant at 952, although once the New Vessel commences operations in 2019, the number of trips using both vessels is projected to increase further.

The number of passengers carried is projected to increase at an annual rate of between 1.0% and 1.5% between FY2017 and FY2018. The forecasts and projections reflect a modest rate of growth in this segment given that it is relatively mature and dependent (to an extent) on the performance of the wider inbound tourism sector, which drives the Sicily day excursion market.

Passenger and Light Commercial Vehicles demand is also expected to grow modestly over the projected period, with a maximum annual growth rate of 3.1% forecasted in FY2017 and 1.0% projected in FY2018.

Annual Trips and Transportation Revenue (MLA-SIC line)



Source: Management Information

9.2.2 HSC Maria Dolores Charter

During FY2016, the HSC *Maria Dolores* generated revenue of €4.8 million which is forecasted to increase to €5.0 million in FY2017 and projected to increase by a further €0.4 million in FY2018. VRFL, the owner of the HSC *Maria Dolores*, has entered into a charter agreement with a third-party, exclusively chartering the vessel for a period of three years commencing in May 2017. Charter income in FY2017 and FY2018 is assumed at the contracted rate which contract expires on 30 May 2020.

9.3 STATEMENT OF CASH FLOWS

<u>VIRTU MARITIME GROUP</u>	PRO FORMA	FORECASTS	PROJECTIONS
	As at 1 January 2017	For the year ended 31 December 2017	For the year ended 31 December 2018
	<i>€'000</i>	<i>€'000</i>	<i>€'000</i>
Net cash generated from operating activities	11,188	22,934 ⁷	14,982
Net cash used in investing activities	(4,141)	(29,460)	(521)
Net cash (used in)/from financing activities	(5,754)	14,842	(8,491)
Net movements in cash and cash equivalents	1,293	8,316	5,970
Cash and cash equivalents at beginning of the year	1,657	3,200	11,516
Cash and cash equivalents at end of year	2,950	11,516	17,486
Pro forma adjustments	250	—	—
Adjusted cash and cash equivalents at end of year	3,200	11,516	17,486

Source: The audited Combined Financial Statements of the Virtu Maritime Group for the three years ended 31 December 2014, 2015 and 2016; Management information.

In FY2017 and FY2018 (after excluding the proceeds from the claim against the HSC JDLV's shipbuilders, amounting to €8.8 million), net cash flow from operating activities is projected to average *circa* €14.6 million per annum. In FY2018 *circa* 78.6% of cash generated from operations is assumed to be generated by the ferry service between Malta and Sicily.

Total cash used in investing activities in FY2017 is forecast at €29.5 million, out of which €29.3 million represent the payments to be made to the shipbuilder for the build and mobilisation expenses of the New Vessel.

In FY2017, financing inflows includes the €24.5 million from the Issuer, representing net bond proceeds on-lent to Guarantor and on-lent to VWPL to finance payments to the shipbuilders of the New Vessel, while financing outflows includes the €8.8 million claim settlement for the dispute on the HSC JDLV which will be used to settle the amount due to shareholders. No other borrowings are projected for FY2018, although, upon delivery of the New Vessel in 2019, the Issuer is expected to have additional bank borrowings in the region of €40 million.

The Group is projected to generate a cash surplus of €8.3 million in FY2017 and €6.0 million in FY2018. The Group's cash position is expected to improve in FY2017, following the proceeds received in settlement of the dispute claim. This is expected to result in a cash balance of €11.5 million by the end of FY2017. The cash balance is expected to improve further in FY2018 to €17.5 million.

⁷ In FY2017, cash generated from operations includes the settlement proceeds from the claim against the HSC JDLV's shipbuilders, amounting to €8.8 million and collected in the first quarter of FY2017.

9.4 STATEMENT OF FINANCIAL POSITION

<u>VIRTU MARITIME GROUP</u>	PRO FORMA	FORECASTS	PROJECTIONS
	As at	As at	As at
	1 January 2017	31 December 2017	31 December 2018
	€'000	€'000	€'000
ASSETS			
Intangible assets	50,006	50,006	50,006
Vessel and vessel equipment	66,536	59,909	57,033
Assets in course of construction	–	33,000	33,300
Land and buildings and PPE	1,136	1,260	1,389
Deferred taxation	234	48	120
Total non-current assets	117,912	144,223	141,848
Inventories	349	354	363
Trade and other receivables	20,057	11,107	11,080
Current tax asset	8	–	–
Cash and cash equivalents	3,200	11,516	17,487
Total current assets	23,614	22,977	28,930
Total assets	141,526	167,200	170,778
EQUITY AND LIABILITIES			
LIABILITIES			
Borrowings	34,901	59,827	51,095
Lifecycle provision	–	1,034	2,568
Total non-current liabilities	34,901	60,861	53,663
Borrowings	6,012	6,654	8,732
Trade and other payables	28,450	19,730	19,724
Current tax liability	–	3	51
Total current liabilities	34,462	26,387	28,507
Total liabilities	69,363	87,248	82,170
EQUITY			
Share capital	4,363	4,363	4,363
Retained earnings	–	7,789	16,445
Other reserve	47,800	47,800	47,800
Capital reserve	20,000	20,000	20,000
Total equity	72,163	79,952	88,608
Total equity and liabilities	141,526	167,200	170,778

Source: The Pro Forma Financial Information as at 1 January 2017; Management information.

Note: In view of the fact that the Group was subject to a restructuring exercise during FY2017, the projected statement of financial position as at FY2017 and FY2018 is being compared to the Pro Forma Statement of Financial Position as at 1 January 2017.

In FY2017 and FY2018, the Group's non-current assets are expected to increase substantially when compared to the Pro Forma Statement of Financial Position as at 1 January 2017 (FY2017: €144.2 million; FY2018: €141.8 million) reflecting payments made in respect of the New Vessel currently under construction. Trade and other receivables will decrease to €11.1 million in FY2017 and FY2018 when compared to €20.1 in FY2016, principally as a result of the receipt in 2017 of the settlement monies relating to the HSC JDLV dispute referred to above.

ANALYSIS OF BORROWINGS

<u>VIRTU MARITIME GROUP</u>	PRO FORMA As at 1 January 2017 €'000	FORECASTS As at 31 December 2017 €'000	PROJECTIONS As at 31 December 2018 €'000
Shareholder's loan	–	7,000	6,559
Bank borrowings	40,913	34,932	28,719
Loan receivable from the Issuer (representing the Bond Issue)	–	24,550	24,550
Total borrowings	40,913	66,481	59,827
Less: Cash and cash equivalents	3,200	11,516	17,487
Net Debt	37,713	54,965	42,340

Source: The Pro Forma Financial Information as at 1 January 2017; Management information.

The composition of the funding side is expected to be significantly different from that of the FY2017 Pro Forma statement, as the Group will receive additional financing support from its shareholders and the Issuer to enable the Group to finance its debt service obligations on the New Vessel. Total borrowings in FY2017, mainly made up of the shareholder's loan, bank borrowings, and the loan receivable from the Issuer are expected to stand at €7.0 million, €34.9 million and €24.6 million respectively. In FY2018, bank borrowings are expected to decrease to €28.7 million in line with repayments made. Similarly, the shareholder's loan is projected to decrease to €6.6 million. In FY2019, VMG is expected to make use of additional bank borrowings and shareholders' support to settle the amount due (€42.5 million) to shipbuilders on the delivery of the New Vessel.

The statement of financial position shows a lifecycle provision raised annually to cover the costs of periodic engines' overhaul when they fall due for each respective vessel.

Retained earnings are expected to increase year-on-year through the retention of the profit after tax. Retained earnings are anticipated to stand at €7.8 million as at 31 December 2017, and projected to increase to €16.4 million as at 31 December 2018.

Shareholders' funds are expected to increase in FY2017 and FY2018 to €80.0 million and €88.6 million respectively on account of the retained profits.

<u>VIRTU MARITIME GROUP</u>	PRO FORMA As at 1 January 2017	FORECASTS For the year ended 31 December 2017	PROJECTIONS For the year ended 31 December 2018
Interest Coverage ratio (EBITDA / Net finance costs)	9.21x	7.21x	8.16x
Gearing Ratio (1) (Net debt / Total Equity)	0.52x	0.69x	0.48x
Gearing Ratio (2) [Total debt / (Total Debt plus Total Equity)]	36.18%	45.40%	40.31%
Net Debt to EBITDA (Net Debt / EBITDA)	2.73x	3.95x	2.83x

Overall, the solvency ratios of the Guarantor are expected to improve in FY2018 when compared to the Pro Forma ratios, with the Group's gearing level expected to be 45.40% in FY2017 and 40.31% in FY2018.

Based on the EBITDA for FY2017, the net debt to EBITDA signifies that the Group will require 3.95 years of projected EBITDA to pay back its net debt as opposed to 2.73 years following the Pro Forma adjustments as a result of the additional borrowings being taken on. However, in FY2018 this is projected to return to 2.83 years as a result of the improved cash positions envisaged for the year.

10. Comparison to other Issuers

The table below compares (for information purposes only) certain data relating to the Issuer and its proposed bond issue with that of other listed debt on the local market having broadly similar maturities. The list excludes issues by financial institutions. The comparative data includes local groups whose assets, strategy and level of operations vary significantly from those of the Issuer and are therefore not directly comparable.

Bond Details	Outstanding Amount (€)	Total Assets (€'000)	Total Equity (€'000)	Gearing Ratio*	Net Debt to EBITDA** (times)	Interest Cover*** (times)	YTM (as at 04.10.2017)^
5.00% Dizz Finance p.l.c. 2026	8,000,000	17,039	4,662	65.46%	6.23	3.42	4.12%
4.80% Med. Maritime Hub Finance p.l.c. 2026	15,000,000	22,931	4,463	76.97%	–	–	4.12%
4.50% Medserv p.l.c. 2026 (EUR)	21,982,400	121,453	26,408	66.81%	8.49	2.24	4.09%
4.25% Corinthia Finance p.l.c. 2026	40,000,000	1,389,627	665,357	44.12%	10.92	3.85	4.10%
4.00% MIDI p.l.c. 2026	50,000,000	203,780	67,359	47.30%	20.66	0.59	3.60%
4.00% IHI p.l.c. 2026 (Secured)	55,000,000	1,220,254	646,822	38.53%	9.79	6.18	3.66%
4.00% IHI p.l.c. 2026 (Unsecured)	40,000,000	1,220,254	646,822	38.53%	9.79	6.18	4.00%
3.90% Plaza Centres p.l.c. 2026	8,500,000	43,424	26,180	32.71%	5.52	9.38	3.75%
3.75% Premier Capital p.l.c. 2026	65,000,000	193,351	41,630	74.47%	1.81	7.44	3.49%
4.50% Grand Harbour Marina p.l.c. 2027	15,000,000	16,782	2,830	79.25%	6.29	2.00	4.01%
4.35% SD Finance p.l.c. 2027	65,000,000	156,433	56,697	48.92%	3.21	5.46	3.96%
4.00% Eden Finance p.l.c. 2027	40,000,000	165,496	92,620	34.78%	5.86	3.98	3.59%
3.75% Tumas Investments p.l.c. 2027	25,000,000	180,992	81,387	41.73%	3.05	4.60	3.32%
3.75% Virtu Finance p.l.c. 2027	25,000,000	141,526	72,163	36.18%	2.73	9.21	3.75%
3.50% Simonds Farsons Cisk p.l.c. 2027	20,000,000	182,941	123,271	22.59%	1.83	13.25	3.13%

Source: Malta Stock Exchange, Audited Accounts of Listed Companies, Rizzo, Farrugia & Co (Stockbrokers) Ltd

The gearing ratio indicates the level of funding obtained from external borrowings in relation to equity capital. When taking into account the Pro Forma adjustments described in section 7.4, the gearing ratio of the Group stood at 36.18%. This compares well to the market as portrayed in the selective list above. Furthermore, the net debt to EBITDA multiple stood at 2.73 times and is one of the lowest amongst other local corporate bond issuers.

The interest cover ratio gauges the ability of the Group to meet its annual net finance costs from annual cash generation. In this regard, the Group generated more than sufficient EBITDA to cover net finance costs.

*Gearing: This refers to the fundamental analysis ratio of a company's level of long-term debt compared to its equity capital. In the above table this is computed as follows: $\text{Total Debt} / [\text{Total Debt} + \text{Total Equity}]$.

**Net Debt to EBITDA: This is the measurement of leverage calculated by dividing a company's interest-bearing borrowings net of any cash or cash equivalents by its EBITDA.

***Interest Cover: The interest coverage ratio is calculated by dividing a company's EBITDA of one period by the company's net finance costs of the same period.

^Yield to Maturity (YTM) from rizzofarrugia.com, based on bond prices of 4 October 2017. YTM is the rate of return expected on a bond which is held till maturity. It is essentially the internal rate of return on a bond and it equates the present value of bond future cash flows to its current market price.

Ratio workings and financial information quoted have been based on the Issuers' published financial data, including:

Dizz Finance plc - figures based on the Guarantor (Dizz Group of Companies Limited) FY2016 annual report;

Med. Maritime Hub plc - figures based on the Guarantor (MMH Holdings Limited) FY2016 annual report;

Medserv plc FY2016 annual report;

Corinthia Finance plc - figures based on the Guarantor (Corinthia Palace Hotel Company Limited) FY2016 annual report;

MIDI plc FY2016 annual report;

IHI plc FY2016 annual report;

Plaza Centres plc FY2016 annual report;

Premier Capital plc FY2016 annual report;

Grand Harbour Marina plc FY2016 annual report;

SD Finance plc - figures based on the Guarantor (SD Holdings Limited) FY2017 annual report;

Eden Finance plc - figures based on the Guarantor (Eden Leisure Group Limited) FY2016 annual report;

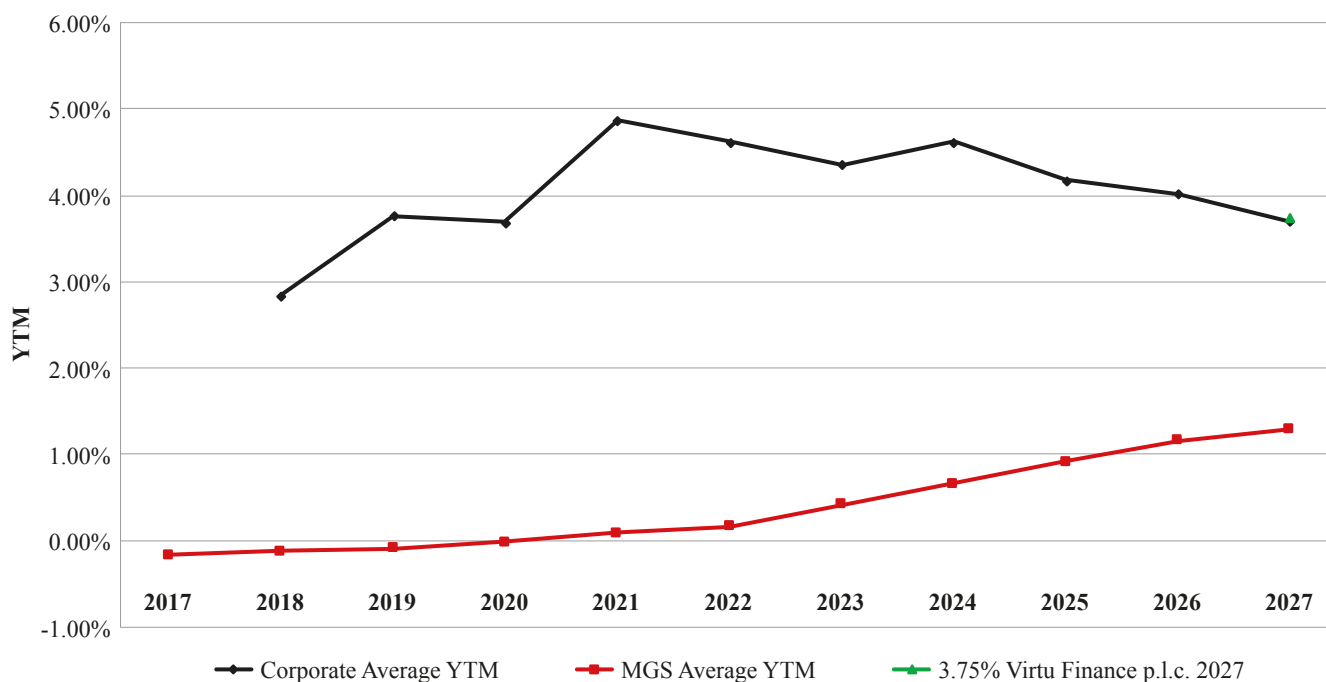
Tumas Investments plc - figures based on the Guarantor (Spinola Development Company Limited) FY2016 annual report;

Virtu Finance plc - figures based on the Guarantor (Virtu Maritime Ltd) Pro Forma financial information as at 1 January 2017; and

Simonds Farsons Cisk plc FY2017 annual report.

The chart below compares the new Virtu Finance p.l.c. bond to other corporate bonds listed on the Malta Stock Exchange and benchmarked against the Malta Government Stock yield curve as at 4 October 2017.

New Virtu Finance p.l.c. Bond vs Corporate & MGS YTM – as at 04.10.2017



At a coupon of 3.75% per annum, the 3.75% Virtu Finance p.l.c. 2027 bond has been priced at a premium of approximately 245 basis points over the average yield to maturity of Malta Government Stock (MGS) maturing in 2027 and at par with the average yield to maturity of corporate bonds maturing in 2027 (data correct as at 4 October 2017).

Glossary and Definitions

STATEMENT OF COMPREHENSIVE INCOME EXPLANATORY DEFINITIONS

Revenue	Total revenue generated by the company from its business activity during the financial year.
Cost of Sales	The costs incurred in direct relation to the operations of the Issuer or Guarantor
Gross Profit	The difference between Revenue and Cost of Sales.
EBITDA	Earnings before interest, tax, depreciation and amortization, reflecting the company's earnings purely from operations.
Normalisation	Normalisation is the process of removing non-recurring expenses or revenue from a financial metric like EBITDA, EBIT or earnings. Once earnings have been normalised, the resulting number represents the future earnings capacity that a buyer would expect from the business.
EBIT	Earnings before interest and tax.
Depreciation and Amortization	An accounting charge to compensate for the reduction in the value of assets and the eventual cost to replace the asset when fully depreciated.
Finance Income	Interest earned on cash bank balances and from the intra-group companies on loans advanced.
Finance Costs	Interest accrued on debt obligations.
Net Profit	The profit generated in one financial year.

CASH FLOW STATEMENT EXPLANATORY DEFINITIONS

Cash Flow from Operating Activities	The cash used or generated from the company's business activities.
Cash Flow from Investing Activities	The cash used or generated from the company's investments in new entities and acquisitions, or from the disposal of fixed assets.
Cash Flow from Financing Activities	The cash used or generated from financing activities including new borrowings, interest payments, repayment of borrowings and dividend payments.

STATEMENT OF FINANCIAL POSITION EXPLANATORY DEFINITIONS

Assets	What the company owns which can be further classified in Current and Non-Current Assets.
Non-Current Assets	Assets, full value of which will not be realised within the forthcoming accounting year
Current Assets	Assets which are realisable within one year from the statement of financial position date.
Liabilities	What the company owes, which can be further classified in Current and Non-Current Liabilities.
Current Liabilities	Obligations which are due within one financial year.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Equity	Equity is calculated as assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.

PROFITABILITY RATIOS

Gross Profit Margin	Gross profit margin is gross profit achieved during the financial year expressed as a percentage of total revenue.
EBITDA Margin	EBITDA as a percentage of total revenue.
Operating Profit Margin	Operating profit margin is operating profit achieved during the financial year expressed as a percentage of total revenue.
Net Profit Margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.
Return on Equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
Return on Capital Employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on Assets	This is computed by dividing profit after tax by total assets.

LIQUIDITY RATIOS

Current Ratio	The current ratio is a financial ratio that measures whether a company has enough resources to pay its debts over the next 12 months. It compares a company's current assets to its current liabilities.
Cash Ratio	Cash ratio is the ratio of cash and cash equivalents of a company to its current liabilities. It measures the ability of a business to repay its current liabilities by only using its cash and cash equivalents and nothing else.

SOLVENCY RATIOS

Interest Coverage Ratio	This is calculated by dividing a company's EBITDA of one period by the company's net finance costs of the same period.
Gearing Ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, and is calculated by dividing a company's net debt by net debt plus shareholders' equity.
Net Debt to EBITDA	This is the measurement of leverage calculated by dividing a company's interest-bearing borrowings net of any cash or cash equivalents by its EBITDA.

OTHER DEFINITIONS

Yield to Maturity	YTM is the rate of return expected on a bond which is held till maturity. It is essentially the internal rate of return on a bond and it equates the present value of bond future cash flows to its current market price.
-------------------	---