

# Registration Document

26 June 2017

This Registration Document is issued in accordance with the provisions of Chapter 4 of the Listing Rules issued 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 by Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012, Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012, Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013, Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015. This Registration Document is issued pursuant to the requirements of Listing Rule 4.13 of the Listing Rules and contains information about the Bonds being issued by Grand Harbour Marina P.L.C. An application has been made for the admission to listing and trading of the Bonds on the Official List of the Malta Stock Exchange.

*GRAND HARBOUR MARINA*  
VITTORIOSA \* MALTA

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED IN MALTA  
WITH COMPANY REGISTRATION NUMBER C 26891

Sponsor, Manager & Registrar

Financial Adviser

Legal Counsel



CAMILLERI PREZIOSI  
ADVOCATES

THE LISTING AUTHORITY HAS AUTHORISED THE ADMISSIBILITY OF THESE BONDS 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 BONDS.

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 BONDS 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

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Lawrence Zammit

A handwritten signature in black ink, appearing to be 'LZ'.

Lawrence Zammit for and on behalf of:  
David Martin Bralsford, Sir  
Christopher Lewinton, Roger St John  
Hulton Lewis, Clive Peter Whiley &  
Franco Azzopardi

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# IMPORTANT INFORMATION

THIS REGISTRATION DOCUMENT CONTAINS INFORMATION ON GRAND HARBOUR MARINA P.L.C. IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES OF THE LISTING AUTHORITY, THE ACT AND 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 BY COMMISSION DELEGATED REGULATION (EU) NO. 486/2012 OF 30 MARCH 2012, COMMISSION DELEGATED REGULATION (EU) NO. 862/2012 OF 4 JUNE 2012, COMMISSION DELEGATED REGULATION (EU) NO. 759/2013 OF 30 APRIL 2013, COMMISSION DELEGATED REGULATION (EU) NO. 382/2014 OF 7 MARCH 2014 AND COMMISSION DELEGATED REGULATION (EU) NO. 2016/301 OF 30 NOVEMBER 2015 (THE "**PROSPECTUS DIRECTIVE**")

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 BONDS OF THE ISSUER OTHER THAN THOSE CONTAINED IN THIS REGISTRATION DOCUMENT AND IN THE DOCUMENTS REFERRED TO HEREIN, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER OR ITS DIRECTORS OR ADVISERS.

**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.**

THE DIRECTORS OF THE ISSUER, AS IDENTIFIED UNDER THE HEADING "*DIRECTORS*" IN SECTION 3.1 OF THIS REGISTRATION DOCUMENT, ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS REGISTRATION DOCUMENT. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS OF THE ISSUER (WHO HAVE ALL TAKEN REASONABLE CARE TO ENSURE SUCH IS THE CASE), THE INFORMATION CONTAINED IN THIS REGISTRATION DOCUMENT IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. THE DIRECTORS ACCEPT RESPONSIBILITY ACCORDINGLY.

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

IT IS THE RESPONSIBILITY OF ANY PERSONS IN POSSESSION OF THIS REGISTRATION DOCUMENT AND ANY PERSONS 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 INVESTORS FOR ANY BONDS 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 COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

SAVE FOR THE OFFERING IN MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE BONDS DESCRIBED IN THE SECURITIES NOTE 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 SECURITIES 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 REGISTRATION DOCUMENT HAS BEEN SUBMITTED: (I) TO THE LISTING AUTHORITY IN SATISFACTION OF THE LISTING RULES; (II) THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS; AND (III) HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES, IN ACCORDANCE WITH THE ACT.

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

ALL THE ADVISERS TO THE ISSUER NAMED IN THIS REGISTRATION DOCUMENT UNDER THE HEADING "ADVISERS" IN SECTION 3.2 OF THIS REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THIS PUBLIC OFFER AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATIONS TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

THE CONTENTS OF THE ISSUER'S WEBSITE OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER'S WEBSITE DO NOT FORM PART OF THIS 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.

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

# 1. DEFINITIONS

In this Registration Document the following words and expressions shall bear the following meanings except where the context otherwise requires:

<b>2010 Bond Issue</b>	the seven per cent (7%) bonds 2017-2020 (ISIN: MT0000321217) redeemable on any day falling between and including 25 February 2017 and 25 February 2020, amounting as at the date of the Prospectus to €10,000,000, issued by the Issuer pursuant to a prospectus dated 25 January 2010;
<b>Act</b>	the Companies Act (Cap. 386 of the laws of Malta);
<b>Bonds</b>	the €15,000,000 unsecured bonds of a nominal value of €100 redeemable as detailed in the Securities Note bearing interest at the rate of 4.50% per annum;
<b>Bondholder</b>	a holder of Bonds;
<b>British Pounds or £</b>	the lawful currency of the United Kingdom;
<b>CAGR</b>	compound annual growth rate which is worked out in accordance with the following formula: $\text{CAGR} = \left[ \frac{\text{Ending value}}{\text{Beginning value}} \right]^{(1/\text{no. of years})} - 1;$
<b>Camper &amp; Nicholsons or C&amp;N</b>	Camper & Nicholsons Marinas Limited, a limited liability company incorporated under the laws of the United Kingdom with company registration number 02764678 and with registered office situated at The White Building, 4 Cumberland Place, Southampton, SO15 2NP;
<b>Camper &amp; Nicholsons (Malta) or C&amp;N (Malta)</b>	Camper & Nicholsons Marinas International Limited, a company registered under the laws of Malta with company registration number C 38396 and having its registered office at The Treasury Building, Vittoriosa, BRG 1721, Malta;
<b>Çeşme Marina</b>	the Çeşme Marina operated and managed by IC Çeşme, located in Çeşme, Turkey;
<b>CNMI or Parent</b>	Camper & Nicholsons Marina Investments Limited, a limited liability company incorporated under the laws of Guernsey with company registration number 45700 and with registered office situated at Bordage House, Le Bordage, St Peter Port, Guernsey GYU1 1BU;
<b>Directors or Board</b>	the directors of the Issuer whose names are set out under the heading " <i>Identity of Directors, Senior Management, Advisers and Auditors</i> " in section 3;
<b>Euro or €</b>	the lawful currency of the Republic of Malta;
<b>Group</b>	CNMI and its direct and indirect Subsidiaries;
<b>IC Çeşme</b>	Çeşme Marina Yatirim, Turizm ve İşletmeleri Anonim Şirketi, registered under the laws of the Republic of Turkey with company registry number (Ticaret Sicil): 725-K-11259 Musalla Mahallesi 1016. Sokak No: 8, Çeşme, Izmir;
<b>Issuer or Grand Harbour Marina P.L.C</b>	Grand Harbour Marina p.l.c., a company registered under the laws of Malta with company registration number C26891 and having its registered office at Vittoriosa Wharf, Vittoriosa, BRG 1721, Malta;
<b>Listing Authority</b>	the MFSA, appointed as Listing Authority for the purposes of the Financial Markets Act (Cap. 345 of the laws of Malta) by virtue of Legal Notice 1 of 2003;
<b>Listing Rules</b>	the listing rules issued by the Listing Authority as may be amended and/or supplemented from time to time;
<b>Marina or Grand Harbour Marina</b>	the Grand Harbour Marina operated and managed by the Issuer, located in the area of the Grand Harbour known as Dockyard Creek, limits of Senglea, Cospicua and Vittoriosa;
<b>Malta Stock Exchange or MSE</b>	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Cap. 345 of the laws of Malta) with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valetta, VLT 1063, Malta;
<b>MFSA</b>	Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act (Cap. 330 of the laws of Malta);
<b>Prospectus</b>	collectively, the Registration Document, the Securities Note and the Summary Note;
<b>Registration Document</b>	this document in its entirety;

<b>Regulation</b>	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 to 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 to regulatory technical standards for publication of the prospectus and dissemination of advertisements;
<b>Securities Note</b>	the securities note issued by the Issuer dated 26 June 2017, forming part of the Prospectus;
<b>Sponsor</b>	Rizzo, Farrugia & Co (Stockbrokers) Ltd, an authorized financial intermediary licensed by the MFSA and a member of the MSE;
<b>Subsidiary</b>	an entity over which the Parent 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 ‘ <b>Subsidiaries</b> ’ shall collectively refer to the said entities;
<b>Summary Note</b>	the summary note issued by the Issuer dated 26 June 2017, forming part of the Prospectus; and
<b>Turkish Lira</b>	the lawful currency of the Republic of Turkey.

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

Unless it appears otherwise from context:

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

## 2 RISK FACTORS

PROSPECTIVE INVESTORS SHOULD, WITH THEIR OWN INDEPENDENT AND OTHER PROFESSIONAL ADVISERS, MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS, AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THIS REGISTRATION DOCUMENT, BEFORE MAKING ANY INVESTMENT DECISION WITH RESPECT TO THE ISSUER AND 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.

SOME OF THE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND THE ISSUER IS NOT IN A POSITION TO EXPRESS A VIEW ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING.

IF ANY OF THE RISKS DESCRIBED HEREUNDER WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE ISSUER'S FINANCIAL CONDITION AND OPERATIONAL PERFORMANCE AND ON THE ABILITY OF THE ISSUER TO FULFIL ITS OBLIGATIONS UNDER THE BONDS. THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AS SUCH BY THE DIRECTORS OF THE ISSUER, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER FACES. CONSEQUENTLY, ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE ISSUER'S DIRECTORS ARE NOT CURRENTLY AWARE OF, MAY HAVE A SERIOUS EFFECT ON THE ISSUER'S FINANCIAL CONDITION AND OPERATIONAL PERFORMANCE AND ON THE ABILITY OF THE ISSUER TO FULFIL ITS OBLIGATIONS UNDER THE BONDS. IN ADDITION, PROSPECTIVE INVESTORS OUGHT TO BE AWARE THAT RISK MAY BE AMPLIFIED DUE TO A COMBINATION OF RISK FACTORS.

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

### 2.1 Forward-looking Statements

The Prospectus and the documents incorporated therein by reference or annexed thereto contain forward-looking statements that include, among others, statements concerning the Issuer's strategies and plans relating to the attainment of its objectives, capital requirements and other statements of expectations, beliefs, future plans and strategies, anticipated developments and other matters that are not historical facts and which may involve predictions of future circumstances. Investors can generally identify forward-looking statements by the use of terminology such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", or similar phrases. These forward-looking statements are inherently subject to a number of risks, uncertainties and assumptions. Important factors that could cause actual results to differ materially from the expectations of the Issuer's Directors include those risks identified under the heading "*Risk Factors*" and elsewhere in the Prospectus.

As indicated above, if any of the risks described were to materialise, they could have a serious effect on the Issuer's financial results, trading prospects and the ability of the Issuer to fulfil its obligations under the Bonds to be issued.

Accordingly, the Issuer cautions the reader that these forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ from those expressed or implied by such statements and no assurance is given that the future results or expectations will be achieved.

All forward-looking statements contained in this Registration Document are made only as at the date hereof. The Issuer and its Directors expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

### 2.2 Risks Relating to the Issuer and its Business

#### 2.2.1 Exposure to general economic conditions

The Issuer is highly susceptible to the economic trends that may from time to time be felt in Malta and internationally, including fluctuations in consumer demand, financial market volatility, inflation, the property market, interest rates, exchange rates, direct and indirect taxation, wage rates, utility costs, government spending and budget priorities and other general market, economic, political and social factors. Any future expansion of the Issuer's operations into other markets would further increase its susceptibility to adverse economic developments and trends affecting such other markets.



Negative economic factors impacting both local and foreign markets, particularly those having an effect on consumer demand, could have a material impact on the business of the Issuer generally, and may adversely affect its financial condition, the results of its operations and the ability of the Issuer to meet its obligations under the Bonds.

### **2.2.2 Key senior management and other personnel**

The Issuer believes that its growth is partially attributable to the efforts and abilities of the members of its senior management team and other key personnel. If one or more of the members of this team were unable or unwilling to continue in their present position, the Issuer might not be able to replace them within the short term, which could have a material adverse effect on the Issuer's business, financial condition and results of operations. Although no single person is solely instrumental in fulfilling the Issuer's business objectives, there is no guarantee that these objectives will be achieved to the degree expected following the loss of key members of its senior management team or other key personnel.

### **2.2.3 Shareholding**

The Parent is considered important to the success of the Issuer and any dilution of its influence over the Issuer and its business could have a material adverse effect on the Issuer. There can be no assurance that the Parent will not at any time during the term of the Bonds dispose of any interest in the Company.

### **2.2.4 Risks emanating from the integration and operation of acquisitions**

The integration and operation of acquired businesses may disrupt the Issuer's business and create additional expenses, and the Issuer may not achieve the anticipated benefits of the acquisitions.

Integration of an acquired business involves numerous challenges and risks, including assimilation of operations of the acquired business and difficulties in the convergence of IT systems, the diversion of management's attention from other business concerns, risks of entering markets in which the Issuer has had no or only limited direct experience, assumption of unknown or unquantifiable liabilities, the potential loss of key personnel and/or clients, difficulties in completing strategic initiatives already underway in the acquired companies, and unfamiliarity with partners and clients of the acquired company, each of which could have a material adverse effect on the Issuer's business, results of operations and financial condition.

The success of integration of acquired businesses typically assumes certain synergies and other benefits. There is no assurance that these risks or other unforeseen factors will not offset the intended benefits of the acquisitions, in whole or in part.

### **2.2.5 Risks emanating from the Issuer's financing strategy**

The Issuer may not be able to secure sufficient financing for its future operations and investments. No assurance can be given that sufficient financing will be available on commercially reasonable terms or within the timeframes required by the Issuer. Failure to obtain, or delays in obtaining the capital required to complete current or future developments and investments on commercially reasonable terms, including increases in borrowing costs or decreases in loan availability, may limit the Issuer's growth and materially and adversely affect its business, financial condition, results of operations and prospects.

In addition, the Issuer may be exposed to a variety of financial risks associated with the unpredictability inherent in financial markets, including market risk (such as the risk associated with fluctuations in interest rates and fair values of investments), credit risk (the risk of loss by the Issuer due to its debtors not respecting their commitments), foreign exchange rate risk, and interest rate risk (such as the risk of potential changes in the value of financial assets and liabilities in response to changes in the level of market interest rates and their impact on cash flows).

### **2.2.6 Risks emanating from the Issuer's investment objectives and strategy**

There can be no guarantee that the investment objectives of the Issuer will be met. The ability of the Issuer to implement its strategy in an effective and efficient manner may be limited by its ability to source appropriate opportunities in which to invest, inside and outside of Malta. The assets in which the Issuer invests may not reach occupancy levels or pricing as intended in a timely fashion or at all which may have a materially adverse effect on the financial returns to the Issuer.

Furthermore, the Issuer's investments may be held through joint arrangements with third parties, meaning that the ownership and control of such assets is shared with such third parties. As a result, certain decisions relating to the assets and operation, including the making of distributions and right to dispose of investments, may depend upon the consent or approval of such third parties. Disputes may arise between the Issuer and third party partners, which could mean that the Issuer may not be able to manage or deal with a particular investment in the way it would wish and this may adversely affect the Issuer's results of operations.

### **2.2.7 Risks inherent in forecasts**

The financial analysis summary listed as a document available for inspection pursuant to section 16 of this Registration Document features projected revenues of the Issuer. Forecasts are inherently subject to the risks of adverse unexpected events, which may affect the revenue streams, and profitability of the Issuer. The forecasts set out in this Registration Document are dependent on a number of assumptions and future expectations that may or may not occur. The non-occurrence of those future expectations could have material effects on the financial position and results of the Issuer.

The said forecasts are therefore merely an illustration of a possible future outcome, which may or may not occur and the Issuer, its directors, officers and advisers make no representation as to their accuracy or likelihood of occurrence.

### **2.2.8 Insurance**

Historically, the Issuer has maintained insurance at levels determined by the Issuer to be appropriate in light of the cost of cover and the risk profiles of the business in which the Issuer operates. With respect to losses for which the Issuer is covered by its policies, it may be difficult and may take time to recover such losses from insurers.

In addition, the Issuer may not be able to recover the full loss incurred from the insurer. No assurance can be given that the Issuer's current insurance coverage would be sufficient to cover all potential losses, regardless of the cause, nor can any assurance be given that an appropriate coverage would always be available at acceptable commercial rates. Furthermore, changes in the cost or availability of insurance or acts of God could expose the Issuer to uninsured losses which may result in the value of the Issuer's property assets being reduced by the amount of that uninsured loss.

### **2.2.9 Reliance of non-proprietary software systems and third-party I.T. providers**

To varying degrees, the Issuer is reliant upon technologies and operating systems (including IT systems) developed by third parties for the running of its business, and is exposed to the risk of failures in such systems. Whilst the Issuer has service level agreements and disaster recovery plans to ensure continuity and stability of these systems, there can be no assurance that the service or systems will not be disrupted.

Disruption to those technologies or systems and/or lack of resilience in operational availability could adversely affect the efficiency of the Issuer's business, financial condition and/or operating performance.

### **2.2.10 Counterparty risk**

The Issuer may enter into transactions which would expose the Issuer to the credit risk of third parties and their ability to satisfy the terms of such contract. In the event of a bankruptcy or insolvency of such third parties, the Issuer could experience significant losses.

### **2.2.11 Interest rate risk**

An increase in interest rates on the Issuer's existing or future borrowings may increase the costs of the Issuer's borrowings and have an adverse effect on the profitability of the Issuer.

### **2.2.12 Operating expenses**

A portion of the Issuer's costs are fixed and the Issuer's operating results are vulnerable to short-term changes in its revenues. The Issuer's fixed operating expenses are not easily reduced to react to changes in its revenue by reducing its operating expenses, which could have a material adverse effect on its business, financial condition and the results of operations.

In addition, the Issuer's operating and other expenses could increase without a corresponding increase in turnover or revenue. The factors which could materially increase operating and other expenses include:

- increases in the rate of inflation;
- increases in payroll expenses;
- increases in property taxes and other statutory charges;
- changes in laws, regulations or government policies;
- increases in insurance premiums;
- unforeseen increases in the costs of maintaining properties;
- increases in utilities, including water and electricity; and
- unforeseen capital expenditure.

Such increases could have a material adverse effect on the Issuer's financial performance and position and its ability to fulfil its obligations under the Bonds.

### 2.2.13 Currency risk

The Issuer is exposed to currency risk due to changes in the rates of exchange between the currency of IC Çeşme (the Turkish Lira) and its own (Euro). In addition, the Issuer may make other investments in currencies other than the Euro (the base and reporting currency of the Issuer). Changes in rates of exchange may have an adverse effect on the value, price or income of such investments from year to year to the extent that the Issuer does not hedge against such exchange movements. In addition, the Issuer may be impacted by transaction risk, which is the risk that the currency of its revenues, costs, assets and liabilities fluctuates in relation to the Euro as its reporting currency. Fluctuations in exchange rates are beyond the control of the Issuer.

### 2.2.14 Legal and regulatory compliance

The Issuer is subject to a variety of laws and regulations, including taxation, environmental and health and safety regulations. The Issuer is at risk in relation to changes in the laws and regulations and the timing and effects of changes in the laws and regulations to which it is subject, including changes in the interpretation thereof which cannot be predicted. No assurance can be given as to the impact of any possible judicial or administrative decision or change in law or regulation or administrative practice after the date of this Prospectus upon the business and operations of the Issuer.

In addition, the Issuer's activities are subject to licensing and regulation by a number of governmental authorities, which may include health and safety measures, disability access requirements, fire safety requirements, smoking laws and alcoholic beverage laws.

Difficulties in obtaining or maintaining the required licenses or approvals, or the loss thereof, could adversely affect the Issuer's business and results of its operations, and accordingly there can be no assurance that the Issuer will be able to acquire, maintain and renew all necessary licenses, certificates, approvals and permits for its operations.

### 2.2.15 Risk of litigation

Since the Issuer operates in industries which involve the continuous provision of services to customers, and such operations necessarily require continuous interaction with employees, regulatory authorities and other stakeholders or interested persons, the Issuer is exposed to the risk of litigation from its customers, actual and potential partners, suppliers, employees, regulatory authorities, and other stakeholders or interested persons. Adverse publicity from such allegations may materially adversely affect the business of the Issuer and the results of its operations, regardless of whether such allegations are true or whether the Issuer is ultimately held liable.

All litigation is expensive, time consuming and may divert management's attention away from the operation of the business. In addition, the Issuer cannot be certain that its insurance coverage will be sufficient to cover one or more substantial claims. Furthermore, it is possible that if complaints, claims or legal proceedings such as the aforementioned were to be brought against a direct competitor of the Issuer, the latter could also be affected due to the adverse publicity brought against, and concerns raised in respect of the industry in general.

Although as stated in section 12 under the heading "*Litigation*", the Issuer is not involved in any governmental, legal or arbitration proceedings, so far as the Directors are aware, which may have, or have had during the 12 months preceding the date of this Registration Document, a significant effect on the Issuer's financial condition or operational performance, no assurance can be given that disputes which could have such effect would not arise in the future. Exposure to litigation or fines imposed by regulatory authorities may affect the Issuer's reputation even though the monetary consequences may not be significant.

## 2.3 Risks Relating to the Operation and Management of the Marina and the Marina Industry

### 2.3.1 Sales of berths, licensing of superyacht berths and ancillary services

The Issuer seeks prospective customers to berth their vessels within its facilities at Grand Harbour Marina, and aims to provide ancillary services such as the sale of fuels, lubricants and other utilities, the repair, refit and servicing of vessels and equipment, sea schools or similar training facilities, and storage, parking and concierge services. Accordingly, the Issuer's Marina operations' revenue is generated principally from three areas:

- the rental of short-term and long-term berths;
- the sale of long-term superyacht berth licenses (typically for periods of 25 years); and
- the sale of utilities and other ancillary services.

The Issuer is, therefore, exposed to the risks associated with the trends and future outlook of the yacht and superyacht industry as a whole. The ability of the Issuer to continue its relationship with existing berth holders and superyacht berth licensees on existing or more favourable terms, and its ability to attract new berth holders and superyacht berth licensees on favourable terms, could thus have a material impact on the financial condition of the Issuer, the results of its Marina operations and its ability to meet its obligations under the Bonds.

In particular, in recent years the Issuer has shifted its focus from the sale of long-term berths to short-term berth rental. Although this is intended to place the Issuer in a better position to adapt to the changing circumstances and exigencies of the yachting industry, this shift carries the additional risk of greater volatility in the Issuer's revenue stream from the rental of its berths, as the Issuer must be successful in renewing existing short-term berth rentals and in securing new customers for its short-term berths on a more frequent basis, and on existing or more favourable terms.

### **2.3.2 Relationship with Camper & Nicholsons**

Camper & Nicholsons is the marina consultant and marina manager for the Issuer and a sales agent for long-term berth licences. The sale of long-term berth licences constitutes one of the Issuer's revenue streams. Camper & Nicholsons' know-how adds significant value to the Issuer with respect to its' long-term berth sales.

The Issuer also depends on Camper & Nicholsons' ability to identify, analyse, invest in projects, operate and dispose of projects and secure finance for those projects that meet the Issuer's investment criteria. Failure by Camper & Nicholsons to timely identify and undertake projects that meet the Issuer's investment objectives and to manage investments effectively could have a material adverse effect on the Issuer's business, financial condition and results of its operations.

### **2.3.4 Concession, lease or build-operate-transfer ("BOT") risks**

The Issuer holds and may in the future hold investments in its portfolio under the terms of lease agreements, BOT agreements or like concessions. Such leases, BOT Agreements or concessions may contain terms and conditions which, if breached, may expose the Issuer to the cost of damages and/or termination of the concession without compensation.

### **2.3.5 Environmental liabilities and other regulatory liabilities**

The activities relating to the operation and management of the Marina, and its ancillary activities, subject the Issuer, and other third-parties with whom the Issuer deals, to a variety of laws and regulations, whether in Malta or in other jurisdictions, relating to the environment, marine conservation, air and water pollution, health and safety, employment, planning, land use and development standards which may be subject to change from time to time and which impose liability including liability for personal injury, environmental damage and other damages.

In particular, the Issuer may become liable for the costs of removal, investigation or remediation of certain materials or substances which are deemed to be unlawful, including hazardous or toxic substances that may be located on or in the Marina, or which may have migrated from property owned or occupied by it, which costs may be substantial.

In addition to environmental constraints, and in connection with any prospective development project the Issuer undertakes in, or in connection with, the Marina will further subject the Issuer to extensive regulation, including national and local regulation and administrative requirements and policies which relate to, among other things, planning, developing, land use, local and regeneration plans, and others. These regulations often empower the relevant authorities with broad powers, including the power to suspend operations or impose administrative sanctions or other measures.

A breach by the Issuer of any of such laws and regulations, to which it is subject, or its failure to adapt in a timely manner to changes thereof, could materially adversely affect the financial condition of the Issuer, the results of its operations, and its ability to meet its obligations under the Bonds.

### **2.3.6 Investment in the Marina and risks associated with investments in marinas**

#### **2.3.6.1 Concentration risk of the Marina and illiquidity of investments in marinas**

As at the date of this Prospectus, the Issuer owns the Marina and owns 45% of IC Çeşme, which itself owns the Çeşme Marina. The Bondholders have no assurance as to the degree of diversification, if any, that the Issuer may be able to hold in its investments, whether by asset type or by geographic location.

Investments in marinas and marina related real estate are considered to be relatively illiquid. The Issuer will, therefore, be susceptible to the general risks incidental to the ownership and operation of marinas and marina related real estate, including those associated with the general economic climate, local marina and marina related real estate conditions, the level of the supply of or demand for marinas in an area, various uninsurable and insurable risks, for which the Issuer may not be adequately insured and which can be material. The marketability and value of investments held by the Issuer will, therefore, depend on many factors beyond the control of the Issuer and there is no assurance that there will be either a ready market for any investments or that such investments will be sold at a profit or will yield positive cash flow.

#### **2.3.6.2 Competition in the marina industry**

The Marina competes with other marinas in Malta; the Issuer is not the sole and exclusive provider of marina related services in Malta. Furthermore, the Marina competes with other overseas marinas and ancillary service providers, and is susceptible to a variety of competitive factors including location, water depth, berth configurations, landside facilities and storage facilities, pricing, service, quality, availability, variety, availability of utility and other ancillary services, promotional and advertising activity, fluctuations in demand and supply.

Accordingly, the success of the Marina is dependent on its ability to maintain and enhance its relative competitive strength, and the ability of the Issuer to timely address shifting trends and preferences. Furthermore, some of the Issuer's current and potential competitors may have greater name recognition, a larger customer base, and greater financial and other resources than the Issuer. A decline in the relative competitive strength of the Marina and the Issuer's marina operations could have a materially adverse effect on the financial position of the Issuer and the results of its operations. In particular, the Issuer may be compelled, by the strength of its competitors that are able to supply marina operations and services at lower prices, to reduce its own prices. The ability of the Issuer to maintain or increase its profitability will therefore be dependent on its ability to offset such decreases in the prices and margins of its marina operations and services.

#### **2.3.6.3 Valuation risk**

Valuations of marinas and marina related real estate may be complex as there may be no liquid market or pricing mechanisms. As a result, valuations are inherently subject to uncertainty and subjectivity and there can be no assurance that the estimates resulting from the valuation process will reflect the net realisable value, even where such realisations occur shortly after the date of the valuation.

#### **2.3.6.4 Development risk**

The Issuer may be subject to risks associated with the development of marinas and marina related real estate, including the risk relating to project financing, planning permits, delays, cost over-run, risk of insufficiency of resources, risk of berth rental or licensing transactions not being effected at the prices and timeframes envisaged, higher interest costs, erosion of revenue generation and the possibility of legal disputes. If these risks were to materialise, they could have an adverse and material effect on the Issuer's financial condition and the results of its operations.

In addition, for the timely completion of development projects, the Issuer may place certain reliance on counterparties such as architects, engineers, contractors and sub-contractors, engaged in demolition, excavation, and construction and finishing of developments. Such counterparties may fail to perform or default on their obligations due to the Issuer, whether due to insolvency, lack of liquidity, economic or market downturn, operational failure or other reasons, all of which are beyond the Issuer's control. Failure of such counterparties to perform their obligations due to the Issuer could, in turn, materially adversely affect the financial condition of the Issuer and its future prospects. In addition, the inability of the Issuer to develop and maintain relationships with highly skilled, competent and reliable counterparties could have a material adverse effect on the Issuer's development projects.

#### **2.3.7 Relations with suppliers**

The continuity and profitability of the Marina operations depends in part on the Issuer's ability to anticipate and react to changes in the cost of its suppliers, and on its dependence on the frequent and timely deliveries by its suppliers.

The Issuer may not be able to acquire suitable supplies in sufficient quantities and/or on terms acceptable to it in the future and any deterioration or change in the Issuer's relationships with its suppliers, including less favourable terms, could have a material adverse effect on the Issuer. Other factors, such as interruptions in supply caused by adverse weather conditions, changes in regulation and other factors, are not within the control of the Issuer or its suppliers, and could have a materially adverse effect on the availability, costs and quality of its supplies.

#### **2.3.8 Risk of Termination of Emphyteutical Concessions**

The Grand Harbour Marina is owned by the Issuer under a 99-year sub-emphyteusis. In the event that the rights to terminate this sub-emphyteusis are lawfully exercised as a result of a breach of the conditions contained therein, such termination will have a material adverse effect on the financial condition of the Issuer, the results of its operations, and the ability of the Issuer to meet its obligations under the Bonds.

### **2.4 Risks relating to IC Çeşme**

As at the date of this Prospectus, the Issuer owns 45% of IC Çeşme which itself owns and operates the Çeşme Marina. The risks mentioned above as risks associated with investments in marinas naturally apply to the operation of the Çeşme Marina.

In addition, since the Çeşme Marina is located in Turkey, IC Çeşme's business and results of operations are affected by general economic, political and social conditions in Turkey. In recent years the Turkish economy has registered significant growth though it has also experienced severe macro-economic imbalances. Turkey might experience negative changes in the government and political environment and/or significant economic crisis in the future, which could have a material adverse effect on IC Çeşme's business, financial condition, results of operations and/or prospects.

A downturn in the financial condition, results of operations and/or prospects of IC Çeşme may in turn have a material adverse effect on the financial condition of the Issuer, the results of its operations.

### 3. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT, ADVISERS AND AUDITORS

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

#### 3.1 Directors

Lawrence Zammit (12456M)	26, The Corner House, Triq il-Bramel, Swieqi, STJ 04, Malta.	Chairman/Independent Non-Executive Director
David Martin Bralsford (GBR passport number 622102697)	Roche Bois, Mont Es Tours, St Brelade, JE38LP, Jersey.	Non-Executive Director
Sir Christopher Lewinton (GBR passport number 099191276)	Downs House, Letcombe Bassett, Wantage, Oxfordshire, OX129LW, United Kingdom.	Non-Executive Director
Roger St. John Hulton Lewis (GBR passport number 622064335)	Le Bocage, La Rue Du Bocage, S-Brelade, Jersey, JE 38BP, Channel Islands.	Non-Executive Director
Clive Peter Whiley (GBR passport number 511275374)	Little Orchard, London Road, Ipswich, Suffolk, IR2055, United Kingdom.	Executive Director
Franco Azzopardi (648162M)	Muteki, 13, Triq Katerina Vitale, Santa Lucija, SLC 1800, Malta.	Independent Non-Executive Director

Louis De Gabriele, holder of identity card number 136664M and residing at 55, Triq il-Barmil, Victoria Gardens, Ibragg, Swieqi, Malta is the company secretary of the Issuer.

The persons listed under the sub-heading “Advisers” have advised and assisted the Directors in the drafting and compilation of the Prospectus.

#### 3.2 Advisers

##### Legal Counsel to the Issuer

Name: Camilleri Preziosi  
Address: Level 3, Valletta Buildings, South Street  
Valletta, VLT 1103 - MALTA

##### Sponsor, Manager & Registrar

Name: Rizzo, Farrugia & Co (Stockbrokers) Ltd  
Address: Airways House, Third Floor, High Street,  
Sliema, SLM 1549 - MALTA

##### Adviser to the Issuer

Name: Finco Treasury Management Limited  
Address: Level 5, The Mall Complex, The Mall,  
Floriana, FRN 1470 - MALTA

#### 3.3 Auditors

Name: KPMG  
Address: Portico Building, Marina Street,  
Pieta, PTA 9044 - MALTA

KPMG is a firm of certified public accountants holding a warrant to practice the profession of accountant in terms of the Accountancy Profession Act (Cap. 281 of the laws of Malta).

The historical consolidated financial information of the Issuer set out in this Registration Document, as presented in section 5.2, consisting of the audited financial statements for each of the financial years ended 31 December 2014 to 2016 has been audited by KPMG.

## 4. INFORMATION ABOUT THE ISSUER

### 4.1 Historical Development

#### 4.1.1 Introduction

Full Legal and Commercial Name of the Issuer:	Grand Harbour Marina p.l.c.
Registered Address:	The Capitanerie, Vittoriosa Wharf, Vittoriosa, BRG 1721, Malta
Place of Registration and Domicile:	Malta
Registration Number:	C 26891
Date of Registration:	31 August 2000
Legal Form	The Issuer is lawfully existing and registered as a public limited liability company in terms of the Act.
Telephone Numbers:	+356 2180 0700
Fax:	+356 2180 6148
Email:	info@ghm.com.mt
Website:	en.cnmarinas.com/grand-harbour-marina

### 4.2 Principal Objects of the Issuer

The principal objects of the Issuer's activities are set out in Article 3 of its Memorandum of Association and include:

- a. to carry out the construction, development, operations and management of marinas; and
- b. to provide all relative services, ancillary to marina related activities including, but not limited to, the berthing, mooring and anchoring of craft, the brokerage of new and used crafts, the operation of sea school or similar training facility, the storage of yacht and other crafts, including related marine equipment ashore, the operation of a capitainerie and yacht club, the raising, slipping and launching of craft, the sale of fuels and lubricants, and the holding of yachting, boating and shipping exhibitions and events, and the repair, refit and servicing of craft and equipment.

The objects and powers of the Issuer can be found under the section 'Objects' under Article 3 of the Memorandum of Association, copies of which are available for viewing for the lifetime of the Issuer at the Registry of Companies in Malta.

### 4.3 Principal Activities and Markets

The Issuer's principal activity is the development, operation and management of marinas and marina related real estate, with a special focus on the Mediterranean. The principal activity of the Issuer is, therefore, to seek prospective customers to berth their vessels within the facilities at the Grand Harbour Marina and to service its existing customers by providing the high quality ancillary services required, by the yacht owners and their crews.

#### 4.3.1 Grand Harbour Marina

Presently the Issuer owns (under a 99 year sub-empytheusis) and operates the Grand Harbour Marina. Located in the pristine waters of the Dockyard Creek in the Grand Harbour, the Marina is bordered by the three historical fortified cities of *Vittoriosa*, *Senglea* and *Cospicua* and is within a 20 minute drive of Malta's international airport. Furthermore, the Marina forms part of the *Vittoriosa* waterfront and is bordered by a variety of restaurants and bars.

The Marina was valued, as at 31 December 2016 (the "Valuation Date") at €23,180,000 (2015: €23,080,000). As at the Valuation Date, the Marina comprised approximately 45,000 m<sup>2</sup> of water area and approximately 1,200 m<sup>2</sup> of land area. In terms of configuration, as at the Valuation Date, the Marina consisted of 257 berths, of which 39 are superyacht berths. The pontoon berths are concrete-based, offering wide fairways and are equipped with water and electricity connections, which are directly linked to the marina management software system.

The valuation was carried out by CBRE Limited, a world leading commercial property and real estate services adviser which is authorised and regulated by the financial services authority in the United Kingdom, and is qualified for the purpose of valuation in accordance with the Royal Institution of Chartered Surveyors Valuation Standards. This fair valuation relates to the long leasehold (sub-empytheusis) interest in the Marina as a fully-fitted operational entity, and having regard to its trading potential, subject to purchaser's cost that may be deductible.

The Marina is operated from the Capitainerie, with professional boardroom facilities for berth holders, and other amenities, including modern bathrooms and showers.

The Issuer strives to provide a safe environment for its customers and the Marina is, therefore, manned by security guards outside marina office hours, who are aided by a network of CCTV cameras.

#### 4.3.2 Relationship with Camper & Nicholsons

The Marina benefits from a services agreement with Camper & Nicholsons. Camper & Nicholsons' connection with the yachting industry goes as far back as 1782, whilst its association with marinas is traceable to the early 1960's. Camper & Nicholsons has operated in more than 25 countries and presently operates in the Caribbean, Italy, Greece, Turkey, Cyprus and the United Kingdom amongst others.

Camper & Nicholsons has its operational headquarters in London from where it carries out staff cover operations, human resources, business development, technical services, financial and sales and marketing functions. Camper & Nicholsons markets widely throughout Europe and the Caribbean through various mediums, including exhibiting at leading boat shows, advertising, making direct contact with potential clients and intermediaries, and maintains central and marina specific web sites. In particular, Camper & Nicholsons has created and maintains a large database of client contacts, and what it considers to be one of the most comprehensive database of international marinas and their tariffs. Over the years, Camper & Nicholsons has exploited its wealth of experience to develop marina management systems and related software with the aim of improving efficiency and revenue generation at marinas. Furthermore, Camper & Nicholsons actively sources marina investment opportunities aided by the widespread brand recognition.

Accordingly the Issuer benefits from the services agreement with Camper and Nicholsons principally by virtue of the licensing agreement that permits the use of the Camper & Nicholsons brand and grants the Issuer access to Camper & Nicholsons' resources, which include technical, finance, operations, and sales and marketing resources. In fact, the Issuer has access to Camper & Nicholsons' marina and client databases.

#### 4.3.3 Clients

Grand Harbour Marina's clients include both local and foreign clients, from yachts owned by Maltese citizens and residents, to foreign visiting and annual berth-holding yachts, and to foreign superyachts.

#### 4.3.4 Industry Events

Grand Harbour Marina is committed to promoting and supporting the yachting industry at large, hosting and supporting a number of key industry events. In this respect, 2016 marked a positive year for Grand Harbour Marina, hosting the prestigious Rolex Middle Sea Race and the high profile RC44 Valletta Cup. Furthermore, Grand Harbour Marina hosted the world renowned Yacht Racing Forum, a first for Malta.

#### 4.3.5 Revenue and Costs of the Marina

The Marina's revenues derive from three principal areas:

- the rental of short-term and long-term berths;
- the sale of long-term superyacht berth licences (typically for periods of 25 years, payment being made at the commencement of the agreement with an additional annual charge); and
- the sale of utilities, including electricity and water and other ancillary services (including parking, storage, concierge services and other services).

On the other hand, the principal costs of the Marina include, but are not limited to, the following costs and expenses:

- the salaries for management, accounting, front office, berthing masters, and other staff;
- security services;
- the rental payments under the sub-empyteutical deed;
- the insurance premia;
- promotion, sales and marketing;
- fees for external management and branding; and
- repairs and maintenance.

### 4.4 Principal Markets of the Issuer

The Issuer's principal markets may be divided on the basis of the typical categories of clients to which it provides its products and services, being the following:

- i. Annual and seasonal berth licenses of foreign and Maltese owned sail and power yachts of less than 25 metres;
- ii. Visiting sail and power yachts over 25 metres and principally foreign owned; and
- iii. Long-term license holding sail and power yachts over 25 metres and principally foreign owned.



With respect to the first category, the Issuer's principal competitors are other existing marinas within Malta which, according to the latest figures published by *Yachting in Malta (12<sup>th</sup> Edition)*, offer in aggregate a total of circa 2,080 berths including the:

- Msida & Ta' Xbiex marina;
- Gzira Gardens marina;
- Manoel Island marina
- Valletta Waterfront Laguna marina;
- Marina di Valletta;
- Portomaso;
- Roland marina;
- Kalkara marina; and
- Mgarr marina, Gozo.

Furthermore, there is a possibility that from time to time, tenders may be issued by the competent authorities for additional temporary or permanent marinas in Malta, which would naturally compete with the Issuer and the Marina.

With respect to the second category, other than the Grand Harbour Marina itself, only the Manoel Island and Ta' Xbiex marinas offer the requisite capacity to cater for these larger yachts, although these yachts also occasionally berth for refuelling purposes at the Cruise Terminal in the Grand Harbour.

Finally, with respect to the third category, the Issuer is not aware of any local marina offering such berthing facilities. Accordingly, in this category, Grand Harbour Marina competes with other Mediterranean superyacht marinas which include those located on the Spanish East coast and Balearics, the French Riviera, Italy, Greece, and Montenegro, together with certain Tunisian marinas also offer long term berth sales

#### 4.5 Investment Objectives

At present, the Issuer's main line of business is the day-to-day operation of the Marina, in respect of which it has built and continues to enjoy a respectable reputation for its know-how, skills and expertise. In this regard, the Issuer aims to continue to operate the Marina efficiently and profitably.

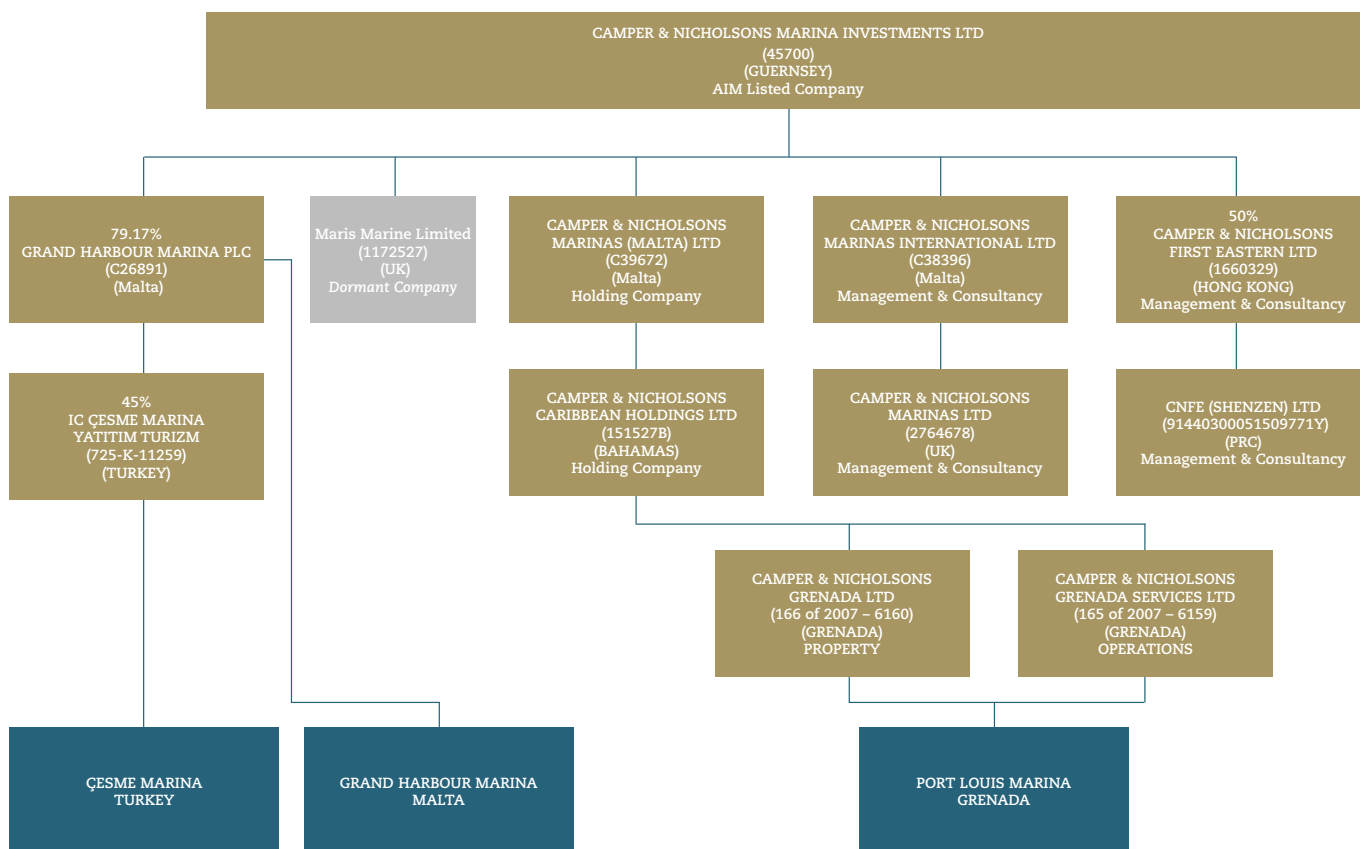
The Issuer however is also mindful of the ever increasing demand for berths and the difficulty in meeting such demands as indicated in section 5 (*Trend Information and Financial Performance*). In this respect, the Issuer's main objective is that of reconfiguring the layout of the Marina, with the intention of maximising berth space within the Marina in order to be able to meet such demands. The reconfiguration to the layout of the Marina is expected to be implemented in two separate stages which are independent of each other. The modifications to be made during the first phase will involve the removal of a temporary pontoon, currently used for smaller berths, which thereby re-establishes the previous superyacht berths and the installation of a new smaller berth pontoon (which will remove a few superyacht berths). At a later date, and depending on the then prevalent economic conditions, the Issuer may undertake a further reconfiguration process which, at this juncture, is envisaged to involve the installation of a further smaller berth pontoon (again removing another few superyacht berths) combined with the installation of another larger pontoon on the north side of the Marina, which will add further superyacht berths which are larger in size when compared to the superyacht berths currently in place.

The Issuer's objective is growth that will drive its revenue line further. Whilst undertaking the first phase of the modification process within the Marina, the Issuer intends to explore other possible projects that the directors consider appropriate to enhance the Issuer's revenue generation capacity, principally by investigating the potential for the management of new marinas, either through the acquisition of one or more existing marina management businesses or the acquisition of other marinas in, principally, the Mediterranean. Additionally, it is noted that within and around the Grand Harbour Marina there are a number of potential opportunities that would create added-value for, and synergies with, the existing marina business and operations of the Issuer, including real estate, landside and seaside projects and investment opportunities. Furthermore, the Government of Malta has been active in issuing requests for proposals for additional marinas and berthing and the Issuer may seek to pursue such opportunities.

In addition, the Issuer's long-standing relationship with Camper & Nicholsons gives the Issuer potential access to a wide range of marina investment opportunities, including co-investment opportunities with the Mediterranean and further afield. The Issuer is able to draw upon the Camper & Nicholsons investment team who may assist the Issuer in evaluating, negotiating, undertaking due diligence and finalising such investments and projects.

## 4.6 Organisational Structure

The Issuer forms part of a group of companies, the parent company of which is CNMI. The following chart describes the position of the Issuer within the said group of companies:



Unless otherwise stated, ownership is 100%

### 4.6.1 Shareholding in IC Çeşme

In 2011 the Issuer acquired a 45% stake in IC Çeşme, with the remaining 55% shareholding held by a Turkish group named Ibrahim Cecen Investment Holding AS.

The marina operated by IC Çeşme is located one hour from Turkey's third largest city Izmir, and its international airport. The marina is held by IC Çeşme under a build, operate and transfer (BOT) agreement with the Turkish Ministry of Transportation, which contract expires on the 22 April 2034. It comprises some 373 berths for yachts up to 60 metres in length and a shopping village containing some 6,000 square metres of retail space. The marina was officially opened in 2010 and is fully operational.

### 4.6.2 Dependence on entities within the Group

Camper & Nicholsons is the marina consultant and marina manager for the Issuer and the main sales agent for long-term berths. Although the Issuer can generate sales from sources other than Camper & Nicholsons, it regularly benefits from the sales generated by, and the know-how of, such company. The Issuer also depends on Camper & Nicholsons' ability to identify, analyse, invest in projects, operate and dispose of projects and secure finance for those projects that meet the Issuer's investment criteria.

## 5. TREND INFORMATION AND FINANCIAL PERFORMANCE

### 5.1 Trend Information

The information set out in this section 5.1 (Trend Information) has been sourced from: (i) Superyacht Intelligence (2017); (ii) Superyacht Annual Report (2017); and (iii) [www.inwardsmarine.com](http://www.inwardsmarine.com) respectively. This information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by the aforementioned sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

#### 5.1.1 Sector dynamics

The marina industry has been characterised for a number of years by an imbalance between the ever-increasing number of yachts requiring berths and the insufficient amount of marinas being able to accommodate them. Whilst generally in the past decade the supply of new marinas has considerably increased berthing space, the supply of berths in some mature locations, such as the French Riviera and the Balearics, has not seen much growth. On the other hand, the production of superyachts has continued to increase year on year, bringing the total superyacht fleet size to over 5,000 superyachts in 2016 compared to 3,019 superyachts in 2005. This trend has placed some upward pressure on both berthing rental rates and on berth license selling prices. The pricing element has, together with the choice of marina location, nowadays become a fundamental consideration when choosing a marina.

Furthermore, recent instability in certain locations, such as Nice, have had a dramatic and almost instant effect on the traditional yachting 'clusters' as superyacht captains, owners and charter managers have begun to look elsewhere for locations that are safe, stable and accessible. Malta is considered to be one such location.

#### 5.1.2 The Global Yachting Market

Yachting in the USA, Europe, Australia and New Zealand is a well-established leisure activity dating back to the early 19th century and has enjoyed steady growth since the mid-20th century. A sizeable and mature leisure marine industry operates in these regions. Although in recent years, alternative or non-traditional yachting areas in the Middle East and China have started to develop their respective yachting culture, it is unlikely that in the short term, such locations will grow their marina industries to a comparable size to the more traditional locations.

#### 5.1.3 Basic Market Segmentation

For marketing purposes, Camper & Nicholsons applies a simple, three-part segmentation of the target market:

- i. domestic market;
- ii. mid-market; and
- iii. superyachts.

##### 5.1.3.1 Local Market

The continual increase in demand for berths has contributed to the marinas in Malta generally maintaining a very high occupancy rate. In most cases yachts leaving as a result of sale or locational change have been relatively easily replaced and price increases in this sector have been regular and strong due to the high demand for berths. Generally, prices have also been revised upwards in local marinas so as to reflect upgrades in services on offer and improved customer service.

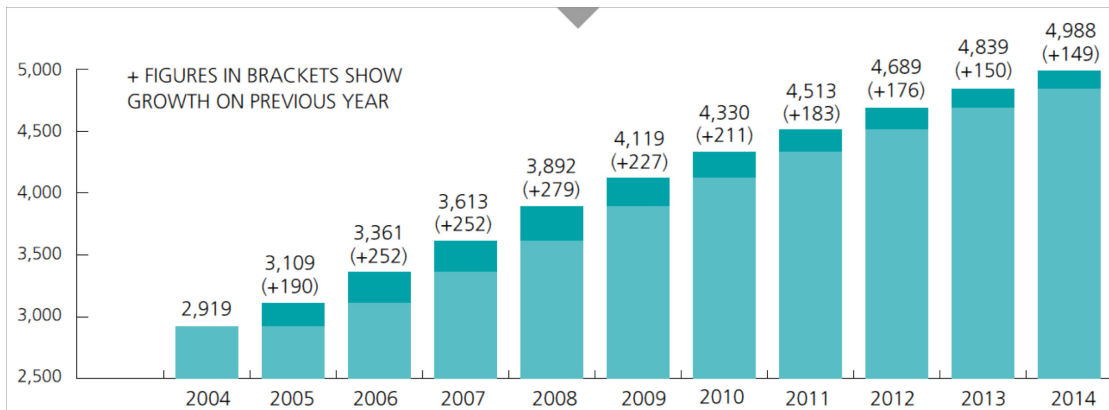
##### 5.1.3.2 The Mid-Market

Although to varying degrees, the larger players in the mid-market boat manufacturers segment (with respect to yachts measuring in length between 15 metres and 25 metres) are predicting growth for their global boat businesses in 2017/8. One large yacht manufacturer is projecting five per cent (5%) growth for the European region based on promising results in Spain, the UK and Italy, while a large US builder expects Europe to be flat compared to 2015/6, based in part on the still strong dollar. An increase in supply of mid-market yachts is likely to increase demand for berths.

### 5.1.3.3 Superyachts

#### 5.1.3.1 The Superyacht Fleet Size

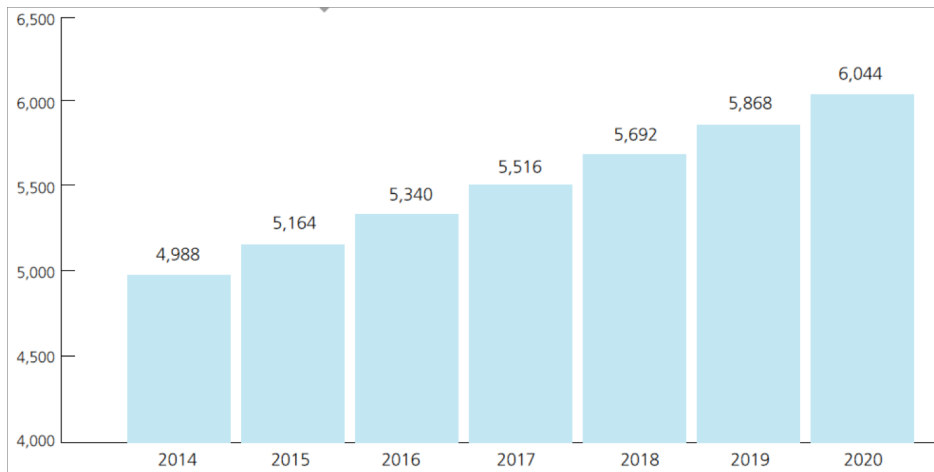
The superyacht market was less affected by the 2008 global downturn in terms of new builds and total fleet numbers, and was much quicker to return to pre-2008 levels. Indeed, the long lead time for delivery has smoothed out much of the hit taken in 2008/9, which makes it largely undetectable in the graph below.



Total yachts in the superyacht fleet by year (Source: The Superyacht Group Annual Report, February 2017)

\*The dark green sections in the columns above indicate the growth in number of superyachts from the previous year.

According to ‘The Superyacht Annual Report 2017 – Deliveries Analysis - New Builds’, at the end of 2014 the total global order book numbered 413 superyachts of 30 metres and above. As can be seen from the graph below, the existing fleet numbered 4,988. This is projected to increase to over 6,000 by 2020.



Predicted growth of the superyacht fleet, 2014 to 2020 (Source: The Superyacht Group Annual Report, February 2017)

In addition to the increase in overall numbers, the average size of a superyacht within the global fleet is also increasing, with the top 100 longest yachts measuring 90 metres. This indicates a considerable increase in the average size of superyachts when compared to 30 years ago when the top 100 longest yachts measured 44 metres.

The vast majority of superyachts spend their summer season in the Mediterranean. Following the summer seasons, up to a third of the superyacht population generally make the seasonal transatlantic migration to the Caribbean, with only a small minority venturing beyond these two yachting locations.

The superyacht berth market is struggling to keep up with the demand for this increase in size, although recent substantial projects such as Porto Montenegro (Montenegro), Ocean One Port Vell (Spain) and Christophe Harbour (St Kitts) are providing large berths with appropriate and purpose built superyacht facilities. The difficulty faced by many existing marinas is the inability to change their layouts to satisfy this demand, constrained by concession limits, environmental factors, such as depths, and on-shore infrastructure required to service the superyacht requirements, such as power and fuelling facilities. Again, Malta is well placed to capitalise on this demand in the future.

#### 5.1.4 *Supply and demand of rental berths in Malta*

The Maltese marina industry is also struggling to keep up with the increase in demand for berths. This is evidenced by the establishment of waiting lists for berths at many marinas throughout Malta, including the Marina. Although the implementation of new berthing facilities in Malta in recent years such as Kalkara Marina and Marina Di Valletta has increased supply of berths and reduced waiting lists, a high demand for berths remains, contributing to an upward push in prices.

The development pattern at the Marina may be compared to the developments that have been observed in more mature marina markets, such as the Côte d'Azur in France. Once the pontoon rental berths had been fully occupied, a waiting list of prospective berth holders emerged and the Issuer has realised steady price increases since then. These increases have brought the Marina's pricing structure more into line with, although its tariffs are generally still below, comparable private marinas elsewhere in the Mediterranean.

Whilst additional capacity has been created within Malta and an increase in capacity is expected with the development of further marinas, such as Marina di Valletta, a comparison of international trends suggests that it is reasonable to expect that, over the medium term, prices may continue to rise at rates above inflation.

#### 5.1.5 *Supply and demand of superyacht berths in Malta*

As detailed previously, the current global order book for superyachts continues to grow. In addition, superyachts continue to be sold in the second hand market, thereby remaining in the overall fleet. Malta's superyacht berths are competitive in price, lease term and facilities with similar marinas elsewhere in the Mediterranean. The Issuer is therefore confident that there will be continued demand for long-term super-yacht berth licenses in Malta which, in turn, should benefit the Marina as it is currently the only marina in Malta which offers long term leases for sale.

It is relevant to note that generally, berths in the Mediterranean are considerably more expensive than elsewhere, and there is a clear pecking order by price with the South of France, Monaco and northern Italy topping the list.

The long-leasing of berths is beginning to gain traction, mainly due to the effect of the consistently expanding superyacht fleet, along with predictions that the fleet will continue to grow for decades to come. Therefore, one may assume that the demand for berths will continue in parallel. This is causing concern with yacht-owners who feel that they need a "base" at which they can always be assured of a space. The most essential characteristics which yacht-owners will consider when choosing a location for a long-term berth lease is that a marina has regular flight connections, large-scale maintenance facilities for winter repair and refit work and several activities which crews may participate in during their down-time. The stability and safety of the location at which the marina is established, as well as the crews' safety, are also important considerations. Malta has an excellent set of criteria to capitalise on these long-leasing decisions and enquiries for berth purchase, whilst slow to complete, continue.

It is worth pointing out that there has been a rising level of momentum in berth lease purchases in the Mediterranean in the last 18 months and the outlook for those locations that offer more than simply a utilitarian place to park your boat, are seeing movement in sales and re-sales.

Implied annual lease prices per square metre for berths in the Mediterranean vary depending on the size of the vessel and the term of the lease where the said prices refer to the total price of the lease divided by the term of the lease and further divided by total area of the berth. In this respect, with regard to vessels which are longer than 100 metres, the said price in the Mediterranean of a berth for a term of less than 20 years ranges between €702 and €997, and for a term of over 20 years between €100 and €120. The Issuer's prices are on the lower end of this scale, with a price of *circa* €120 per square metre for the lease of a berth for a term of 25 years for vessels which are longer than 100 metres in length. With respect to vessels which are 100 metres in length, generally the said price in the Mediterranean for the lease of a berth for a term of less than 20 years ranges between €317 and €832, and for a term of over 20 years between €100 and €296. The Issuer's prices are again on the lower end of this scale, with a price of *circa* €120 for the lease of a berth for a term of 25 years for vessels which are 100 metres in length. With respect to vessels which are 60 metres in length, the said price in the Mediterranean for the rental of a berth for a term of less than 20 years generally range between €297 and €773, and for a term of over 20 years between €100 and €371. Once again, the Issuer's prices fall within the lower end of the range, with a price of *circa* €120 for the lease of a berth for a term of 25 years for vessels which are 60 metres in length.

## 5.2 Key Financial Review

The selected consolidated financial information of the Issuer is contained in this section of the Registration Document. The historical consolidated financial information of the Issuer is set out in the audited financial statements for each of the financial years ending 31 December 2014 to 2016. The said financial statements are available for viewing at the registered office of the Issuer and are also available on the Issuer's website ([en.cnmarinas.com/grand-harbour-marina/](http://en.cnmarinas.com/grand-harbour-marina/)).

There has been no material adverse change in the prospects of the Issuer since 31 December 2016, being the date up to which the audited financial information has been prepared.

There has been no significant change in the financial or trading position of the Issuer which has occurred since 31 December 2016, being the date up to which the audited financial information has been prepared.

Set out below are summarised extracts from the consolidated financial statements of the Issuer for the years ended 31 December 2014 to 2016.

### Grand Harbour Marina plc – Consolidated Statements of Comprehensive Income Extracts

For the year ended 31 December	2014	2015	2016
	€'000	€'000	€'000
Revenue	3,405	3,727	4,231
Personnel expenses	(360)	(391)	(425)
Directors' emoluments	(49)	(49)	(49)
Depreciation	(314)	(309)	(309)
Other operating expenses	(1,916)	(1,933)	(2,211)
<b>Operating profit</b>	<b>766</b>	<b>1,045</b>	<b>1,237</b>
Finance income	127	50	45
Finance costs	(906)	(903)	(819)
Share of profit of equity-accounted investees, net of tax	355	271	290
<b>Profit before tax</b>	<b>342</b>	<b>463</b>	<b>753</b>
Income tax expense	(172)	(262)	(378)
<b>Profit after tax</b>	<b>170</b>	<b>201</b>	<b>375</b>
<b>Other comprehensive income</b>			
Foreign currency translation differences	(11)	(13)	(29)
Net fair value changes during the year	(31)	-	-
<b>Total comprehensive income for the year, net of tax</b>	<b>128</b>	<b>188</b>	<b>346</b>
<b>Earnings per share (rounded)*</b>	<b>€0.009</b>	<b>€0.010</b>	<b>€0.019</b>

\* The earnings per share has been calculated based on the profit attributable to the ordinary shareholders of the Issuer (i.e. profit after tax). For the financial year ended 31 December 2014, the earnings per share has been restated to reflect the number of ordinary shares in issue as at 31 December 2016 (i.e. 20,000,000 million ordinary shares)

### Grand Harbour Marina plc – Consolidated Statements of Financial Position Extracts

As at 31 December	2014	2015	2016
	€'000	€'000	€'000
<b>Assets</b>			
Non-current assets	13,524	13,383	14,607
Current assets	3,038	2,827	2,175
<b>Total assets</b>	<b>16,562</b>	<b>16,210</b>	<b>16,782</b>
<b>Equity</b>			
Total equity	2,776	2,964	2,830
<b>Liabilities</b>			
Non-current liabilities	11,393	10,866	11,292
Current liabilities	2,393	2,380	2,660
Total liabilities	13,786	13,246	13,952
<b>Total equity and liabilities</b>	<b>16,562</b>	<b>16,210</b>	<b>16,782</b>

**Grand Harbour Marina plc – Consolidated Statements of Cash Flows Extracts**

<b>For the year ended 31 December</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Net cash from operating activities	1,390*	1,213	1,673
Net cash from / (used in) investing activities	498	(68)	(1,273)
Net cash (used in) financing activities	(2,057)*	(1,551)	(1,250)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(169)</b>	<b>(406)</b>	<b>(850)</b>
Cash and cash equivalents as at 1 January	2,511	2,342	1,936
<b>Cash and cash equivalents as at 31 December</b>	<b>2,342</b>	<b>1,936</b>	<b>1,086</b>

*\*Net cash from operating activities and net cash used in financing activities for 2014 has been restated to reflect the reclassifications presented in the 2016 financial statements. More specifically, an element of interest paid (c. €11k) for 2014 has been reclassified accordingly from financing activities to operating activities”.*

Revenue over the three (3) financial years 2014 to 2016 has increased by a CAGR of 11.5% with a steady annual growth registered in income generated from both berthing activity and the provision of ancillary services. In 2016, these revenue streams accounted for 72.3% and 26.7% of total revenue respectively. Further, in 2016 the Issuer benefitted from a €100,000 novation fee in respect of the re-sale of a 75 metre berth which had a direct impact on profit before tax.

Over the period under consideration, the Issuer has improved the utilisation of the water area within the Marina, thereby increasing the number of available berth nights for both pontoon and superyachts.

Pontoon berths have increased from 192 berths at the start of 2014 to 218 berths during 2015. As a result, the available pontoon berth nights increased from circa 70,000 in 2014 to circa 79,000 in 2016, with occupancy levels (based on berth nights) in excess of 100% in each of the said years. This additional occupancy represents berthing income generated by the Issuer during periods where annual berth subscribers have vacated the said berth.

During the past three financial years, the Issuer also invested in 11 new superyacht berths (seven (7) in 2015 and four (4) in 2016), as a result of which the Marina has increased its superyacht capacity from 28 berths at the start of 2014 to 39 berths by 2016, with the last batch becoming operational as at the end of September 2016. As a result, the available revenue-generating superyacht berth nights has increased from circa 10,000 in 2014 to circa 13,000 in 2016, with occupancy levels (based on berth nights) also increasing from 60.7% in 2014 to 64.7% and 68.6% in 2015 and 2016 respectively. The growth in occupancy levels was driven by a significant increase experienced in the number of annual berths.

Operating profit (“EBIT”) has increased by a CAGR of 27.1% over the three (3) financial years 2014 to 2016, largely impacted by an improvement in the EBIT margin, which has increased from 22.5% of total revenue in 2014 to 29.2% of total revenue in 2016. This reflects an operating cost structure that is predominantly fixed in nature, as a result of which a high proportion of the increase in revenue has been reflected within the Issuer’s operating profits.

Over the three (3) financial years 2014 to 2016, finance costs have decreased from €906,000 in 2014 to €819,000 in 2016, which decrease largely reflects the buyback by the Issuer of a portion of the 2010 Bond Issue from the bond holders, wherein, since 2014, bonds with a cumulative nominal value of €1,031,000 were bought back and subsequently cancelled by the Issuer. Similarly, finance income has declined from €127,000 in 2014 to €45,000 in 2016, principally reflecting the disposal during 2014 of fixed-income available-for-sale investments held by the Issuer.

The share of profit from equity accounted investees, namely the 45% shareholding in IC Çeşme, which owns and operates Çeşme Marina, decreased by 23.7% to €271,000 in 2015, increasing by seven per cent (7.0%) to €290,000 in 2016. The reduction in 2015 largely related to the fact that operator fees payable to Camper & Nicholsons for 2014 had not been accrued for in 2014 as the terms of the agreement with the operator had not yet been concluded. The said operator fees for 2014 were then subsequently accounted for and reflected in 2015.

Over the three (3) years 2014 to 2016, Çeşme Marina registered a steady annual increase in both its seaside operations (CAGR: 13.5%) as the marina improved the utilisation of its water area, as well as its landside operations (CAGR: 16.4%), as the retail properties remained fully occupied and the marina benefitted from an increase in rents which came into effect during 2015. However, the above-mentioned improvement in operational activity was offset by the devaluation of the Turkish Lira when compared to the Euro, with this being more pronounced in 2016. In this respect, whilst revenue increased by a CAGR of 14.7% between 2014 and 2016 when stated in Turkish Lira, the Marina reported a CAGR in revenue levels of just 5.8% over the same period when stated in Euro terms.

The Issuer's profit after tax has increased by a CAGR of 48.5% over the three (3) financial years 2014 to 2016, with €375,000 achieved in 2016 when compared to €170,000 in 2014. These include the share of profits from the 45% equity interest held in IC Çeşme, and reflect the Issuer's successful transition from a business model which was dependent on long-term berth sales to an operation that may be sustained through the operation of short-term berths (annual, seasonal and/or visitor berths). This is evidenced by the fact that whilst the Issuer has not entered into long-term berth sale agreements over the past four years, it has managed to start operating profitably through its normal business operation.

During the period under consideration the Issuer declared dividends as set out in the table below:

<b>Grand Harbour Marina plc</b>			
<b>For the year ended 31 December</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
<b>Dividends</b>	840	-	480

Total assets as at 31 December 2016 stood at €16,782,000 (2015: €16,210,000), which represented a growth of three-point-five per cent (3.5%) on prior year levels. The Issuer's most significant assets as at 31 December 2016 comprised of property, plant and equipment (€5,435,000), a loan receivable from its parent company (€4,237,000), the 45% equity interest in IC Çeşme (€2,518,000) and assets held in trust (€1,926,000). The increase in total assets principally emanated from the investment in IC Çeşme (which increased by €261,000, largely as a result of the share of profits for the year) and the parent company loan (which increased by €400,000, representing an upstream loan instrument effected by the Issuer during November 2016).

In accordance with the terms of the 2010 Bond Issue, the Issuer placed Euro €216,000, €48,000 and €808,000 in a sinking fund towards repayment of the Bond in 2014, 2015 and 2016 respectively. The total amount available in the sinking fund as at 31 December 2016 amounted to €1,926,000.

Total liabilities amounted to €13,952,000 as at 31 December 2016, representing an increase of five-point-three per cent (5.3%) on prior year levels (2015: €13,246,000). The outstanding bond liability of *circa* €10,810,000<sup>1</sup> relating to the 2010 Bond Issue represented the Issuer's most significant liability as at 31 December 2016, equivalent to 77.5% of total liabilities. The growth in total liabilities principally relates to an increase of *circa* €378,000 in the Issuer's deferred tax liability (which has largely been underpinned a reduction in the Issuer's unabsorbed tax losses and un-utilised capital allowances) and an increase of *circa* €281,000 in trade and other payables (largely underpinned by an increase in deferred income and accruals).

The Issuer's total equity as at 31 December 2016 amounted to Euro €2,830,000, largely comprised of share capital equivalent to €2,400,000. Total equity has increased by six point eight percent (6.8%) during 2015 and declined by four point five per cent (4.5%) during 2016, with the latter largely reflecting the impact of a dividend of €480,000 which was declared during 2016.

1. The figure represents the Issuer's interest-bearing borrowings which are measured at amortised cost as presented in the Issuer's statement of financial position as at 31 December 2016 in the audited financial statements.



## 6. MANAGEMENT

### 6.1 The Board of Directors

The Board of Directors of the Issuer is to consist of a minimum of two (2) and a maximum of six (6) Directors, of which at least two (2) shall be non-executive directors. Presently there are six (6) directors. The Board meets regularly to establish and review the policies and strategies of the Issuer and to monitor the implementation thereof and the overall performance of the Issuer.

#### 6.1.1 Executive Directors/s

The Executive Director of the Issuer is entrusted with the company's day-to-day management and is also a director or officer of other companies within the Group. He is supported in this role by C&N and other advisers and benefits from the know-how gained by members and officers of the Group.

The Executive Director of the Issuer is Mr Clive Peter Whiley, who also occupies the position of Chief Executive Officer of C&N.

#### 6.1.2 Non-Executive Directors

The Non-Executive Directors constitute a majority on the Board of the Issuer and their main functions are to monitor the operations of the Executive Director(s) and his performance, as well as to review any proposals tabled by the Executive Director(s).

The Non-Executive Directors are Mr Roger St. John Hulton Lewis, Sir Christopher Lewinton, Mr David Martin Bralsford, Mr Franco Azzopardi and Mr Lawrence Zammit (who occupies the position of Chairman of the Board of Directors).

#### 6.1.3 Curriculum Vitae of Directors

##### **Mr. Lawrence Zammit**

Mr. Zammit is a founding partner and a director of MISCO, and was instrumental in developing its market research division. Mr. Zammit also holds a number of directorships in both private and public companies, and acts as a consultant to a number of business organisations, with a special focus on strategic issues related to leadership, business development, management and marketing. Mr. Zammit is currently chairman of the board of directors of Atlas Insurance PCC Ltd and Vilhena Funds Sicav Plc, as well as being a director of PG Holdings plc, Loqus Holdings plc, Mariner Finance plc and Corporate Identities Ltd. Furthermore, he is a former chairman of the Employment and Training Corporation, Malta International Airport plc, Air Malta plc and Malta Enterprise, and also a former director of PAVI Shopping Complex Plc and accountant firm 3A Malta Ltd.

##### **Mr. Franco Azzopardi**

Mr. Azzopardi is a certified public accountant and holds a post-graduate degree in finance from the University of Leicester. Mr. Azzopardi has over 27 years of practice with an accounting firm which he co-founded, where his responsibilities lied with the handling of corporate strategy, risk management and quality control. In 2007, he decided to move from the accounting firm with whom he practiced to contribute to the strategic direction of companies, and is a registered member of the UK Institute of Directors. Mr. Azzopardi specialises in corporate finance and sits on the board of directors and audit committees of various companies, both local and international, including in the banking sector, software, venture capital and private equity, and the media. In addition, he contributes towards the development of the Malta Institute of Accountants (and currently acts as the president of such institution) and towards the research of creativity in business through his participation in the Oikonomos Foundation.

##### **Mr. David Martin Bralsford**

Mr. Bralsford joined the board of the Parent in February 2012 and the following month he became a director of the Issuer. Mr. Bralsford is a Chartered Accountant with over 40 years business experience having held finance and general management roles in C.I. Traders, Le Riche Group, Premier Brands, Calor Gas, Rank Group, Smith Kline Beecham and Cadbury Schweppes. Mr. Bralsford previously held the position of chief executive of C.I. Traders, an AIM listed public company engaged in leisure, retail and wholesale distribution and property businesses. Furthermore, Martin has served as a non-executive member of the boards of a number of commercial, banking and investment companies. His current board appointments include his position as chairman of Fundsmith Emerging Equities Trust PLC, which floated on the London Stock Exchange's Main Market in June 2014.

## **Sir Christopher Lewinton**

Sir Lewinton has wide-ranging experience in consultancy and advisory services, and is currently a member of the advisory board of Metalmark Capital/Morgan Stanley Capital Partners and an emeritus member of the Operating Executive Board of JF Lehman, both of which are US based private equity firms. Some of the previous positions occupied by Sir Lewinton include his roles as: chief executive of TI Group plc (1986-1998) and as its chairman (1989-2000); chief executive of the Wilkinson Sword Group; a member of the board of Allegheny International, Inc. (1970-1985); a non-executive director of WPP Group plc (1998-2003); a non-executive director of Reed Elsevier plc (1993-1999); and a member of the supervisory board of Mannesman AG (1995-1999).

## **Mr. Roger St. John Hulton Lewis**

Mr. Lewis has extensive experience in the property sector, most recently as a director of Berkeley Group Holdings plc for over 15 years, the last eight of which were as chairman, a position from which he retired at the end of July 2007. He subsequently acted as a consultant to the Berkeley Group until December 2012 and is currently a director of three of their Jersey based subsidiaries. Prior to his involvement in the Berkeley Group, he was UK Group chief executive officer of the Crest Nicholson Group PLC from 1983 to 1991. Mr. Lewis was admitted to the board of the Parent in January 2007, and following the acquisition of a majority shareholding by the Parent in the Issuer, was subsequently appointed to the board of the Issuer. At present, Mr. Lewis is also a director of Picton Property Income Limited and Cambium Global Timberland Limited.

## **Mr. Clive Peter Whiley**

Since becoming a member of the London Stock Exchange, Mr. Whiley has garnered over 30 years' experience in regulated strategic management positions. He has served as an executive director across a broad range of financial services, engineering, manufacturing, distribution & leisure businesses, encompassing the UK, Europe, North America, Australasia and China. Moreover, Mr. Whiley is currently the managing director of Evolution Securities China Limited, a merchant bank specialising in advisory services on China outbound M&A. In addition, Mr. Whiley is also a director of Stanley Gibbons Group plc, as well as being Chairman of China Venture Capital Management Limited, First China Venture Capital Limited and Y-LEE Limited.

### **6.2 Directors' Service Contracts**

None of the Directors of the Issuer have a service contract with the Issuer. A copy of any such service contract would be available for inspection at the registered office of the Issuer in accordance with the requirements of the Listing Rules.

### **6.3 Aggregate Emoluments of Directors**

In terms of the Memorandum and Articles of Association of the Issuer, the aggregate emoluments of all Directors in any one financial year, and any increases thereto, shall be such amount as may from time to time be determined by the Issuer in a general meeting, and any notice convening the general meeting during which an increase in the maximum limit of such aggregate emoluments shall be proposed, shall contain a reference to such fact. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Issuer or in connection with the business of the Issuer.

For the financial year ended 31<sup>st</sup> December 2016 the Issuer paid an aggregate of €49,000 to its Directors.

### **6.4 Loans to Directors**

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

### **6.5 Removal of Directors**

A Director may unless he resigns, be removed by ordinary resolution of the shareholders in a general meeting of the Issuer, as provided in article 140 of the Act.

Without prejudice to the provisions of the Act, the office of a Director shall *ipso facto* be vacated:

- a. if, by notice in writing to the Issuer, he resigns from the office of Director;
- b. if he absents himself from the meetings of the Directors for a continuous period of three (3) calendar months without leave of absence from the Directors and the Directors pass a resolution that he has, by reason of such absence, vacated office;
- c. if he violates the declaration of secrecy required of him under the Articles of Association of the Issuer and the Directors pass a resolution that he has so violated the declaration of secrecy;
- d. if he is prohibited by or under any law from being a Director;
- e. if he is removed from office pursuant to the Articles of Association; or
- f. if he becomes of unsound mind, or is convicted of any crime punishable by imprisonment or is declared bankrupt during his term of office.

## 6.6 Powers of Directors

The business of the Issuer is managed by the Directors, who may, in accordance with the Issuer's Articles of Association, exercise all such powers as are not by the statutes or by the Memorandum or Articles of Association of the Issuer required to be exercised by it in general meeting.

The Directors may exercise all the powers of the Issuer to borrow money and to hypothecate or charge its undertaking, property and uncalled capital or any part thereof, and to issue equity securities and debt securities on such terms, and in such manner and for such consideration as they think fit, whether outright or as security for any debt, liability or obligation of the Issuer or of any third party. The shareholders of the Issuer may however, in a general meeting, restrict and limit the aforesaid power of the Directors.

## 6.7 Employees of the Issuer

As at the date of this Registration Document, the Issuer had 18 employees, of which 13 employees formed part of operations, whilst five (5) employees were involved in administration.

# 7. MANAGEMENT STRUCTURE

## 7.1 Management Team

Name	Address	Designation
Mr. Clive Peter Whiley	Little Orchard, London Road, Ipswich, Suffolk, IP2 0SS, United Kingdom	Chief Executive Officer
Mr. Gordon Vassallo	42, Bride Street, Mosta, Malta	General Manager
Mr. Andrew Farrugia	La Perouse, G. Montebello Street, Tarxien, TXN 2406	Chief Operating Officer
Mr. Jean Paul Saliba	38, Armonia, Triq il-Qadi, Zejtun ZTN 4345, Malta	Chief Financial Officer

The Chief Executive Officer is responsible for leading the Issuer's management team and ensures that the Issuer is being managed in line with the strategies and policies set by the Board of Directors.

The General Manager is responsible for the planning, organisation, direction and control of the daily operation of the Marina whilst supporting the Board in the implementation of the Issuer's strategy and objectives.

The Chief Operating Officer liaises with the Board and the Finance Division of C&N on detailed project financing initiatives, in particular, by driving the latter in accordance with the business plan developed by the Board.

The Chief Financial Officer's role is to manage and control all operations of the Finance Department of the Issuer, pursuant to and within the parameters of the Issuer's objectives and performance targets.

## 7.2 Conflict of Interest

As at the date of this Prospectus, Mr Clive Whiley, Mr Roger St. John Hulton Lewis, Sir Christopher Lewinton and Mr David Martin Bralsford are also directors of Camper & Nicholsons and/or other companies forming part of the Group, and as such there could be conflicts between the potentially diverging interests of the different members of the Group.

In these situations the Directors of the Issuer shall act in accordance with the majority decision of those directors who would not have a conflict in the situation and in line with the advice of outside legal counsel.

The audit committee has the task of ensuring that any such potential conflicts of interest are handled in the best interests of the Issuer. In terms of the Act, where a Director is in any way, whether directly or indirectly interested in a contract or a proposed contract or in any transaction or arrangement (whether or not constituting a contract) with the Issuer, is required to declare the nature of his/her interest at a meeting of Issuer's Board of Directors.

To the extent known or potentially known to the Issuer as at the date of this Prospectus, there are no other potential conflicts of interest between any duties of the Directors and of executive officers of the Issuer and their private interests and/or their other duties, which require disclosure in terms of the Regulation.

## 8. RELATED PARTY TRANSACTIONS

### 8.1 Loan to Parent

IC Çeşme has been provided with sub-loans from Isbank in the form of a general cash and non-cash credit agreement (the “**Subordinated Loans**”), subject to a one-point-four per cent (1.4%) nominal rate of interest. The total balance payable on the Subordinated Loans as at 31 March 2017 amounted to €6,525,000.

By virtue of the Subordinated Loans, the Issuer had, as at 31 December 2016, a loan receivable from the Parent in the amount of €2,950,500. In turn, this loan receivable has been pledged in favour of Isbank.

### 8.2 Notes issued by the Parent

The Issuer has subscribed to two loan notes issued by the Parent as follows: (i) the loan note dated 21 November 2016 (the “**First Loan Note**”), in the amount of €400,000 at an interest rate of four per cent (4%) per annum, and having a repayment date as at 21 November 2018; and (ii) the loan note dated 14 March 2017 (the “**Second Loan Note**”), in the amount of €600,000 at an interest rate of four per cent (4%) per annum, and having a repayment date as at 14 March 2019. The audit committee agreed that the First Loan Note and the Second Loan Note are acceptable to it on the basis that they are subject to standard terms and conditions in accordance with market practice prevailing at the time of their execution, including the term, the rate of interest, warranties and representations, and events of default.

## 9. AUDIT COMMITTEE PRACTICES

### 9.1 Audit Committee

The audit committee’s primary objective is to assist the Board in fulfilling its oversight responsibilities over the financial reporting processes, financial policies and internal control structure. The audit committee oversees the conduct of the internal and external audit and acts to facilitate communication between the Board, management, the external auditors and the internal audit team. The internal and external auditors are invited to attend the audit committee meetings. The audit committee reports directly to the Board.

The terms of reference of the audit committee include support to the Board of the Issuer in its responsibilities in dealing with issues of: risk, control and governance, and associated assurance. The Board has set formal terms of establishment and the terms of reference of the audit committee which set out its composition, role and function, the parameters of its remit as well as the basis for the processes that it is required to comply with.

Briefly, the audit committee is expected to deal with and advise the Board on:

- a. its monitoring responsibility over the financial reporting processes, financial policies and internal control structures;
- b. maintaining communications on such matters between the Board, management and the external auditors; and
- c. preserving the Issuer’s assets by assessing the Issuer’s risk environment and determining how to deal with those risks.

In addition, the audit committee also has the role and function of evaluating any proposed transaction to be entered into by the Issuer and a related party, to ensure that the execution of any such transaction is at arm’s length, on a commercial basis and ultimately in the best interests of the Issuer.

The audit committee is currently composed of Mr Lawrence Zammit (non-executive director and chairman of the Issuer), Mr Franco Azzopardi (non-executive director) and Mr Martin Bralsford (non-executive director). The Issuer’s company secretary, Dr. Louis De Gabriele, acts as secretary to the audit committee. In compliance with the Listing Rules, Mr Franco Azzopardi is considered by the Board to be the Director competent in accounting and/or auditing matters. Mr Bralsford sits on the board of directors of CNMI, which holds 79% of the issued share capital of the Issuer. As such Mr Bralsford does not participate in meetings which discuss and where deemed appropriate, approve related party transactions. The Board considers that the members of the audit committee, as a whole, have the competence relevant to the marina sector.

### 9.2 Remuneration Committee

On the basis of the fact that the remuneration of the Directors is not performance-related, the Issuer has not set up a remuneration committee. The functions which would otherwise be carried out by such committee are carried out by the Board. In addition, the Board has mandated the compensation committee established by the Parent of the Issuer to evaluate the remuneration of the senior executives of the Issuer and submit recommendations to the Board. The chairman of the Issuer attends the meetings of the compensation committee of the Parent where the aforementioned evaluations are carried out and recommendations are made.

## 10. COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

The Issuer supports the Code of Principles of Good Corporate Governance (the “Code”) forming part of the Listing Rules. The Issuer is confident that the adoption of the Code has resulted in positive effects accruing to the Issuer. The Board deems that, during the reporting periods referred to in this Prospectus, the Issuer has been substantially in compliance with the requirements of the Code. The Issuer has not however complied with all the recommendations of the Code due to the size, nature and operations of the Issuer. Notwithstanding, the Issuer believes that, in the context of the size and nature of its business, it has adopted such appropriate structures to achieve an adequate level of good corporate governance, together with an adequate system of checks and balances in line with its requirements.

As at the date of this Registration Document, the Board considers the Issuer to be in compliance with the Code save for the following exceptions:

**(i) Code Provision 4.2.7:**

This Code provision recommends “the development of a succession policy for the future composition of the Board of directors and particularly the executive component thereof, for which the chairman should hold key responsibility”. In the context of the appointment of directors being a matter reserved exclusively to the Issuer’s shareholders (except where the need arises to fill a casual vacancy), considering that every director retires from office at the annual general meeting, the Issuer does not consider it feasible to have in place such a succession policy. However, the recommendation to have in place such a policy will be kept under review. An active succession policy is however in place for senior executive positions in the Issuer.

**(ii) Principle 8B (Nomination Committee):**

Pursuant to the Issuer’s Articles of Association, the appointment of directors to the Board is reserved exclusively to the Issuer’s shareholders (in line also with general and commonly accepted practice in Malta). Any shareholder/s who in the aggregate holds not less than 200,000 shares having voting rights in the Issuer is entitled to nominate a fit and proper person for appointment as a director of the Issuer. Furthermore, in terms of the Memorandum and Articles of Association of the Issuer, the directors themselves are entitled to make recommendations and nominations to the shareholders for the appointment of directors at the next following annual general meeting.

Within this context, the Board believes that the setting up of a nomination committee is not required since the Board itself has the authority to recommend and nominate directors. Notwithstanding this, the Board will retain under review the issue relating to the setting up of a nomination committee.

**(iii) Code Provision 9.3:**

The Issuer does not have a formal mechanism in place as required by Code provision 9.3 to resolve conflicts between minority shareholders and controlling shareholders and no such conflicts have arisen.

## 11. HISTORICAL INFORMATION

There were no significant changes to the financial or trading position of the Issuer since the end of the financial year to which the last audited consolidated financial statements relate.

## 12. LITIGATION

There is no governmental, legal or arbitration proceedings against the Issuer, including any pending or threatened proceedings, which the Issuer is aware and considers could have significant effects on the financial position or profitability of the Issuer or the Group.

## 13. ADDITIONAL INFORMATION

### 13.1 Major Shareholders

#### 13.1.1 Shareholding of the Issuer

The authorised share capital of the Issuer is €2,400,000. The issued share capital is €2,400,000 divided into 20,000,000 ordinary shares of a nominal value of twelve Euro cents (€ 0.12) each, fully paid up.

On the basis of the information available to the Issuer as at the 31 December 2016, CNMI holds 15,834,418 shares in the Issuer, equivalent to 79.17% of its total issued share capital. In addition, the Issuer is informed that HSBC Bank Malta plc (as custodian/trustee) holds in aggregate 1,767,160 shares in the Issuer, representing 8.84% of the total issued share capital of the Issuer. As far as the Issuer is aware, no persons hold any indirect shareholding in excess of five per cent (5%) of its total issued share capital.

The authorised share capital of the Issuer may be increased by an extraordinary resolution of the shareholders in a general meeting. Shares in the Issuer may be issued with such preferred, deferred, or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Directors may from time to time determine, as hereinafter provided, as long as any such issue of shares falls within the authorised share capital of the Issuer.

There are no classes of shares and each share confers the right to one (1) vote at general meetings of the Issuer. All ordinary shares rank *pari passu* in all respects.

There is no capital of the Issuer which is currently under option, nor is there any agreement by virtue of which any part of the capital of the Issuer is to be put under option.

The Issuer adopts measures in line with the Code to ensure that the relationship with the Group is retained at arm's length, including adherence to rules on related party transactions requiring the sanction of the audit committee, in which the majority is constituted by independent non-executive Directors of the Issuer.

### 13.2 Memorandum and Articles of Association

#### 13.2.1 Objects

The Memorandum and Articles of Association of the Issuer are registered with the Registrar of Companies in Malta. The main objects of the Issuer's activities are set out in Article 3 of the Memorandum of Association as described in section 4.1.2 of this Registration Document.

A copy of the Memorandum and Articles of Association of the Issuer may be inspected during the lifetime of this Registration Document at the registered office of the Issuer and at the Registrar of Companies in Malta.

#### 13.2.2 Appointment of Directors

At present, in terms of the Memorandum and Articles of Association, the Board shall consist of not less than two (2) and not more than six (6) directors.

The directors of the Issuer are appointed by the shareholders in the annual general meeting of the Issuer. An election of directors shall take place every year. The procedure for the appointment of directors shall be as follows:

- i. Any shareholder or number of shareholders who in the aggregate hold not less than 200,000 shares having voting rights in the Issuer shall be entitled to nominate a fit and proper person for appointment as a director of the Issuer.
- ii. In addition to the nominations that may be made by the shareholders pursuant to the provisions of paragraph (i) above, the directors themselves or a committee appointed for the purpose by the directors, may make recommendations and nominations to the shareholders for the appointment of directors at the next following annual general meeting.
- iii. the shareholders shall have at least 14 days to nominate candidates for appointment as directors. Such notice may be given by the publication of an advertisement in at least two (2) daily newspapers. All such nominations, including the candidate's acceptance to be nominated as director, shall on pain of disqualification be made on the form to be prescribed by the directors from time to time and shall reach the registered office of the Issuer not later than 14 days after the publication of the said notice (the "Submission Date"); provided that the Submission Date shall not be less than 14 days prior to the date of the meeting appointed for such election. Nominations to be made by the directors or any sub-committee of the directors appointed for that purpose shall also be made by not later than the date established for the closure of nominations to shareholders pursuant to the Articles of Association of the Issuer.
- iv. In the event that there are either less nominations than there are vacancies on the Board or if there are as many nominations made pursuant to either paragraphs (i) and (ii) above as there are vacancies on the Board, then each person so nominated shall be automatically appointed a director.
- v. In the event that there are more nominations made pursuant to the provisions of paragraphs (i) and (ii), then an election shall take place in accordance with the provisions of the Articles of Association of the Issuer.

- vi. Unless they resign or are removed, directors shall hold office up until the end of the next annual general meeting following their appointment. directors whose term of office expires or who resign or are removed are eligible for re-appointment.
- vii. Whenever in terms of the Articles of Association of the Issuer an election is necessary amongst candidates nominated for appointment as directors, such election shall be conducted in the manner prescribed by the Articles of Association of the Issuer or in such manner as close as practicably possible thereto as the directors may consider equitable in the circumstances.
- viii. After the date established as the closing date for nominations to be received by the Issuer for persons to be appointed directors, the directors shall draw the names of each candidate by lot and place each name in a list in the order in which they were drawn. The list shall be signed by the chairman and the company secretary for verification purposes.
- ix. On the notice calling the annual general meeting at which an election of directors is to take place there shall be proposed one resolution for the appointment of each candidate in the order in which the names were drawn, so that there shall be as many resolutions as there are candidates.
- x. At the general meeting at which the election of directors is to take place the chairman shall propose the name of each candidate as a separate resolution and the shareholders shall take a separate vote for each candidate. The shareholders shall first be asked to vote by a show of hands and if a poll is validly called in accordance with the provisions of the Articles of Association of the Issuer a poll shall be conducted.
- xi. Upon a resolution being carried, whether by a show hands or by a poll, the candidate proposed by virtue of that resolution shall be considered elected and appointed as a director. No further voting shall take place once enough resolutions have been passed to ensure that all vacancies on the Board have been filled, even if there are still candidates with respect to whom a resolution has not yet been called.
- xii. Shareholders may vote in favour or against the resolution for the appointment of a director in any election, and a resolution shall be considered carried if it receives the assent of more than 50% of the shareholders present and voting at the meeting.
- xiii. Unless a shareholder demands that a vote be taken in respect of all or any one or more of the nominees, in the event that there are as many nominations as there are vacancies or less, no voting will take place and the nominees will be deemed appointed director.

### 13.2.3 Powers of Directors

The Directors are vested with the management of the Issuer, and their powers of management and administration emanate directly from the Memorandum and Articles of Association of the Issuer and the law. The Directors are empowered to act on behalf of the Issuer and in this respect have the authority to enter into contracts, sue and be sued in representation of the Issuer. In terms of the Memorandum and Articles of Association they may do all such things that are not by the Memorandum and Articles of Association reserved for the shareholders in the general meeting or by any provision contained in any law from the time being in force.

In particular, the Directors are authorised to issue shares in the Issuer with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Directors may from time to time determine, as long as such issue of equity securities falls within the authorised share capital of the Issuer and, to the extent that the issue of such equity securities dilutes a substantial interest within the Issuer, the prior approval of the shareholders in general meeting is obtained. Unless the shareholders otherwise approve in a general meeting, the Issuer shall not in issuing and allotting new shares:

- i. allot any of them on any terms to any person unless an offer has first been made to each existing shareholder to allot to him at least on the same terms, a proportion of the new shares which is as nearly as practicable equal to the proportion in nominal value held by him of the aggregate shares in issue in the Issuer immediately prior to the new issue of shares; and
- ii. allot any of them to any person upon the expiration of any offer made to existing shareholders in terms of paragraph (a) above. Any such shares not subscribed for by the existing shareholders may be offered for subscription to the general public under the same or other conditions which however cannot be more favourable to the public than offer made under paragraph (a).

Directors may not vote on any proposal, issue, arrangement or contract in which they have a material interest.

The Directors may, subject to obtaining the approval of the shareholders in the general meeting, pay a gratuity or pension or allowance on retirement to any Director who has held any other salaried office or place of profit with the Issuer or to his widow or dependants and may make contributions to any fund and pay premia for the purchase or provision of any such gratuity, pension or allowance.

In terms of the Memorandum and Articles of Association of the Issuer, the Board of Directors may exercise all the powers of the Issuer to borrow money and give security therefor, subject to the limit that may be established by the shareholders of the Issuer in a general meeting.

There are no provisions in the Issuer's Memorandum and Articles of Association regulating the retirement or non-retirement of Directors over an age limit.

## 14. MATERIAL CONTRACTS

The Issuer has not entered into any material contracts which are not in the ordinary course of its business which could result in any shareholder of the Issuer being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to the Bondholders in respect of the Bonds being issued pursuant to, and described in, the Securities Note.

### 14.1 Deed of Emphyteusis and Sub-Emphyteusis

On the 2 June 1999, the Government of Malta entered into a deed of emphyteusis with Port Cottonera Ltd., Cottonera Waterfront Group p.l.c., the Malta Maritime Authority and the National Tourism Organisation of Malta (the "**Emphyteutical Deed**").

By virtue of the Emphyteutical Deed, the Government of Malta granted various portions of immovable property situated at Vittoriosa, and the Malta Maritime Authority also granted Cottonera Waterfront Group p.l.c., with the exclusive rights to construct and install, own, operate, develop, control and promote a yacht marina in the sea area in the Dockyard Creek, limits of Senglea, Cospicua and Vittoriosa, including amongst others, the right to grant mooring and berthing rights to third parties under such terms and conditions as it deems fit (the "**Rights**"). The said exclusive Rights were granted subject to certain terms and conditions, namely, that 150 spaces, or such larger amount as agreed between the parties, must be made available for free to *'frejgolini'*.

On the 4 September 2001, the Issuer entered into a deed of sub-emphyteusis with Cottonera Waterfront Group p.l.c. (the "**Sub-Emphyteutical Deed**"), pursuant to which the Rights and the immovable property granted to the Cottonera Waterfront Group p.l.c. under the Emphyteutical Deed, were transferred to the Issuer, subject to the terms and conditions contained therein. The sub-emphyteusis is valid for a period of 99 years commencing on the 2 June 1999.

### 14.2 Development and Operations Agreement

On the 30 June 2000, Cottonera Waterfront Group p.l.c. and Camper & Nicholsons entered into a development and operations agreement (the "**Development and Operations Agreement**"), in terms of which Camper & Nicholsons was granted the Rights (please refer to section 14.1 above). Under the Development and Operations Agreement, Cottonera Waterfront Group p.l.c. was granted the right to transfer the property and the Rights granted to it to the Issuer, and subsequently transferred such rights by virtue of the Sub-Emphyteusis (please refer to section 14.1 above), thereby substituting the Issuer in their rights under the Development and Operations Agreement. The latter is valid for the unexpired term of the Emphyteusis described in section 14.1 above.

In consideration of the functions, powers and rights granted to the Issuer, the Issuer was required to pay to Cottonera Waterfront Group p.l.c. a fee equivalent to ten per cent (10%) of the Issuer's annual turnover, subject to the terms and conditions contained therein. The Development and Operations Agreement may be terminated if the Issuer is in default of the bi-annual payments required to be paid by it and so fails to remedy its default within 15 days from receipt of a judicial letter to that effect.

### 14.3 Marina Services Agreement

The Issuer entered into an exclusive marina services agreement on 1 July 2007 with C&N (the "**Marina Services Agreement**"), replacing the original marina management agreement that had been entered into between the same parties on 1 April 2004.

Under the terms of the Marina Services Agreement, C&N agreed to provide to the Issuer, among others, recruitment services, project services such as the design of berthing layouts and assistance with the implementation of a marina systems manual and procurement and tendering, commissioning, operational services, monitoring and support services, sales and marketing, long-term berth sales, branding and auditing (the "**Marina Services**"), in respect of the Marina and subject to the terms and conditions contained therein. Furthermore, C&N also granted the Issuer the licence to use the Camper & Nicholsons brand name and the right to associate Camper & Nicholsons in the Issuer's advertising material. The Marina Services provided by C&N are subject to exclusivity, and consequently the Issuer is prohibited from engaging or using other third-parties for the provision of Marina Services, other than those other third-parties recommended, or consented to, by C&N.

The Marina Services Agreement was entered into for an initial period of three (3) years, and shall continue to be in full force and effect between the parties, thereafter, unless and until terminated by either party by giving not less than six (6) months prior written notice to the other party. In addition, either party may terminate the Marina Services Agreement, by giving prior notice in writing, in any of the following events: (i) the other party commits an irremediable breach of its obligations; (ii) the other party persists in a breach of its obligations that are capable of remedy for a time exceeding the cure period of 30 days; (iii) any sum payable under the Marina Services Agreement is not paid within 30 days of its due date; (iv) on the occurrence of events likely to result in the insolvency of the other party. The Marina Services Agreement is governed by the laws of England, and any and all disputes or claims arising out therefrom are subject to the non-exclusive jurisdiction of the English Courts.



#### 14.4 Trade Mark Licence

The Issuer had formerly entered into an agreement on 1 April 2004 with C&N, granting the right to the Issuer to use the name of “C&N” for its marina operations, at a cost of branding charges payable by the Issuer to C&N of £1,000 per month.

This agreement had been replaced by an agreement dated 1 July 2007 between the Issuer and Camper & Nicholson (Designs) Limited (a company incorporated in England and Wales with company number 02500666), in terms of which the Issuer was obliged to pay Camper & Nicholson (Designs) Limited zero point two five per cent (0.25%) of its turnover as royalties, subject to a minimum amount of £10,000 per annum.

This agreement was subsequently terminated in 2008 and replaced by a trade mark licence agreement dated 19 December 2008 (the “**Trade Mark Licence**”) entered into with C&N (Malta). Under the terms of the Trade Mark Licence, the Issuer is permitted to use the trademarks ‘Camper & Nicholson’, ‘Campers’, ‘Nicholson’, ‘C&N’ and the ‘C + N’ logo, subject to the terms and conditions contained therein, and is obliged to pay C&N (Malta) one point five per cent (1.50%) of its annual operating turnover as royalties. The Trade Mark License is valid and continues into force until: (i) it is terminated by either party on the grounds contemplated therein (including failure to pay the royalties due within six (6) months from their due date, or for other material breach of its terms) by giving 30 days prior notice to the other party in writing; (ii) or if the exclusive licence (granted by CNMI to Campers & Nicholson (Designs) Limited on 24 November 2008), and/or the Marina Management Agreement (see section 14. 3 above), is terminated.

### 15. INTEREST OF EXPERTS AND ADVISERS

Save for the financial analysis summary set out as Annex IV to the Securities Note, the Prospectus 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 Rizzo, Farrugia & Co. (Stockbrokers) Ltd. respectively, which has given and has not withdrawn its consent to the inclusion of such reports herein. Rizzo, Farrugia & Co. (Stockbrokers) Ltd. does not have any material interest in the Issuer. The Issuer confirms that the financial analysis summary has been accurately reproduced in the Prospectus 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.

### 16. DOCUMENTS AVAILABLE FOR INSPECTION

For the duration period of this Registration Document the following documents (or copies thereof) shall be available for inspection at the registered address of the Issuer:

- a. Memorandum and Articles of Association of the Issuer;
- b. Audited Consolidated Financial Statements of the Issuer for the financial years ended 31 December 2014 to 2016;
- c. Financial Analysis Summary prepared by Rizzo, Farrugia & Co. (Stockbrokers) Ltd. dated 26 June 2017;
- d. The letter of confirmation drawn up by KPMG and dated 26 June 2017;
- e. Superyacht Intelligence (2017); and
- f. Superyacht Annual Report (2017).

Items (a), (b) and (c) are also available for inspection in electronic form on the Issuer's website [[en.cnmarinas.com/grand-harbour-marina](http://en.cnmarinas.com/grand-harbour-marina)].