

# Securities Note

## 26 June 2017

This document is a Securities Note issued in accordance with the provisions of Chapter 4 of the Listing Rules published by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended by Commission Delegated Regulation (EU) No 486/2012 of the 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 Securities Note is issued pursuant to the requirements of Listing Rule 4.14 of the Listing Rules and contains information about the Bonds being issued by 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. This Securities Note should be read in conjunction with the most updated Registration Document issued from time to time containing information about the Issuer.

In respect of an Issue of up to €15,000,000 4.50% Unsecured Bonds 2027  
of a nominal value of €100 per Bond issued at par by

*GRAND HARBOUR MARINA*  
VITTORIOSA ✶ MALTA

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

ISIN: MT0000321225

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 SECURITIES OF AN ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT FINANCIAL ADVISER.

APPROVED BY THE DIRECTORS

Lawrence Zammit

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 SECURITIES NOTE, FORMING PART OF THE PROSPECTUS, CONTAINS INFORMATION ON AN ISSUE BY GRAND HARBOUR MARINA P.L.C. (THE “ISSUER”) OF A MAXIMUM OF €15,000,000 UNSECURED BONDS 2027 OF A NOMINAL VALUE OF €100 PER BOND. THE BONDS WILL BE ISSUED AT PAR SUBJECT TO A MINIMUM SUBSCRIPTION OF €2,000 AND BEARING INTEREST AT THE RATE OF FOUR POINT FIVE PER CENT (4.50% ) PER ANNUM PAYABLE SEMI-ANNUALLY ON 22 FEBRUARY AND 22 AUGUST OF EACH YEAR. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON THE REDEMPTION DATE UNLESS OTHERWISE PREVIOUSLY REPURCHASED FOR CANCELLATION.

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

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

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

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

IT IS THE RESPONSIBILITY OF ANY PERSONS IN POSSESSION OF THIS SECURITIES NOTE 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 APPLICANTS FOR ANY SECURITIES THAT MAY BE ISSUED BY THE ISSUER SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF APPLYING FOR ANY SUCH BONDS AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRY OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

SAVE FOR THE OFFERING IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE BONDS OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (OTHER THAN MALTA) WHICH HAS IMPLEMENTED DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 4 NOVEMBER 2003 ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING OR WHICH, PENDING SUCH IMPLEMENTATION, APPLIES ARTICLE 3.2 OF SAID DIRECTIVE, THE BONDS CAN ONLY BE OFFERED TO “QUALIFIED INVESTORS” (AS DEFINED IN SAID DIRECTIVE) AS WELL AS IN ANY OTHER CIRCUMSTANCES WHICH DO NOT REQUIRE THE PUBLICATION BY THE ISSUER OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF SAID DIRECTIVE.

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

A COPY OF THIS SECURITIES NOTE 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 THE PROSPECTUS ARE, EXCEPT WHERE OTHERWISE STATED, BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THEREIN.

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

ALL THE ADVISERS TO THE ISSUER NAMED IN THE PROSPECTUS UNDER THE HEADING "*IDENTITY OF DIRECTORS, SENIOR MANAGEMENT, ADVISERS AND AUDITORS*," UNDER SECTION 3 OF THE REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THIS ISSUE 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 VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL UPON MATURITY. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISERS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS.**

# 1. DEFINITIONS

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

<b>Act</b>	the Companies Act (Cap. 386 of the laws of Malta);
<b>Applicant/s</b>	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
<b>Application/s</b>	the application to subscribe for Bonds made by an Applicant/s by completing an Application Form and delivering same to any of the Authorised Financial Intermediaries;
<b>Application Form/s</b>	the forms of application of subscription for Bonds, specimens of which are contained in Annex III of this Securities Note;
<b>Authorised Financial Intermediaries</b>	the licensed stockbrokers and financial intermediaries listed in Annex I of this Securities Note;
<b>Bond(s)</b>	the €15,000,000 unsecured bonds of a nominal value of €100 per bond redeemable at their nominal value on the Redemption Date, bearing interest at the rate of 4.50% per annum;
<b>Bondholder</b>	a holder of Bonds;
<b>Bond Issue</b>	the issue of the Bonds;
<b>Bond Issue Price</b>	the price of €100 per Bond;
<b>Business Day</b>	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
<b>CSD</b>	Central Securities Depository of the Malta Stock Exchange, having its address at Garrison Chapel, Castille Place, Valletta, VLT 1063, Malta;
<b>Cut-Off Date</b>	close of business of 23 June 2017 (trading session of 21 June 2017);
<b>Euro or €</b>	the lawful currency of the Republic of Malta;
<b>Exchange, 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), having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, and bearing company registration number C 42525;
<b>Exchangeable Bonds</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 €10,969,400, issued by the Issuer pursuant to a prospectus dated 25 January 2010;
<b>Existing Bondholder/s</b>	a holder of Exchangeable Bonds as at the Cut-Off Date;
<b>Financial Adviser</b>	Finco Treasury Management Limited, licensed by the MFSA;
<b>Grand Harbour Marina Shareholders</b>	the shareholders of the Issuer as at the Cut-Off Date;
<b>Income Tax Act</b>	the Income Tax Act (Cap. 123, of the laws of Malta);
<b>Interest Payment Date</b>	semi-annually on 22 February and 22 August of each year between and including each of the years 2017 and the year 2027, provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day;
<b>Intermediaries' Offer</b>	the offer of Bonds to the Selected Authorised Financial Intermediaries on 11 August 2017 consisting of a maximum aggregate amount of €2,000,000 and an amount equal to any balance of the Bonds not subscribed to by the Preferred Applicants;
<b>Issue Date</b>	expected on 22 August 2017;
<b>Issue Period</b>	i. the period between 14 July 2017 and 2 August 2017 for Existing Bondholders; and ii. the period between 12 July 2017 and 9 August 2017 for Grand Harbour Marina Shareholders;
<b>Issuer or Grand Harbour Marina or Company</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 of the Listing Authority as may be amended and/or supplemental from time to time;
<b>Manager</b>	Rizzo, Farrugia & Co (Stockbrokers) Ltd, an authorised financial intermediary licenced by the MFSA and a member of the MSE;

<b>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>MSE Bye-Laws</b>	the bye-laws issued by the MSE as may be amended and/or supplemental from time to time;
<b>Official List</b>	the list prepared and published by the MSE as its official list in accordance with the MSE Bye-Laws;
<b>Preferred Applicants</b>	Existing Bondholders and Grand Harbour Marina Shareholders;
<b>Prospectus</b>	collectively the Registration Document, Summary Note and this Securities Note (each as defined in this Securities Note);
<b>Prospectus Directive</b>	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, as may be amended from time to time;
<b>Redemption Date</b>	23 August 2027;
<b>Redemption Value</b>	the nominal value of each Bond (€100 per Bond);
<b>Registrar</b>	Rizzo, Farrugia & Co (Stockbrokers) Ltd, an authorised financial intermediary licenced by the MFSA and a member of the MSE;
<b>Registration Document</b>	the registration document issued by the Issuer dated 26 June 2017, forming part of the Prospectus;
<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 supplementing Directive 2003/71/EC of the European Parliament and of the Council with regard to regulatory technical standards for publication of supplements to the prospectus and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015 supplementing Directive 2003/71/EC of the European Parliament and of the Council with regard to regulatory technical standards for publication of the prospectus and dissemination of advertisements and amending Commission Regulation (EC) No. 809/2004;
<b>Securities Note</b>	this document in its entirety;
<b>Selected Authorised Financial Intermediaries</b>	the licensed stockbrokers and financial intermediaries listed in Annex II of this Securities Note;
<b>Sponsor</b>	Rizzo, Farrugia & Co (Stockbrokers) Ltd, an authorised financial intermediary licensed by the MFSA and a member of the MSE;
<b>Summary Note</b>	the summary note issued by the Issuer dated 26 June 2017, forming part of the Prospectus; and
<b>Terms and Conditions</b>	the terms and conditions of the Bond Issue, including the terms contained in this Securities Note.

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

Unless it appears otherwise from the context:

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



## 2. RISK FACTORS

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE.

THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL UPON MATURITY ON THE REDEMPTION DATE UNLESS THE BONDS ARE PREVIOUSLY RE-PURCHASED AND CANCELLED.

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

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

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

### 2.1 Forward-Looking Statements – Cautionary Statement

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

### 2.2 Suitability of Investment in the Bond

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

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

### 2.3 Risks Relating to the Bonds

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

- **No Prior Market**  
Prior to the Bond Issue, there has been no public market nor trading record for the Bonds within or outside Malta. Due to the absence of any prior market for the Bonds, there can be no assurance that the Bond Issue Price will correspond to the price at which the Bonds will trade in the market subsequent to the Bond Issue.
- **Orderly and Liquid Market**  
The existence of an orderly and liquid market for the Bonds depends on a number of factors, including but not limited to the presence of willing buyers and sellers of the Issuer’s Bonds at any given time and the general economic conditions in the market in which the Bonds are traded. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market, over which the Issuer has no control. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to sell or otherwise trade in the Bonds at or above the Bond Issue Price or at all.



- **Subsequent Changes in Interest Rates**

Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.

- **Market Risk**

Investors should also be aware that the price of fixed rate Bonds moves adversely to changes in interest rates. When prevailing market interest rates are rising, the price of fixed rate Bonds decline. Conversely, if market interest rates are declining, the price of fixed rate Bonds rises. This is referred to as market risk since it arises only if a Bondholder decides to sell the Bonds before maturity on the secondary market.

- **Currency Risk**

Any Bondholder whose currency of reference is not the Euro will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference.

- **Changes in Circumstances**

No prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time. If such changes take place they could have an adverse effect on the market price for the Bonds.

- **Ranking of the Bonds**

The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt, if any. The Bonds will, however, rank subordinate to the present and future secured creditors of the Issuer. Furthermore, subject to the negative pledge clause (section 6.7 of this Securities Note), third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect. In essence, this means that for so long as the Issuer may have secured, privileged or other higher-ranking creditors, in the event of insolvency of the Issuer the Bondholders would rank after such creditors but equally between themselves and with other unsecured creditors (if any) of the Issuer.

- **Changes to Terms and Conditions**

In the event that the Issuer wishes to amend any of the Terms and Conditions of the Bonds or any material terms of issuance of the Bonds it shall call a meeting of Bondholders in accordance with the provisions of section 6.13 of this Securities Note. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

- **Changes in Law**

The Terms and Conditions of this Bond Issue are based on the requirements of the Listing Rules of the Listing Authority, the Companies Act and the Commission Regulation EC No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council in effect as at the date of the Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Maltese law or administrative practice after the date of this Prospectus.

- **Additional Indebtedness and Security**

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

- **Independent Credit Rating**

The Issuer has not sought, nor does it intend to seek, the credit rating of an independent agency and there has been no assessment by any independent rating agency of the Bonds.

- **Discontinuation of Listing**

Even after the Bonds are admitted to trading on the MSE, the Issuer is required to remain in compliance with certain requirements relating *inter alia* to the free transferability, clearance and settlement of the Bonds in order to remain a listed company in good standing. Moreover, the Listing Authority has the authority to suspend trading or listing of the Bonds if, *inter alia*, it comes to believe that such a suspension is required for the protection of investors or the integrity or reputation of the market. The Listing Authority may discontinue the listing of the Bonds on the MSE. Any such trading suspensions or listing revocations/ discontinuations described above could have a material adverse effect on the liquidity and value of the Bonds.

### 3. PERSONS RESPONSIBLE

This document includes information given in compliance with the Listing Rules for the purpose of providing prospective investors with information with regard to the Issuer. All of the directors of the Issuer, whose names appear under the sub-heading “Directors” under the heading ‘*Identity of Directors, Advisers and Auditors*’ in section 3 of the Registration Document (the “**Directors**”), accept responsibility for the information contained in this Securities Note.

To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Securities Note is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

All representations and other statements made in the Prospectus are made by the Issuer and the Directors take sole responsibility for all such representations and statements. The Sponsor, Manager and Registrar, and the Issuer’s advisers have advised and assisted the Issuer in the preparation of this document, but none make any representation or statement, unless otherwise expressly stated in the Prospectus, and each of them disclaims any responsibility for any representations and other statements made in the Prospectus.

## 4. CONSENT FOR USE OF PROSPECTUS

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

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

- i. in respect of Bonds subscribed for through Authorised Financial Intermediaries listed in Annex I of this Securities Note, during the Issue Period and by the Selected Authorised Financial Intermediaries listed in Annex II during the Intermediaries Offer;
- ii. to any resale or placement of Bonds subscribed for as aforesaid, taking place in Malta;
- iii. to any resale or placement of Bonds subscribed for as aforesaid, taking place within the period of 60 days from the date of the Prospectus.

None of the Issuer, the advisers identified in section 3.2 of the Registration Document or any of their respective advisers take any responsibility for any of the actions of any Authorised Financial Intermediary, including their compliance with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to a resale or placement of Bonds.

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

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

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

**In the event of a resale, placement or other offering of Bonds by an Authorised Financial Intermediary, the Authorised Financial Intermediary shall be responsible to provide information to investors on the terms and conditions of the resale, placement or other offering at the time such is made.** Where such information is not contained in the Prospectus, it will be the responsibility of the applicable Authorised Financial Intermediary at the time of such offer to provide the investor with that information and neither the Issuer or the Sponsor or any other Authorised Financial Intermediary has any responsibility or liability for such information.

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

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

Any new information with respect to Authorised Financial Intermediaries unknown at the time of the approval of this Securities Note will be made available through a company announcement which will also be made available on the Issuer's website: [en.cnmarinas.com/grand-harbour-marina](http://en.cnmarinas.com/grand-harbour-marina)

## 5. ESSENTIAL INFORMATION

### 5.1 Reasons for the Issue and use of proceeds

The proceeds raised from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €14,550,000, will be used by the Issuer for the following purposes, in the amounts set out below:

- i. a maximum amount of €11,000,000 will be used by the Issuer for the purpose of redeeming any Exchangeable Bonds remaining in issue as at the Cut-off Date;
- ii. a maximum amount of €3,500,000 (the “**Waterside Investment Amount**”) for further waterside investment within the Marina which at the time of issue of this Prospectus is envisaged to take place in two separate stages which are independent of each other. A maximum amount of €800,000 of the Waterside Investment Amount will be invested in the first phase of the reconfiguration to be made to the Marina as set out in section 4.5 of the Registration Document. It is anticipated that the balance, that is a maximum amount of €2,700,000 of the Waterside Investment Amount (the “**Balance**”) will be invested in the second phase of the reconfiguration to be made to the Marina as set out in section 4.5 of the Registration Document. Prior to implementing the second phase, the Board of Directors reserves the right to assess other possible investments in line with its wider investment objectives as set out in section 4.5 of the Registration Document and to utilise the Balance to finance any investment opportunity which in the Directors’ opinion at that stage is calculated to provide the highest yielding project; and
- iii. the remaining amount of €50,000 will be used by the Issuer for general corporate and operational purposes.

In the event that the Bond Issue is not fully subscribed the Issuer will proceed with the listing of the amount of Bonds subscribed for, and shall apply the net proceeds received in the manner and order of priority set out above. Any residual amounts required by the Issuer for the purposes of the uses specified in this section 5.1 which shall not have been raised through the Bond Issue shall be financed from the Issuer’s general cash flow and/or bank financing.

### 5.2 Expenses

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

### 5.3 Issue Statistics

<b>Amount:</b>	€15,000,000;
<b>Form:</b>	The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at CSD;
<b>Denomination:</b>	Euro (€);
<b>ISIN:</b>	MT0000321225;
<b>Minimum amount per subscription:</b>	Minimum of two thousand Euro (€2,000) and multiples of €100 thereafter;
<b>Redemption Date:</b>	23 August 2027;
<b>Redemption Value:</b>	At par (€100 for each Bond);
<b>Plan of Distribution:</b>	The Bonds are open for subscription by all categories of investors including Preferred Applicants and the Selected Authorised Financial Intermediaries through an Intermediaries’ Offer;
<b>Preferred Allocations:</b>	Existing Bondholders will be granted preference in their Applications for Bonds, up to an aggregate amount of €11,000,000 by way of the redemption of Exchangeable Bonds in accordance with section 8.2.1 below; and Grand Harbour Marina Shareholders will be granted preference in their applications for Bonds up to an aggregate amount of €2,000,000 in accordance with section 8.2.5 below;
<b>Intermediaries Offer:</b>	A maximum aggregate amount of €2,000,000 and, an amount equal to any balance of the Bonds not subscribed to by the Preferred Applicants shall be made available for subscription by the Selected Authorised Financial Intermediaries through an Intermediaries’ Offer;
<b>Bond Issue Price:</b>	At par (€100 per Bond);

<b>Status of the Bonds:</b>	The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank pari passu, without any priority or preference among themselves and with other unsecured debt, if any;
<b>Listing:</b>	Application has been made to the Listing Authority for the admissibility of the Bonds to listing and to the MSE for the Bonds to be listed and traded on its Official List;
<b>Application Forms available:</b>	Application Forms will be mailed to Preferred Applicants on 11 July 2017.
<b>Issue Period:</b>	i. The period between 14 July 2017 and 2 August 2017 for Existing Bondholders; and ii. the period between 14 July 2017 and 9 August 2017 for Grand Harbour Marina Shareholders;
<b>Interest:</b>	4.50% per annum;
<b>Interest Payment Date(s):</b>	Semi-annually on 22 February and 22 August of each year as from 22 February 2018 (the first interest payment date);
<b>Governing Law of Bonds:</b>	The Bonds are governed by and shall be construed in accordance with Maltese law;
<b>Jurisdiction:</b>	The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds.

#### 5.4 Interest of Natural and Legal Persons Involved in the Issue

Save for the possible subscription for Bonds by Authorised Financial Intermediaries and any fees payable in connection with the Bond Issue to Rizzo, Farrugia & Co (Stockbrokers) Ltd as Sponsor, Manager and Registrar, and to Finco Treasury Management Limited as Financial Adviser so far as the Issuer is aware, no person involved in the Issue has an interest material to the Issue.

## 6. INFORMATION CONCERNING THE SECURITIES TO BE ISSUED AND ADMITTED TO TRADING

Each Bond shall be issued on the terms and conditions set out in this Securities Note and, by subscribing to or otherwise acquiring the Bonds, the Bondholders are deemed to have knowledge of all the terms and conditions of the Bonds hereafter described and to accept and be bound by the said terms and conditions.

### 6.1 General

- 6.1.1 Each Bond forms part of a duly authorised issue of 4.50% Unsecured Bonds 2027 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €15,000,000 (except as otherwise provided under section 6.12 “Further Issues”). The expected Issue Date of the Bonds is 22 August 2017.
- 6.1.2 The currency of the Bonds is Euro (€)
- 6.1.3 Subject to admission to listing of the Bonds to the Official List of the MSE, the Bonds are expected to be assigned ISIN MT0000321225.
- 6.1.4 All outstanding Bonds not previously surrendered or cancelled shall be redeemed by the Issuer at par on the Redemption Date.
- 6.1.5 The issue of the Bonds is made in accordance with the requirements of the Listing Rules, the Act, and the Regulation.
- 6.1.6 The Bond Issue is not underwritten.
- 6.1.7 In the event that the Bond Issue is not fully subscribed, the Issuer will proceed to list the Bonds subscribed for and effect cancellation of the Exchangeable Bonds received from Existing Bondholders electing to acquire Bonds by the redemption of Exchangeable Bonds in accordance with section 8.2.1.

## 6.2 Ranking of the Bonds

The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt, if any. Furthermore, subject to the negative pledge clause set out in section 6.7 of this Securities Note, third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect. As at the date of this Securities Note, the Issuer does not have any subordinated indebtedness.

The Issuer has an overdraft credit facility available to it (and listed below) in the amount of €1,747,030, which overdraft credit facility was however unutilised as at 31 March 2017. The overdraft credit facility is secured by hypothecs and pledges (as set out below), and therefore the indebtedness being created by the Bonds, together with the other issued bonds, ranks after the bank borrowings made pursuant to such overdraft credit facility. In addition, the Bonds would also rank after any future debts which may be secured by a cause of preference such as a privilege and/or a hypothec.

Parties and description of facility	Security
(i) HSBC Malta - overdraft	<p>“(i) First general hypothec for €1,747,030 on overdraft basis over all assets present and future given by the Issuer;</p> <p>(ii) First special hypothec for €1,747,030 on overdraft basis and over the temporary subtile dominium for 99 years commencing from 2nd June 1999 over the land covering 1,1410 square metres at Cottonera Waterfront Vittoriosa ;</p> <p>(iii) Pledge given by the Issuer over the following policies:</p> <p>(a) Business Policy covering electronic equipment for €45,460;</p> <p>(b) Combined Business Policy for €304,875; and</p> <p>(c) Money Policy Schedule for €173,449.”</p>

## 6.3 Rights attached to the Bonds

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

- i. the payment of capital;
- ii. the payment of interest;
- iii. ranking with respect to other indebtedness of the Issuer in accordance with the provisions of section 6.2 above;
- iv. attend, participate in and vote at meetings of Bondholders in accordance with the terms and conditions of the Bond; and
- v. enjoy all such other rights attached to the Bonds emanating from this Prospectus.

## 6.4 Interest

The Bonds shall bear interest from and including 22 August 2017 at the rate of 4.50% per annum on the nominal value thereof, payable semi-annually in arrears on each Interest Payment Date. The first interest payment will be effected on 22 February 2018 (covering the period 22 August 2017 to 22 February 2018). Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. In terms of article 2156 of the Civil Code (Cap. 16 of the laws of Malta), the right of Bondholders to bring claims for payment of interest and repayment of the principal on the Bonds is barred by the lapse of five (5) years.

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

The redemption of the Exchangeable Bonds shall be without prejudice to the rights of the holders of Exchangeable Bonds to receive interest on the Exchangeable Bonds up to and including 21 August 2017.

## 6.5 Yield

The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds at Redemption Date is 4.50%.

## 6.6 Registration, Form, Denomination and Title

- 6.6.1 Certificates will not be delivered to Bondholders in respect of the Bonds in virtue of the fact that the entitlement to Bonds will be represented in an uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer by the CSD. There will be entered in such electronic register the names,



addresses, identity card numbers (in the case of natural persons), registration numbers (in the case of companies) and MSE account numbers of the Bondholders and particulars of the Bonds held by them respectively, and the Bondholders shall have, at all reasonable times during business hours, access to the register of bondholders held at the CSD for the purpose of inspecting information held on their respective account.

- 6.6.2 The CSD will issue, upon a request by a Bondholder, a statement of holdings to such Bondholder evidencing his/her/its entitlement to Bonds held in the register kept by the CSD.
- 6.6.3 The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €100 provided that on subscription the Bonds will be issued for a minimum of €2,000 per individual Bondholder. Authorised Financial Intermediaries subscribing for Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €2,000 to each underlying client.
- 6.6.4 Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Bond. Title to the Bonds may be transferred as provided below under the heading *‘Transferability of the Bonds’* in section 6.11 of this Securities Note.
- 6.6.5 Upon submission of an Application Form, Applicants who opt to subscribe for the online e-portfolio by ticking the appropriate box on the Application Form will be registered by the CSD for the online e-portfolio facility and will receive by mail at their registered address a handle code to activate the new e-portfolio login. The Bondholder’s statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further detail on the e-portfolio is found on <https://eportfolio.borzamalta.com.mt/Help>.

## 6.7 Negative Pledge

The Issuer undertakes, for as long as any principal or interest under the Bonds or any of the Bonds remains outstanding, not to create or permit to subsist any Security Interest (as defined below), other than a Permitted Security Interest (as defined below), upon the whole or any part of its present or future assets or revenues to secure any Financial Indebtedness (as defined below) of the Issuer, unless at the same time or prior thereto the Issuer’s indebtedness under the Bonds, shares in and is secured equally and rateably therewith, and the instrument creating such Security Interest so provides.

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

**“Security Interest”** means any privilege, hypothec, pledge, lien, charge or other encumbrance or real right which grants rights of preference to a creditor over the assets of the Issuer;

**“Permitted Security Interest”** means:

- (A) any Security Interest arising by operation of law;
- (B) any Security Interest securing temporary bank loans or overdrafts in the ordinary course of business;
- (C) any Security Interest securing any indebtedness of the Issuer created for the sole purpose of financing or raising finance for the redemption of all the Bonds;
- (D) any other Security Interest (in addition to (A),(B) and (C) above) securing Financial Indebtedness of the Issuer, in an aggregate outstanding amount not exceeding 80% of the difference between the value of the unencumbered assets of the Issuer and the aggregate principal amount of Bonds outstanding at the time.

Provided that the aggregate Security Interests referred to in (B), (C) and (D) above do not result in the unencumbered assets of the Issuer being less than 104.50% of the aggregate principal amount of the Bonds still outstanding;

**“Unencumbered assets”** means assets which are not subject to a Security Interest.

## 6.8 Payments

6.8.1 Payment of the principal amount of a Bond will be made in Euro by the Issuer to the person in whose name such Bonds are registered, with interest accrued up to the Redemption Date, by means of direct credit transfer into such bank account as the Bondholder may designate from time to time, provided such bank account is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven (7) days of the Redemption Date. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith. Upon payment of the Redemption Value, the Bonds shall be redeemed and the appropriate entry made in the electronic register of the Bonds at the CSD.

In the case of Bonds held subject to usufruct, payment will be made against the joint instructions of all bare owners and usufructuaries. Before effecting payment, the Issuer and/or the CSD shall be entitled to request any legal documents deemed necessary concerning the entitlement of the bare owner/s and the usufructuary/ies to payment of the Bonds.

6.8.2 Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business 15 days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time, which is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven (7) days of the Interest Payment Date. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith.

6.8.3 All payments with respect to the Bonds are subject in all cases to any applicable fiscal or other laws and regulations prevailing in Malta. In particular, but without limitation, all payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made net of any amount which the Issuer is compelled by law to deduct or withhold for or on account of any present or future taxes, duties, assessments or other government charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within the Republic of Malta or any authority thereof or therein having power to tax.

6.8.4 No commissions or expenses shall be charged by the Issuer to Bondholders in respect of such payments.

## 6.9 Redemption and Purchase

6.9.1 Unless previously purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 23 August 2027.

6.9.2 Subject to the provisions of this section 6.9, the Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.

6.9.3 All Bonds so redeemed or purchased will be cancelled forthwith and may not be re-issued or re-sold.

## 6.10 Events of Default

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

6.10.1 the Issuer shall fail to pay any interest on any Bond when due and such failure shall continue for 30 days after written notice thereof shall have been given to the Issuer by any Bondholder; or

6.10.2 the Issuer shall fail duly to perform or shall otherwise be in breach of any other material obligation contained in the terms and conditions of the Bonds and such failure shall continue for 60 days after written notice thereof shall have been given to the Issuer by any Bondholder; or

6.10.3 an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer; or

6.10.4 the Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or ceases or threatens to cease to carry on its business or a substantial part of its business; or

6.10.5 the Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or

6.10.6 there shall have been entered against the Issuer a final judgment by a court of competent jurisdiction from which no appeal may be or is made for the payment of money in excess of €5,000,000 or its equivalent and 90 days shall have passed since the date of entry of such judgment without its having been satisfied or stayed; or

- 6.10.7 any default occurs and continues for 90 days under any contract or document relating to any Financial Indebtedness (as defined above) of the Issuer in excess of €5,000,000 or its equivalent at any time.

## 6.11 Transferability of the Bonds

- 6.11.1 The Bonds are freely transferable and, once admitted to the Official List of the MSE, shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time.
- 6.11.2 Any person becoming entitled to a Bond in consequence of the death or bankruptcy of a Bondholder may, upon such evidence being produced as may from time to time properly be required by the Issuer or the CSD, elect either to be registered himself as holder of the Bond or to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the CSD a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by transferring the Bond, or procuring the transfer of the Bond, in favour of that person.
- 6.11.3 All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations.
- 6.11.4 The cost and expenses of effecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Issuer shall so require, the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the Issuer.
- 6.11.5 The Issuer will not register the transfer or transmission of Bonds for a period of 15 days preceding the due date for any payment of interest on the Bonds.

## 6.12 Further Issues

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

## 6.13 Meetings of Bondholders

- 6.13.1 The Issuer may from time to time call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of obtaining the consent of Bondholders on matters which in terms of the Prospectus require the approval of a Bondholders' meeting.
- 6.13.2 No change or amendment to, or waiver of, any of the applicable Terms and Conditions of the Bonds may be made unless such decision is made at a meeting of Bondholders duly convened and held.
- 6.13.3 A meeting of Bondholders shall be called by the Directors by giving all Bondholders listed on the register of Bondholders as at a date being not more than 30 days preceding the date scheduled for the meeting, not less than 14 days' notice in writing. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of the Prospectus that is proposed to be voted upon at the meeting and seeking the approval of Bondholders. Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval by the Bondholders in accordance with the provisions of this section 6.13 at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.
- 6.13.4 A meeting of Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose, at least two (2) Bondholders present, in person or by proxy, representing not less than 50% in nominal value of the Bonds then outstanding, shall constitute a quorum. . If a quorum is not present within 30 minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Directors to the Bondholders present at that meeting. The issuer shall within two (2) days from the date of the original meeting publish by way of a company announcement the date, time and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than seven (7) days, and not later than 15 days, following the original meeting. At an adjourned meeting: the number of Bondholders present, in person or by proxy, shall constitute a quorum; and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at, the adjourned meeting.

- 6.13.5 Any person who in accordance with the Memorandum and Articles of Association of the Issuer is to chair the annual general meetings of shareholders shall also chair meetings of Bondholders.
- 6.13.6 Once a *quorum* is declared present by the chairman of the meeting, the meeting may then proceed to business and address the matters set out in the notice convening the meeting. In the event of decisions being required at the meeting the directors or their representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the other Bondholders present at the meeting. The meeting shall then put the matter as proposed by the Issuer to a vote of the Bondholders present at the time at which the vote is being taken, and any Bondholders taken into account for the purpose of constituting a *quorum* who are no longer present for the taking of the vote shall not be taken into account for the purpose of such vote.
- 6.13.7 The voting process shall be managed by the company secretary under the supervision and scrutiny of the auditors of the Issuer.
- 6.13.8 The proposal placed before a meeting of Bondholders shall only be considered approved if at least 65% in nominal value of the Bondholders present at the meeting at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal.
- 6.13.9 Save for the above, the rules generally applicable to proceedings at general meetings of shareholders of the Issuer shall *mutatis mutandis* apply to meetings of Bondholders.

## 6.14 Authorisations and approvals

The Board of Directors of the Issuer authorised the Bond Issue pursuant to a board of directors' resolution passed on 19 June 2017.

## 6.15 Notices

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

# 7. TAXATION

## 7.1 General

Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation which may be applicable to them in respect of the Bonds, including their acquisition, holding and disposal as well as any income/gains derived therefrom or made on their disposal.

The following is a summary of the anticipated tax treatment applicable to Bondholders in so far as taxation in Malta is concerned. This information does not constitute legal or tax advice and does not purport to be exhaustive. The information below is based on an interpretation of tax law and practice relative to the applicable legislation, as known to the Issuer at the date of the Prospectus, in respect of a subject on which no official guidelines exist. Investors are reminded that tax law and practice and their interpretation as well as the levels of tax on the subject matter referred to in the preceding paragraph, may change from time to time.

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

## 7.2 Malta tax on interest

Since interest is payable in respect of a Bond which is the subject of a public issue, unless the Issuer is otherwise instructed by a Bondholder or if the Bondholder does not fall within the definition of "recipient" in terms of article 41(c) of the Income Tax Act interest shall be paid to such person net of a final withholding tax, currently at the rate of 15% of the gross amount of the interest, pursuant to article 33 of the Income Tax Act. Interest payments made to prescribed funds will be subject to a final withholding tax at the rate of ten percent (10%). Bondholders who do not fall within the definition of a "recipient" do not qualify for the said rates and should seek advice on the taxation of such income as special rules may apply. For the purpose of the above, a "recipient" is generally a person who is resident in Malta during the year in which investment income is payable to him or other persons or entities acting on behalf of such resident person or a trustee or foundation pursuant to or by virtue of which any money or other property whatsoever shall be paid or applied to or for the benefit of such resident persons or an EU/EEA individual (and his or her spouse were applicable) in the circumstances envisaged by the first and second provisos to article 56(1)(c) of the Income Tax Act.

The withholding tax is considered a final tax and a Maltese resident individual Bondholder may not declare the interest so received in his income tax return. No person shall be charged further tax in respect of such income and the tax deducted shall not be available as a credit against the recipient's tax liability or available as a refund.

In the case of a valid election made by an eligible Bondholder resident in Malta to receive the interest due without the deduction of final tax, interest will be paid gross and such person will be obliged to declare the interest so received in his income tax return and be subject to tax on it at the progressive rate/s applicable to that person at that time. Additionally, in this latter case the Issuer will advise the Inland Revenue on an annual basis in respect of all interest paid gross and of the identity of all such recipients unless the beneficiary does not qualify as a "recipient" in terms of article 41(c) of the Income Tax Act. Any such election made by a resident Bondholder at the time of subscription may be subsequently changed by giving notice in writing to the Issuer. Such election or revocation will be effective within the time limit set out in the Income Tax Act.

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

### 7.3 Directive on Administrative Cooperation in the Field of Taxation

The Council of the European Union has adopted Directive 2014/107/EU amending Directive 2011/16/EU on administrative cooperation in the field of taxation so as to introduce an extended automatic exchange of information regime that implements the OECD measures known as the "Common Reporting Standard". Member States are required to begin exchanging information pursuant to this Directive no later than 30 September 2017 (subject to deferral under transitional rules in the case of Austria).

Malta has transposed Directive 2014/107/EU into national law by means of Legal Notice 384 of 2015 amending the Cooperation with Other Jurisdictions on Tax Matters Regulations. In terms of this legal notice, the automatic exchange of information obligations extends also to jurisdictions that are not EU Member States with which there is a relevant arrangement in place.

In consequence, financial institutions of an EU Member State and of participating jurisdictions will be required to report to their respective tax authorities certain financial account information in respect of account holders (and in some cases, beneficial holders), that are residents of another EU Member State or of a participating jurisdiction in order to be exchanged automatically with the tax authorities of the other EU Member States or participating jurisdictions. Financial account information in respect of holders of the Bonds could fall within the scope of EU Directive 2014/107/EU and they may therefore be subject to reporting obligations.

### 7.4 Maltese taxation on capital gains on transfer of the Bonds

To the extent that the Bonds do not fall within the definition of "securities" in terms of article 5(1)(b) of the Income Tax Act, that is, *"shares and stocks and such like instrument that participate in any way in the profits of the company and whose return is not limited to a fixed rate of return"*, no Malta tax is chargeable in respect of transfers of Bonds held as capital assets at the time of disposal.

### 7.5 Foreign Account Tax Compliance Act ("FATCA")

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

### 7.6 Duty on documents and transfers

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

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



## 8. TERMS AND CONDITIONS OF THE BOND ISSUE

### 8.1 Expected Timetable of the Bond Issue

1.	Application Forms mailed to Preferred Applicants	11 July 2017
2.	Opening of Issue Period	14 July 2017
3.	Closing date for applications received from Existing Bondholders	2 August 2017
4.	Closing date for applications received from Grand Harbour Marina Shareholders	9 August 2017
5.	Intermediaries' Offer	11 August 2017
6.	Announcement of basis of acceptance	21 August 2017
7.	Commencement of interest on the Bonds	22 August 2017
8.	Refunds of unallocated monies	22 August 2017
9.	Expected dispatch of allotment advices	22 August 2017
10.	Expected date of admission of the securities to listing	22 August 2017
11.	Expected date of commencement of trading in the securities	23 August 2017

The Issuer reserves the right to close the subscription lists with respect to Grand Harbour Marina Shareholders before 9 August 2017 in the event of over-subscription.

### 8.2 Terms and Conditions of Application

- 8.2.1 Existing Bondholders applying for Bonds may elect to settle all or part of the amount due on the Bonds applied for by completing a pre-printed Application Form 'A' indicating that the consideration for the Bonds applied for shall be settled by way of surrender to the Issuer of all or part of the Exchangeable Bonds held as at the Cut-Off Date in an amount equivalent to the par value of the Bonds applied for, subject to a minimum application of €2,000. Any Existing Bondholders whose holding in Exchangeable Bonds is less than €2,000 shall be required to pay the difference together with the submission of their Application Form 'A' ("**Cash Top-Up**").
- 8.2.2 The completed Application Form 'A' is to be lodged with any of the Authorised Financial Intermediaries by not later than 09:00 hours on 2 August 2017, together with payment of the Cash Top-Up referred to in section 8.2.1 above in Euro and in cleared funds. Payment may be made by cheque payable to "**Rizzo, Farrugia & Co (Stockbrokers) Ltd - Registrar Account**".
- 8.2.3 By submitting a signed Application Form 'A', the Applicant is thereby confirming:
- that all or part (as the case may be) of the Exchangeable Bonds held by the Applicant on the Cut-off Date are being surrendered to the Issuer, together with the payment due in respect of any Cash Top-Up, if applicable;
  - that the pre-printed Application Form 'A' constitutes the Applicant's irrevocable mandate to the Issuer to:
    - cause the surrender of the said Exchangeable Bonds in the Issuer's name in consideration of the issue of Bonds; and
    - engage, at the Issuer's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in the said Exchangeable Bonds in the Issuer and fully and effectively vest title in the appropriate number of Bonds in the Applicant;
  - the obligations of the Issuer with respect to the Exchangeable Bonds being surrendered to the Issuer are extinguished, replaced by obligations on the part of the Issuer under the Bonds to be issued upon acceptance by the Issuer of the application in question.
- 8.2.4 Where the Applicant is the holder of Exchangeable Bonds which as at the Cut-off Date are held subject to usufruct, the signatures of both the bare owner and the usufructuary will be required in the Application Form 'A'.
- 8.2.5 Grand Harbour Marina Shareholders may subscribe for Bonds by submitting the pre-printed non-transferrable Application Form 'B', which shall be mailed to them by the Issuer.
- 8.2.6 Application Forms 'B' must be accompanied by the full price of the Bonds applied for and payment may be made in Euro and in cleared funds by cheque payable to "**Rizzo, Farrugia & Co (Stockbrokers) Ltd - Registrar Account**". Completed Application Forms 'B' are to be lodged with any of the Authorised Financial Intermediaries by latest 09.00 hours on 9 August 2017.



### 8.3 Intermediaries' Offer

- 8.3.1 The Issuer shall enter into conditional subscription agreements with each of the Selected Authorised Financial Intermediaries whereby it will bind itself to allocate to such Selected Authorised Financial Intermediaries; (i) a maximum aggregate amount of €2,000,000; and (ii) any balance of the Bonds not subscribed to by the Preferred Applicants, through an Intermediaries' Offer.
- 8.3.2 Any subscription by the Selected Authorised Financial Intermediaries in relation to the balance of the Bonds not subscribed to by the Preferred Applicants shall be subject to the same terms and conditions as those applicable to Applications by Preferred Applicants, but limited to any remaining balance of Bonds after allocating the Bonds applied for by Preferred Applicants in terms of section 8.2 above.
- 8.3.3 In terms of each subscription agreement entered into with each of the Selected Authorised Financial Intermediaries, the Issuer will be conditionally bound to issue, and each Selected Authorised Financial Intermediary will bind itself to subscribe for, a number of Bonds subject to being admitted to trading on the Official List. The subscription agreements will become binding on each of the Issuer and the respective Authorised Financial Intermediaries upon delivery, provided that these intermediaries would have paid to the Registrar all subscription proceeds in cleared funds on delivery of the subscription agreement.
- 8.3.4 Selected Authorised Financial Intermediaries subscribing for Bonds may do so for their own account or for the account of underlying customers, including retail customers, and shall, in addition, be entitled to distribute any portion of the Bonds subscribed for upon commencement of trading.

### 8.4 General Terms and Conditions

- 8.4.1 The issue and allotment of the Bonds is conditional upon the Bonds being admitted to the Official List of the MSE. In the event that the Bonds are not admitted to the Official List of the MSE, all Application monies received by the Issuer will be returned without interest by direct credit into the Applicant's bank account indicated by the Applicant on the relative Application Form.
- 8.4.2 As indicated in section 5.1 above under the heading "*Reasons for the Issue and Use of Proceeds*", the Exchangeable Bonds forming the subject of redemption in accordance with section 8.2.1 shall be acquired by the Issuer by way of surrender for cancellation out of the proceeds of the Bond Issue.
- 8.4.3 It is the responsibility of investors wishing to apply for the Bonds to inform themselves as to the legal requirements of so applying including any requirements relating to external transaction requirements in Malta and any exchange control requirements in the countries of their nationality, residence or domicile.
- 8.4.4 The contract created by the Issuer's acceptance of an Application filed by a prospective bondholder shall be subject to all the terms and conditions set out in this Securities Note and the Memorandum and Articles of Association of the Issuer.
- 8.4.5 If an Application Form is signed on behalf of another party or on behalf of a corporation or corporate entity or association of persons, the person signing will be deemed to have duly bound his principal, or the relative corporation, corporate entity, or association of persons, and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions on their behalf. Such representative may be requested to submit the relative power of attorney/resolution or a copy thereof duly certified by a lawyer or notary public if so required by the Issuer and the Registrar, but it shall not be the duty or responsibility of the Registrar or Issuer to ascertain that such representative is duly authorised to appear on the Application Form.
- 8.4.6 In the case of joint Applications, reference to the Applicant in these Terms and Conditions is a reference to each of the joint Applicants, and liability therefor is joint and several. The person whose name shall be inserted in the field entitled "Applicant" on the Application Form, or first-named in the register of Bondholders shall, for all intents and purposes, be deemed to be such nominated person by all those joint holders. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond/s so held.
- 8.4.7 In respect of a Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. The usufructuary shall, for all intents and purposes, be deemed vis-à-vis the Issuer to be the holder of the Bond/s so held and shall have the right to receive interest on the Bond/s and to vote at meetings of the Bondholders but shall not, during the continuance of the Bond/s, have the right to dispose of the Bond/s so held without the consent of the bare owner, and shall not be entitled to the repayment of principal on the Bond (which shall be due to the bare owner).

- 8.4.8 Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents / legal guardian/s signing the Application Form until such time as the minor attains the age of 18 years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of 18 years.
- 8.4.9 The Bonds have not been and will not be registered under the Securities Act of 1933 of the United States of America and accordingly may not be offered or sold within the United States or to or for the account or benefit of a U.S. person.
- 8.4.10 No person receiving a copy of the Prospectus or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to such person, nor should such person in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or such Application Form could lawfully be used without contravention of any registration or other legal requirements.
- 8.4.11 It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself/herself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
- 8.4.12 Subject to all other terms and conditions set out in the Prospectus, the Issuer reserves the right to reject, in whole or in part, or to scale down, any Application, including multiple or suspected multiple applications, and to present any cheques and/or drafts for payment upon receipt. The right is also reserved to refuse any Application which in the opinion of the Issuer is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents. Only original Application Forms will be accepted and photocopies/facsimile copies will not be accepted.
- 8.4.13 The Bonds will be issued in multiples of €100. The minimum subscription amount of Bonds that can be subscribed for by Applicants is €2,000.
- 8.4.14 By submitting a signed Application Form, the Applicant is thereby confirming that the Applicant's remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured on its first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application. Furthermore, the Applicant will not be entitled to receive a registration advice or to be registered in the register of Bondholders, unless the Applicant makes payment in cleared funds and such consideration is accepted by the Issuer, acting through the Registrar (which acceptance shall be made in the Issuer's absolute discretion and may be on the basis that the Applicant indemnifies the Issuer and the Registrar against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of the Applicant's remittance to be honoured on first presentation).
- 8.4.15 Within five (5) Business Days from the Intermediaries Offer, the Issuer shall announce the result of the Issue and shall determine, and issue a company announcement setting out, the basis of acceptance of applications and allocation policy to be adopted.
- 8.4.16 Other than in the case of a redemption of Exchangeable Bonds (in accordance with section 8.2.1), in the event that an Applicant has not been allocated any Bonds or has been allocated a number of Bonds which is less than the number applied for, the Applicant shall receive a full refund or, as the case may be, the balance of the price of the Bonds applied for but not allocated, without interest, by credit transfer to such account indicated in the Application Form, at the Applicant's sole risk within five (5) Business Days from the date of final allocation. The Issuer and the Registrar shall not be responsible for any charges or delay arising in connection with such credit transfer.
- 8.4.17 For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations 2008 (Legal Notice 180 of 2008, as subsequently amended), all Authorised Financial Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in Articles 1.2(d) and 2.4 of the "Members' Code of Conduct" appended as Appendix 3.6 of the MSE Bye-Laws, irrespective of whether the Authorised Financial Intermediaries are exchange members or not. Such information shall be held and controlled by the Malta Stock Exchange in terms of the Data Protection Act (Cap. 440 of the laws of Malta) for the purposes and within the terms of the MSE's data protection and privacy policy as published from time to time.

- 8.4.18 By completing and delivering an Application Form, the Applicant:
- a. agrees and acknowledges to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the issue of the Bonds contained therein;
  - b. warrants that the information submitted by the Applicant in the Application Form is true and correct in all respects and in the case where an MSE account number is indicated in the Application Form, such MSE account number is the correct account of the Applicant. In the event of a discrepancy between the personal details (including name and surname and the Applicant's address) appearing on the Application Form and those held by the MSE in relation to the MSE account number indicated on the Application Form, the details held by the MSE shall be deemed to be the correct details of the Applicant;
  - c. authorises the Issuer and the MSE to process the personal data that the Applicant provides in the Application Form, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the Data Protection Act (Cap. 440 of the laws of Malta). The Applicant has the right to request access to and rectification of the personal data relating to him/her as processed by the Issuer and/or the MSE. Any such requests must be made in writing and sent to the Issuer at the address indicated in the Prospectus. The requests must further be signed by the Applicant to whom the personal data relates;
  - d. confirms that in making such Application no reliance was placed on any information or representation in relation to the Issuer or the issue of the Bonds other than what is contained in the Prospectus and accordingly agree/s that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;
  - e. agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his/her remittance or surrender of the Exchangeable Bonds, as the case may be, and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the laws of Malta) and regulations made thereunder, and that such monies will not bear interest;
  - f. agrees to provide the Registrar and/or the Issuer, as the case may be, with any information which it/they may request in connection with the Application;
  - g. warrants, in connection with the Application, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with his/her Application in any territory, and that the Applicant has not taken any action which will or may result in the Issuer or the Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bond or his/her Application;
  - h. warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
  - i. represents that the Applicant is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) as well as not to be accepting the invitation set out in the Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the "United States") or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;
  - j. agrees that unless such Application is made with Rizzo, Farrugia & Co (Stockbrokers) Ltd, the latter will not, in their capacity of Sponsor, treat the Applicant as their customer by virtue of such Applicant making an Application for the Bonds, and that Rizzo, Farrugia & Co (Stockbrokers) Ltd will owe the Applicant no duties or responsibilities concerning the price of the Bonds or their suitability for the Applicant;
  - k. agrees that all documents in connection with the issue of the Bonds will be sent at the Applicant's own risk and may be sent by post at the address (or, in the case of joint Applications, the address of the first named Applicant) as set out in the Application Form;
  - l. renounces to any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Issuer against any amount due under the terms of these Bonds.

## 8.5 Plan of Distribution and Allotment

The Bonds are open for subscription to all categories of investors, which may be broadly split as follows:

- i. The Issuer has reserved an aggregate amount of Bonds equivalent to the amount of outstanding Exchangeable Bonds of €11,000,000, subject to any Cash Top-Up as applicable, for subscription by Existing Bondholders by submitting an Application Form 'A', which consideration due shall be settled by the surrender to the Issuer of all or part of the Exchangeable Bonds held by such Applicant as at the Cut-Off Date (plus the payment of any Cash Top-Up, if applicable).
- ii. Grand Harbour Marina Shareholders shall be entitled to subscribe for Bonds up to an aggregate amount of €2,000,000 by submitting an Application Form 'B'.
- iii. A maximum aggregate amount of €2,000,000 and an amount equal to any balance of the Bonds not subscribed to by the Preferred Applicants shall be made available for subscription by the Selected Authorised Financial Intermediaries through an Intermediaries' Offer accordance with section 8.3.

In the event that the aggregate amount of €13,000,000 reserved for Existing Bondholders (detailed in clause (i) above) and Grand Harbour Marina Shareholders (detailed in clause (ii) above) is not fully taken up, such unutilised portion/s shall also become available for subscription by the Selected Authorised Financial Intermediaries through an Intermediaries' Offer (detailed in section 8.3 above).

The minimum subscription amount of Bonds that can be subscribed for by Applicants is €2,000 and the subscription amounts shall be in multiples of €100. Subscriptions may be made through any of the Authorised Financial Intermediaries.

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

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

## 8.6 Pricing

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

## 8.7 Allocation Policy

The Issuer shall allocate the Bonds on the basis of the following policy:

- i. Up to an aggregate amount of €11,000,000 shall be allocated to Existing Bondholders applying for Bonds in accordance with section 8.2.1 above (subject to a minimum application of €2,000);
- ii. Up to an aggregate amount of €2,000,000 has been reserved for subscription by Grand Harbour Marina Shareholders and shall be allocated in accordance with the allocation policy as determined by the Issuer and Registrar; and
- iii. An amount equivalent to €2,000,000 together with any reserved amounts referred to in clauses (i) to (ii) hereof but which were not fully taken up, shall be available for subscription by the Selected Authorised Intermediaries through an Intermediaries' Offer.

In the event that subscriptions by Preferred Applicants exceed any or all of the reserved portions referred to in (i) and (ii) above, the unsatisfied excess amount of such Applications will be returned by direct credit transfer to the account number indicated on the respective Application Form within five (5) Business Days from the date of final allocation.

The Issuer will announce the allocation policy for the allotment of the Bonds through a company announcement within five (5) Business Days of the Intermediaries Offer.

## 8.8 Admission to Trading

- 8.8.1 The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 26 June 2017.
- 8.8.2 Application has been made to the MSE for the Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List.
- 8.8.3 The Bonds are expected to be admitted to the MSE with effect from 22 August 2017 and trading is expected to commence on 23 August 2017.

## 8.9 Additional Information

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

The financial analysis summary has been included in the form and context in which it appears with the authorisation of Rizzo, Farrugia & Co (Stockbrokers) Ltd, Airways House, Third Floor, High Street, Sliema, SLM 1549, Malta which has given and has not withdrawn its consent to the inclusion of such report 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 Securities Note and that there are no facts of which the Issuer is aware that have been omitted and which would render the reproduced information inaccurate or misleading.



## Annex I - Authorised Financial Intermediaries

APS Bank Ltd	APS Centre, Tower Road, Birkirkara BKR 4012	25603000
Bank of Valletta p.l.c.	BOV Centre, Cannon Road, St Venera SVR 9030	22751732
Calamatta Cuschieri Investment Services Ltd	Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034	25688130
Charts Investment Management Service Ltd	Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913	21224106
Curmi & Partners Ltd	Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102	21347331
Financial Planning Services Ltd	4, Marina Court No. 1, G. Cali Street, Ta' Xbiex XBX 1421	21344244
FINCO Treasury Management Ltd	Level 5, The Mall Complex, The Mall, Floriana FRN 1470	21220002
GlobalCapital Financial Management Ltd	Testaferrata Street, Ta'Xbiex XBX 1403	21342342
Hogg Capital Investments Ltd	Ferris Building, Level 4, 1, St Luke's Road, Gwardamangia, Pieta PTA 1020	21322872
Jesmond Mizzi Financial Advisors Ltd	67/3, South Street, Valletta VLT 1105	23265696
Lombard Bank Malta p.l.c.	67, Republic Street, Valletta VLT 1117	25581806
Mediterranean Bank plc	10, St Barbara Bastion, Valletta VLT 1961	25574860
MFSP Financial Management Ltd	220, Immaculate Conception Street Msida, MSD 1838	21332200
Michael Grech Financial Investment Services Ltd	The Brokerage, Level 0 A, St Marta Street, Victoria, Gozo VCT 2550	21554492
MZ Investment Services Ltd	55, MZ House, St Rita Street, Rabat RBT 1523	21453739
Rizzo, Farrugia & Co (Stockbrokers) Ltd	Airways House, Third Floor, High Street, Sliema SLM 1549	22583000



## Annex II - Selected Authorised Financial Intermediaries

Bank of Valletta p.l.c.	BOV Centre, Cannon Road, St Venera SVR 9030	22751732
FINCO Treasury Management Ltd	Level 5, The Mall Complex, The Mall, Floriana FRN 1470	21220002
Rizzo, Farrugia & Co (Stockbrokers) Ltd	Airways House, Third Floor, High Street, Sliema SLM 1549	22583000

# Annex III - Specimen forms



€ 15,000,000 4.50% UNSECURED BONDS 2027  
APPLICATION FORM A  
HOLDERS OF EXCHANGEABLE BONDS

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

<b>A APPLICANT (See note 4)</b>		
		MSE NO.
		I.D. CARD NO/CO. REG NO.
<input type="checkbox"/> Please register me for e-portfolio	TEL NO.	MOBILE NO. <small>(Mandatory for e-portfolio registration)</small>
<p>This Application Form is not transferable and entitles you to a preferential treatment as holder of Grand Harbour Marina p.l.c. 7% bonds 2017/2020 (the "Exchangeable Bonds") and is to be submitted as a method of payment (or part thereof, as applicable) where the Applicant selects to apply for the Grand Harbour Marina p.l.c. 4.5% Unsecured Bonds 2027 (the "Bonds") so as to transfer to the Issuer all or part of the holding in the Exchangeable Bonds held by the Applicant as at the Cut-Off Date, the nominal value of which is set out in box 1 of panel B hereunder. By submitting this signed Application Form, holders of the Exchangeable Bonds shall be deemed to:</p> <p>i. cause the transfer of the said Exchangeable Bonds in the Issuer's name in consideration of the issue of Bonds; and</p> <p>ii. engage, at the Issuer's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in the said Exchangeable Bonds in the Issuer and fully and effectively vest title in the appropriate number of Bonds in the Applicant.</p>		
<b>B I/WE APPLY TO PURCHASE AND/OR ACQUIRE (See notes 2 &amp; 6)</b>		
<p>BOX 1 - Nominal Value of Exchangeable Bonds</p> <p>BOX 2 - I/We wish to purchase and acquire the amount set out in Box 2 in Bonds at the Bond Issue Price (at par) pursuant to the Prospectus dated 26 June 2017 (minimum €2,000 and in multiples of €100 thereafter).</p>		<p>AMOUNT IN FIGURES</p> <p>€ BOX 1</p>
<p>AMOUNT IN WORDS</p>		<p>AMOUNT IN FIGURES</p> <p>€ BOX 2</p>
<p>BOX 3 - Amount of Bonds applied for less the nominal holding in Exchangeable Bonds payable in full upon application under the Terms and Conditions of the Bonds set out in the Prospectus.</p>		<p>AMOUNT IN FIGURES</p> <p>DIFFERENCE PAYABLE ON APPLICATION BOX 2 - BOX 1</p> <p>€ BOX 3</p>
<b>C RESIDENT - WITHHOLDING TAX DECLARATION (See notes 7 &amp; 8a) (to be completed ONLY if the Applicant is a Resident of Malta)</b>		
<p><input type="checkbox"/> I/We elect to have final withholding tax deducted from my/our interest.</p> <p><input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without deduction of withholding tax).</p>		
<b>D NON-RESIDENT - DECLARATION FOR TAX PURPOSES (See notes 3, 8 &amp; 8a) (to be completed ONLY if the Applicant is a Non-Resident)</b>		
TAX COUNTRY	CITY OF BIRTH	
T.I.N. (Tax Identification Number)	COUNTRY OF BIRTH	
PASSPORT/NATIONAL I.D. CARD NUMBER	COUNTRY OF ISSUE	ISSUE DATE
<p><input type="checkbox"/> I/We am/are NOT Resident in Malta but I/we am/are Resident in the European Union.</p> <p><input type="checkbox"/> I/We am/are NOT Resident in Malta and I/we am/are NOT Resident in the European Union.</p>		
<b>E INTEREST, REFUND &amp; REDEMPTION MANDATE (See note 9) BANK IBAN (completion of this Panel is MANDATORY)</b>		
BANK	IBAN	
<p>I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, and subject to its Terms and Conditions of the Bonds (as contained therein) which I/we fully accept.</p>		
Signature/s of Applicant/s <small>(Parent/s or legal guardian/s are/is to sign if Applicant is a minor) (All parties are to sign in the case of a joint Application)</small>		Date
AUTHORISED FINANCIAL INTERMEDIARY'S STAMP		APPLICATION NUMBER

## Notes on how to complete Application Form A and other information

*The following notes are to be read in conjunction with the Prospectus dated 26 June 2017 regulating the Bond Issue*

1. This Application is governed by the Terms and Conditions of Application contained in section 8 of the Securities Note dated 26 June 2017 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.
2. This Application Form is to be completed in BLOCK LETTERS.
3. Applicants who are non-residents in Malta for tax purposes must complete panel D overleaf.
4. The MSE account number pertaining to the Applicant has been pre-printed in panel A and reflects the MSE account number on the Issuer's register at the CSD as at 23 June 2017 (trading session of the 21 June 2017). **APPLICANTS ARE TO NOTE THAT ANY BONDS ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT QUOTED ON THIS APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT, AS HELD BY THE CSD OF THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF.**

Upon submission of an Application Form, Bondholders who opt to have an online e-Portfolio account (by marking the relative box in panel A) will be registered by the CSD for the online e-Portfolio facility and will receive by mail at their registered address a handle code to activate the new e-Portfolio login. Registration for e-Portfolio requires a mobile number to be provided on the Application Form. The Bondholder's statement of holdings evidencing entitlement to the Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-Portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further detail on the e-Portfolio may be found on <https://eportfolio.borzamalta.com.mt/help>.

5. In the case of a body corporate, Application Forms must be signed by duly authorised representative/s indicating the capacity in which they are signing.
6. The amount set out in box 2 of panel B overleaf must be in multiples of €100. The Issuer will be giving preference to Applications made by holders of Exchangeable Bonds up to their full amount held as at the Cut-Off Date, subject to a minimum application of €2,000.

Where the Applicant's holding of Exchangeable Bonds noted in Box 1 is less than €2,000 nominal value, the Applicant has to top-up to €2,000 by indicating the amount of €2,000 in Box 2 and the difference payable in Box 3. In such case, the Applicant must ensure that the Application Form is duly accompanied by payment for the difference between the full price of the amount of Bonds applied for and the nominal value of Exchangeable Bonds being transferred. Payment of the amount representing such difference, which is to be inserted in box 3 of panel B overleaf, must be made in Euro in cleared funds through the Authorised Financial Intermediaries as so instructed or by cheque payable to 'Rizzo Farrugia & Co (Stockbrokers) Ltd - Registrar Account'. In the event that the cheque accompanying an Application Form is not honoured on the first presentation, the Issuer, acting through the Registrar, reserves the right to invalidate the relative Application.

7. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as residents in Malta. In such a case, the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case, such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will then be obliged to declare interest so received in the tax return. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a prescribed fund will have final withholding tax (currently 10%) deducted from interest payments.

In terms of section 7 of the Securities Note, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of Article 41(c) of the Income Tax Act (Cap. 123 of the laws of Malta), interest shall be paid to such person net of final withholding tax (currently 15%) of the gross amount of interest, pursuant to Article 33 of the Income Tax Act (Cap. 123 of the laws of Malta).

8. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State and third country reporting jurisdictions is reported on an annual basis to the Malta Commissioner for Revenue, who will in turn exchange the information with the competent tax authority of the Member State and other participating jurisdictions where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU, of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation. The automatic exchange of information, namely details of certain financial account information in respect of account holders, and in some cases, beneficial holders thereof, extends also to jurisdictions that are not EU Member States (participating jurisdictions) with which there is a relevant arrangement in place.
- 8a. The contents of notes 7 and 8 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisers in case of doubt.
9. Should any Application not be accepted, or be accepted for fewer Bonds than those applied for, the monies of the balance of the amount paid but not allocated, as the case may be, will be returned by direct credit into the bank account as indicated in panel E. Interest or redemption proceeds will be credited to the account designated in panel E or as otherwise amended by the Bondholder/s during the term of the Bond.
10. Completed Application Forms are to be delivered to any of the Authorised Financial Intermediaries listed in Annex I of the Securities Note during normal office hours by not later than 09:00 hours on 2 August 2017. Remittances by post are made at the risk of the Applicant and the Issuer disclaims all responsibility for any such remittances not being received by the closing date indicated above. The Issuer reserves the right to refuse any Application which appears to be in breach of the Terms and Conditions of Application as contained in the Prospectus. Any Applications received by the Registrar after 09:00 hours on 2 August 2017 will not be accepted.
11. By completing and delivering an Application Form you (as the Applicant/s) acknowledge that:
  - a. the Issuer may process the personal data that you may provide in the Application Form in accordance with the Data Protection Act (Cap. 440 of the laws of Malta);
  - b. the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
  - c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer. Any such requests must be made in writing and addressed to the CSD at the Malta Stock Exchange, which request must be signed by yourself, as the Applicant to whom the personal data relates.

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



€ 15,000,000 4.50% UNSECURED BONDS 2027  
APPLICATION FORM B  
SHAREHOLDERS

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

<b>A APPLICANT (See note 4)</b>		
	MSE NO.	I.D. CARD NO/CO. REG NO.
<input type="checkbox"/> Please register me for e-portfolio	TEL NO.	MOBILE NO. <small>(Mandatory for e-portfolio registration)</small>
This Application Form is not transferable and entitles you to subscribe for 4.5% Grand Harbour Marina p.l.c. Unsecured Bonds 2027 (the " <b>Bonds</b> ") as shareholder of Grand Harbour Marina p.l.c. as at the Cut-Off Date.		
<b>B I/WE APPLY TO PURCHASE AND/OR ACQUIRE (See notes 6 &amp; 7)</b>		
AMOUNT IN WORDS		AMOUNT IN FIGURES €
Grand Harbour Marina p.l.c. 4.5% Unsecured Bonds 2027, (minimum €2,000 and in multiples of €100 thereafter) at the Bond Issue Price (at par), as defined in the Prospectus dated 26 June 2017 (the " <b>Prospectus</b> "), payable in full upon application under the Terms and Conditions of the Bonds as set out in the Prospectus.		
<b>C RESIDENT - WITHHOLDING TAX DECLARATION (See notes 7 &amp; 8a)</b> <small>(to be completed ONLY if the Applicant is a Resident of Malta)</small>		
<input type="checkbox"/> I/We elect to have final withholding tax deducted from my/our interest.		
<input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without deduction of withholding tax).		
<b>D NON-RESIDENT - DECLARATION FOR TAX PURPOSES (See notes 3, 8 &amp; 8a)</b> <small>(to be completed ONLY if the Applicant is a Non-Resident)</small>		
TAX COUNTRY	CITY OF BIRTH	
T.I.N. (Tax Identification Number)	COUNTRY OF BIRTH	
PASSPORT/NATIONAL I.D. CARD NUMBER	COUNTRY OF ISSUE	ISSUE DATE
<input type="checkbox"/> I/We am/are NOT Resident in Malta but I/we am/are Resident in the European Union.		
<input type="checkbox"/> I/We am/are NOT Resident in Malta and I/we am/are NOT Resident in the European Union.		
<b>E INTEREST, REFUND &amp; REDEMPTION MANDATE (See note 9) BANK IBAN</b> <small>(completion of this Panel is MANDATORY)</small>		
BANK	IBAN	
I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, and subject to its Terms and Conditions of the Bonds (as contained therein) which I/we fully accept.		
Signature/s of Applicant/s <small>(Parent/s or legal guardian/s are/is to sign if Applicant is a minor) (All parties are to sign in the case of a joint Application)</small>		Date

AUTHORISED FINANCIAL INTERMEDIARY'S STAMP

APPLICATION NUMBER

## Notes on how to complete Application Form B and other information

*The following notes are to be read in conjunction with the Prospectus dated 26 June 2017 regulating the Bond Issue*

1. This Application is governed by the Terms and Conditions of the Bond Issue contained in section 8 of the Securities Note dated 26 June 2017 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.
2. This Application Form is to be completed in BLOCK LETTERS.
3. Applicants who are non-residents in Malta for tax purposes must complete panel D overleaf.
4. The MSE account number pertaining to the Applicant has been pre-printed in panel A and reflects the MSE account number on the Issuer's Register at the CSD as at 23 June 2017 (trading session of the 21 June 2017). **APPLICANTS ARE TO NOTE THAT ANY BONDS ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT QUOTED ON THIS APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT, AS HELD BY THE CSD OF THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF.**

Upon submission of an Application Form, Bondholders who opt to have an online e-Portfolio facility (by marking the relative box in panel A), will receive by mail at their registered address a handle code to activate the new e-Portfolio login. Registration for the e-Portfolio facility requires a mobile number to be provided on the Application Form. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-Portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further detail on the e-Portfolio may be found on <https://eportfolio.borzamalta.com.mt/Help>.

5. In the case of a body corporate, Application Forms must be signed by duly authorised representative/s indicating the capacity in which they are signing.
6. Applications must be for a minimum of €2,000 and thereafter in multiples of €100.
7. Payment in Euro must be made in cleared funds to 'Rizzo, Farrugia & Co. (Stockbrokers) Ltd - Registrar Account'. In the event that the cheque accompanying an Application Form is not honoured on the first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application.
8. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as residents in Malta. In such a case, the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case, such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will then be obliged to declare interest so received in the tax return. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a Prescribed Fund will have final withholding tax (currently 10%) deducted from interest payments.  
  
In terms of section 7 of the Securities Note, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of Article 41(c) of the Income Tax Act (Cap. 123 of the laws of Malta), interest shall be paid to such person net of final withholding tax (currently 15%) of the gross amount of interest, pursuant to Article 33 of the Income Tax Act (Cap. 123 of the laws of Malta).
9. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Commissioner for Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/ EU, of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.
- 9a. The contents of notes 8 and 9 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisers in case of doubt.
10. Should any Application not be accepted, or be accepted for fewer Bonds than those applied for, the monies of the balance of the amount paid but not allocated, as the case may be, will be returned by direct credit into the bank account as indicated in panel E. Interest or redemption proceeds will be credited to the account designated in Panel E or as otherwise amended by the Bondholder/s during the term of the Bond.
11. Completed Application Forms are to be delivered to any of the Authorised Financial Intermediaries listed in Annex I of the Securities Note during normal office hours by not later than 09:00 hours on 9 August 2017. Remittances by post are made at the risk of the Applicant and the Issuer disclaims all responsibility for any such remittances not being received by the closing date indicated above. The Issuer reserves the right to refuse any Application which appears to be in breach of the Terms and Conditions of Application as contained in the Prospectus. Any Applications received by the Registrar after 09:00 hours on 9 August 2017 will not be accepted.
12. By completing and delivering an Application Form you (as the Applicant/s) acknowledge that:
  - a. the Issuer may process the personal data that you may provide in the Application Form in accordance with the Data Protection Act (Cap. 440 of the laws of Malta);
  - b. the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
  - c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer. Any such requests must be made in writing and addressed to the Issuer. The request must be signed by yourself, as the Applicant to whom the personal data relates.

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

Annex IV -  
Financial Analysis Summary

# GRAND HARBOUR MARINA P.L.C.

## FINANCIAL ANALYSIS SUMMARY

26 June 2017



The Board of Directors  
**Grand Harbour Marina plc**  
Vittoriosa Wharf,  
Vittoriosa, BRG 1721,  
Malta

26th June 2017

Dear Sirs,

**Grand Harbour Marina plc – Financial Analysis Summary (the “Analysis”)**

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

The purpose of the Analysis is that of summarising key financial data appertaining to Grand Harbour Marina p.l.c. (C 26891) (the “Company,” “GHM,” or “Issuer”). The data is derived from various sources or is based on our own computations as follows:

- a) Historical financial data for the three years ended 31 December 2014 to 2016 has been extracted from the Issuer’s audited statutory financial statements for the three years in question, as and when appropriate.
- b) The forecast data for the financial year ending 31 December 2017 has been provided by management of the Issuer.
- c) Our commentary on the results of the Issuer and on the respective financial position is based on the explanations provided by the Issuer.
- d) The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions as set out and defined within the Analysis.
- e) Relevant financial data in respect of competitors as analysed in section 9 has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies.

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

Yours sincerely,

**Vincent E Rizzo**  
Director

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## LIST OF ABBREVIATIONS

<b>BOT</b>	Build, Operate and Transfer agreement entered between IC Cesme and the Turkish Ministry of Transportation, which agreement expires on the 22 April 2034;
<b>CAGR</b>	Compound annual growth rate;
<b>CNMIL</b>	Camper & Nicholsons Marina Investments Ltd;
<b>CNML</b>	Camper & Nicholsons Marinas Limited;
<b>MGS</b>	Malta Government Stock;
<b>PA</b>	Planning Authority; and
<b>PPE</b>	Property, Plant and Equipment.

## Important Information

### Purpose of the Document

The purpose of this document is to present a financial analysis summary of Grand Harbour Marina plc (hereinafter, “GHM” or the “**Issuer**”) in line with the requirements of the Malta Financial Services Authority (MFSA) Listing Policies dated 5<sup>th</sup> March 2013 (the “**Financial Analysis Summary**”).

### Sources of Information

The information that is presented has been collated from a number of sources, including the company’s website (*en.cnmarinas.com/grand-harbour-marina/*), the due diligence report prepared by KPMG pursuant to the Listing Policies of the MFSA and financial and management reports of the Issuer, including annual reports and financial statements.

Historical financial information is being presented in thousands of Euro, unless otherwise stated, and has been rounded to the nearest thousand. The rounding could potentially alter the figures quoted to those presented in full in the annual reports and financial statements of the Issuer.

### Forecasts

Forecasts that are quoted in this document have been prepared by the directors of the Issuer, who undertake full responsibility for the assumptions on which they are based.

# PART 1

## 1. KEY ACTIVITIES AND PRINCIPAL MARKETS

The principal activities of Grand Harbour Marina p.l.c. (C 26891) (hereinafter, “GHM” or the “Issuer”) relate to the operation of the Grand Harbour Marina (the “Marina”), through which it provides berthing facilities and other quayside and marina related services to yachts, including super-yachts. The principal activity of the Issuer is, therefore, to seek prospective customers to berth their vessels within the facilities at the Marina and to service its existing customers by providing the high quality ancillary services required, by the yacht owners and their crews.

The Issuer currently owns the Grand Harbour Marina in Vittoriosa, Malta and the 45% equity interest of IC Cesme Marina Yatirim, Turizm ve Isletmeleri Sirketi (“IC Cesme”), a company which owns and operates a marina in Turkey. The marinas are operated and managed in association with Camper & Nicholsons Marinas Limited (“CNML”), a company that is involved in the management and operation of marinas worldwide. The parent company of GHM is Camper & Nicholsons Marina Investments Ltd (“CNMIL”), as set out in the group structure presented in section 3.

The Issuer’s principal markets comprise local and foreign yacht owners seeking either long-term purchase of a home-port berth or seasonal or short term stays in Malta and can be divided into three segments as set out below:

- Annual and seasonal berth licences of foreign and Maltese owned sail and power yachts of less than 25 metres.**  
The market for this type of customer is well catered for, with GHM’s principal competitors being the other existing marinas within Malta and Gozo (being listed in the table below);
- Visiting sail and power yachts over 25 metres principally foreign-owned.**  
With respect to this segment, other than the Grand Harbour Marina itself, only the Manoel Island marina, the Ta’ Xbiex marina and the Mgarr Harbour marina offer the requisite capacity to cater for these larger sized yachts; and
- Long-term licence holding sail and power yachts over 25 metres principally foreign-owned.**  
Regarding this segment, the Issuer is not aware of any local marinas offering such berthing facilities. Accordingly, the Issuer only competes with other Mediterranean superyacht marinas which include those located on the Spanish East coast and Balearics, the South of France, Italy, Greece, and Montenegro, together with certain Tunisian marinas.

Marina	Location	Marina Operator	No. of Pontoon Berths	No. of Superyacht Berths	Max Length (m)
Grand Harbour Marina	Vittoriosa Wharf	Grand Harbour Marina Plc	218	39	100
Kalkara Marina	Kalkara Wharf	Kalkara Marina Company Ltd	120	-	25
Laguna Marina	Valletta Waterfront	Mersenne Marinas Ltd	46	-	15
Manoel Island Yacht Marina	Manoel Island	Midi plc	200	Data not available	120
Mgarr Harbour Marina	Mgarr, Gozo	Harbour Management Ltd	300	8	80
Msida & Ta’ Xbiex Marinas	Ta’ Xbiex	Creek Developments Plc	767	-	22
Gzira Gardens Marina	Gzira	Transport Marina	57	-	40
Roland Marina	Ta’ Xbiex	S&D Yachts	150	2	30
Portomaso Marina	St. Julian’s	Boatcare Trading Ltd	120	-	24
Marina di Valletta(1)	Haywharf, Pieta’	Consortium between Marina di Varazze S.r.l, Arrigo Group, Joinwell furniture and Tal-Maghtab Construction	255	-	30

Note (1): Marina di Valletta has welcomed its first yachts in June 2017.

Source: Yachting in Malta, 12<sup>th</sup> Edition 2017-2018

## 1.1 Grand Harbour Marina

Presently the Issuer owns (under a 99 year sub-emphyteusis) and operates the Grand Harbour Marina. Located in the waters of the Dockyard Creek in the Grand Harbour, the Marina is bordered by the three historical and recently restored fortified cities of Vittoriosa, Senglea and Cospicua and is within a short 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 *circa* €23.2 million. In terms of configuration, as at the Valuation Date, the Marina comprised of *circa* 1,200 square metres of land area and *circa* 45,000 square metres of water area with a total capacity of 218 pontoon berths for vessels of up to 25 metres in length, and 39 berths for super-yachts ranging from 30 to 100 metres in length. 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 Marina is operated from a “Capitanerie”, which includes 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, aided by a network of CCTV cameras. The Issuer also provides its customers with various berthing utilities and related services, including, but not limited to, the provision of water, electricity, fuel, internet access, parking facilities, storage, concierge services, as well as the repair, refit and servicing of vessels and related equipment.

## 1.2 IC Cesme in Turkey

In 2011, the Issuer acquired a 45% stake of IC Cesme, with the remaining 55% shareholding held by a Turkish group named Ibrahim Cecen Investment Holding AS. The marina operated by IC Cesme is located one hour from Turkey's third largest city Izmir, and its international airport. The marina is held by IC Cesme under a build, operate and transfer (BOT) agreement with the Turkish Ministry of Transportation, which contract expires on the 22 April 2034. The marina comprises 394 berths with a total lettable area of *circa* 32,000 square metres along with an up-market marina village that contains 55 commercial units, which are let to individual tenants, typically on five year leases. The landside units include food and beverage, retail outlets offering designer fashion boutiques, books and electronics stores, as well as a supermarket and office space. The marina was officially opened in 2010 and is fully operational.

## 1.3 Relationship of the Issuer with CNML

CNML is the marina consultant and marina manager for GHM and its affiliated company, IC Cesme. CNML's connection with the yachting industry dates back as far as 1782, whilst its association with marinas is traceable to the early 1960's. It operates in more than 25 countries and presently operates in the Caribbean, Italy, Greece, Turkey, Cyprus and the United Kingdom amongst others.

GHM benefits from a services agreement with CNML which 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. The benefits from the services agreement are principally the use of the Camper & Nicholsons brand and access to Camper & Nicholsons' resources, which include technical, finance, operations, and sales and marketing resources. The relationship with CNML also allows GHM to benefit from its global network of contacts, its high-profile advertising programmes and its presence in the major international exhibitions. Management explained that all these factors have contributed to securing long-term berth licenses for GHM to date.

CNML also has an active role in the implementation of GHM's policies and strategies, including its management. The said role is currently being performed by Clive Peter Whiley, the Chief Executive Officer of GHM, who also forms part of its Board of Directors. The Board of Directors of GHM also comprises a number of other individuals who are also directors of CNML as the parent company of GHM and/or other companies forming part of the Camper & Nicholsons group of companies.



## 2. DIRECTORS AND KEY EMPLOYEES

### 2.1 The Board of Directors of the Issuer

The Board of GHM consists of six directors who are entrusted with the overall direction and management of the Company. The Board's mandate is to identify and execute new investment opportunities and obtain related funding. The Board is currently composed of the following Directors:

#### **Members of the Board**

Mr Lawrence Zammit	Independent Non-Executive Director and Chairman
Mr Clive Peter Whiley	Executive Director
Mr Franco Azzopardi	Independent Non-Executive Director
Mr David Martin Bralsford	Non-Executive Director
Sir Christopher Lewinton	Non-Executive Director
Mr Roger St John Hulton Lewis	Non-Executive Director

### 2.2 Executive Management of the Issuer and Group Employees

The Issuer has a number of employees of its own. The senior management of GHM are the following:

#### **Senior Management**

Mr Clive Peter Whiley	Chief Executive Officer
Mr Jean Paul Saliba	Chief Financial Officer
Mr Andrew Farrugia	Chief Operating Officer
Mr Gordon Vassallo	General Manager

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 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. The Chief Operating Officer liaises with the Board and the Finance Division of CNMIL on detailed project financing initiatives, in particular, by driving the latter in accordance with the business plan developed by the Board. The General Manager has a team of specialists which include berthing masters, maintenance engineers, front desk staff and an accountant. He 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.

As at the date of this FAS, the Issuer had 18 employees, of which 13 employees formed part of operations, whilst 5 employees were involved in administration.

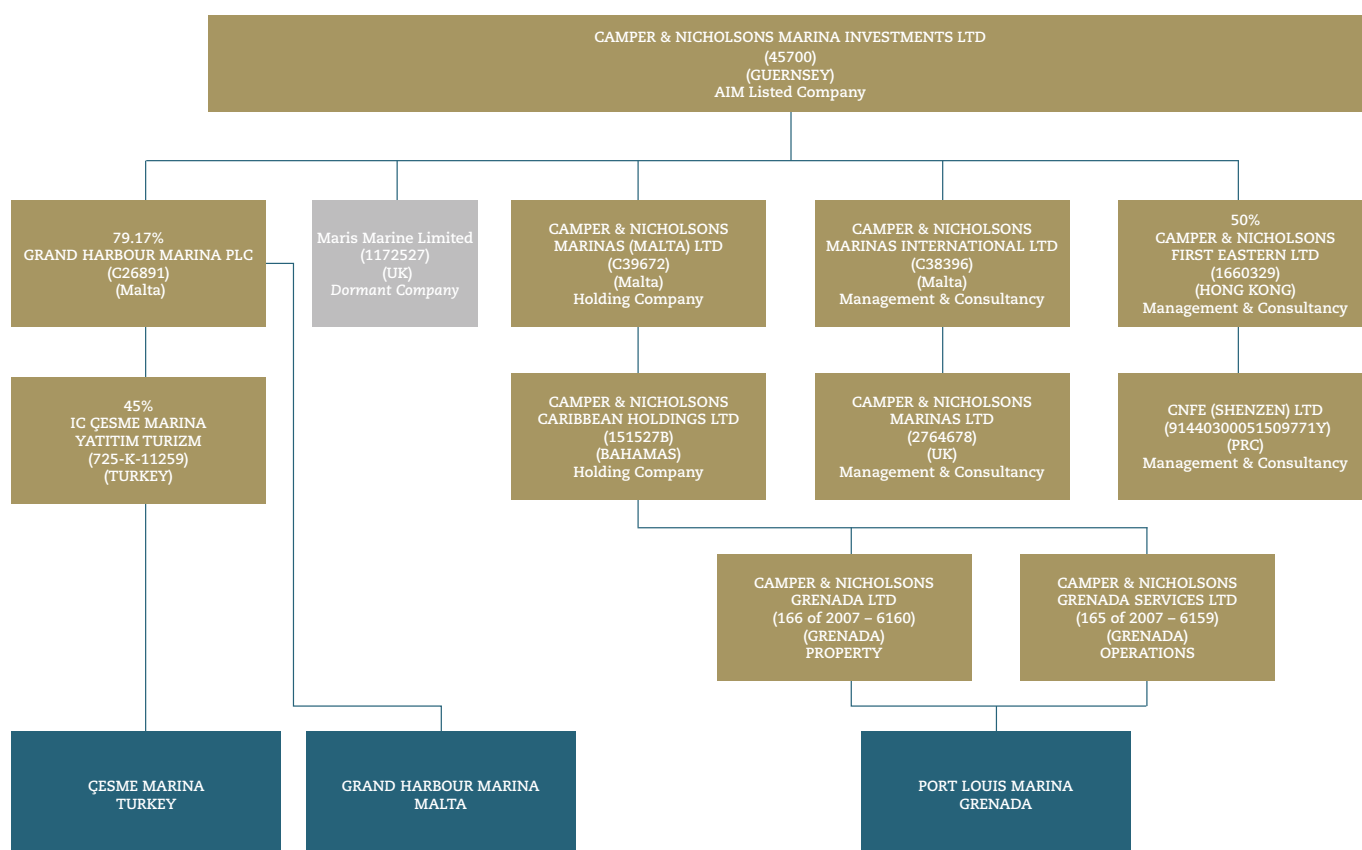
### 3. ORGANISATIONAL STRUCTURE AND OPERATIONAL DEVELOPMENT

#### 3.1 Organisational Structure

GHM was established on 31 August 2000, as a private company under the Companies Act (Cap. 386 of the laws of Malta). In preparation of the initial public offering of the Issuer in 2007, the Issuer was converted into a public limited company and is currently duly registered and existing as a public company pursuant to the Companies Act (Cap. 386 of the laws of Malta).

The Issuer forms part of a group of companies, under the parent company CNMIL, an international company listed on the UK AIM Market specialising in the management of marinas and the development of waterfront resorts worldwide.

The chart below describes the position of the Issuer within the said group of companies:



#### GHM and its Ultimate Shareholders

GHM's equity is presently held by its majority shareholder CNMIL where it holds 79.17%. The remaining shareholding of 20.83% is held by other shareholders.

#### CNMIL

CNMIL is a close-ended investment company that is registered and incorporated in Guernsey, and which has been listed on the Alternative Investment Market (AIM) of the London Stock Exchange since January 2007. It is principally involved in the management and operation of an international portfolio of marinas, including related real estate in the Mediterranean, the Caribbean and the United States.

#### GHM and its Associate Company (the "Group")

In March 2011, GHM announced that it had entered into an agreement with its majority shareholder, CNMIL, to acquire a 45% shareholding in Cesme Marine in Turkey for a total consideration of €4.4 million. The remaining 55% shareholding is held by a Turkish group named Ibrahim Cecen Investment Holding AS.

IC Cesme marina offers all the usual marina facilities, including a “Capitanerie”, yacht club, chandlery, a boat yard with an 80-tonne travel lift, fuel station and shower block, and also comprises three car parks and a small six key boutique hotel with a swimming pool located adjacent to the “Capitanerie”.

### 3.2 Key Historical Events of the Group

<b>2000</b>	Issuer is incorporated.
<b>2003</b>	GHM commenced the development of the Marina and related facilities for the provision of berthing and other quayside facilities.
<b>2005</b>	The Marina is completed and inaugurated by Queen Elizabeth II.
<b>2007</b>	In preparation of an initial public offering for the sale of 30% of its total issued share capital, GHM was converted into a public limited company.
<b>2007</b>	Shares of GHM admitted to the Official List of the MSE.
<b>2007</b>	CNMIL acquired a 79.17% equity interest in GHM, as a result of which it became the majority shareholder.
<b>2007</b>	GHM finalised development of the “Capitanerie”, providing it with a location to administer and operate the Marina.
<b>2010</b>	GHM issued €10 million bond with an over-allotment option of €2 million to settle its bank facilities with HSBC Bank Malta plc and for co-investment with Camper & Nicholsons in IC Cesme.
<b>2011</b>	Acquisition of 45% equity interest in IC Cesme.
<b>2012</b>	Commencement of the development and construction of IC Cesme.
<b>2013</b>	IC Cesme is completed and became a fully operational marina.

### 3.3 Material Developments in the Past 3 Years

#### 3.3.1 GHM

Management advised that in recent years, GHM has successfully shifted its business model from one which was dependant on long-term berth sales to an operation that may be sustained through the operation of the short-term berths (annual, seasonal and/or visitor). This is evidenced by the fact that whilst GHM has not entered into any long-term berth sale agreements over the past four years, it has managed to operate profitably through its normal business operation.

This shift in business model, which was also partly driven by the changing circumstances and exigencies of the yachting industry, carries the risk of greater volatility on GHM's revenue streams from lease of berths, as GHM has to be in a position to successfully renew existing 'short term' berths and secure new customers for its short-term berths on a more frequent basis. Over the three-year historical period from FY2014 to FY2016, GHM has thus been principally focused on catering for the first two market segments set out in section 1 of the FAS, and has principally been in competition with other local marinas.

#### 3.3.2 IC Cesme

Recently, IC Cesme has set out to optimise its seaside space through the realignment of the pontoon berths in the marina. To this effect, an additional 21 berths were added in 2015, with a further 9 berths introduced during 2016, bringing the total number of berths currently available to 394. Furthermore, the marina village has in recent years also attracted increasing footfall to the marina as it has emerged as an entertainment destination offering a wide range of cafeterias, eateries, retail outlets and designer stores. To this effect, a majority of the tenants in the commercial units, which are fully occupied, are governed by lease agreements that contain turnover rent provisions which typically ranges from 5% to 10% of turnover, subject to a minimum base rent depending on the type of operator. Since its inauguration in 2010, the Cesme Marina has been awarded a number of prestigious awards, such as the “Best Architectural Project” at the Arkitera Architectural Awards in 2010, the “Best Marina” title at the Golden Anchor Awards in Istanbul in 2011, the “Best Tourism Investment” at the 4th Izmir Tourism Awards in April 2012 and PIANC Marina Excellence Design Award in 2014.

### 3.4 Bond Issues

The Issuer issued its first bond in 2010 namely €10 million bonds with an over-allotment option of €2 million, at an annual coupon rate of 7% and redeemable on 25 February 2020, subject to an early redemption option that may be exercised between 25 February 2017 and 25 February 2020. The issue proceeds were principally utilised to settle its bank facilities with HSBC Bank Malta plc and for co-investment with Camper & Nicholsons in IC Cesme. In recent years, the Issuer bought back a portion of its bond from bondholders, with a cumulative nominal value of €1.03 million. All such purchased bonds were subsequently cancelled and as at 31 December 2016, the nominal value of outstanding bonds amounted to €10.97 million.

The directors of the Issuer have resolved to tap the bond market for the second time with a €15 million unsecured bond issue at an annual coupon rate of 4.50% maturing in 2027. The proceeds from the new bonds will be used to finance the redemption of the maturing bonds, for further waterside investment within the Marina as well as for general corporate and operational purposes.

## 4. MATERIAL CONTRACTS

### 4.1 Deed of Emphyteusis and Sub-Emphyteusis

On 2 June 1999, the Government of Malta entered into a deed of emphyteusis with Port Cottonera Ltd, Cottonera Waterfront Group plc, Malta Maritime Authority and the National Tourism Organisation of Malta. By virtue of the said deed, the Government of Malta granted various portions of immovable property situated at Vittoriosa. Pursuant to the same, the Malta Maritime Authority also granted to Cottonera Waterfront Group plc, the exclusive right 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 said exclusive right was granted subject to certain terms and conditions, namely, 150 spaces, or such larger amount as agreed between the parties, must be made available for free to 'frejgadini'.

On 4 September 2001, a deed of sub-emphyteusis was entered into between the Issuer and Cottonera Waterfront Group plc whereby all marina related rights granted to the Cottonera Waterfront Group plc in the previously mentioned deed, were transferred to the Issuer, subject to the terms and conditions contained therein. The term of sub-emphyteusis is for a period of 99 years commencing on 2 June 1999.

### 4.2 Marina Services Management Agreement<sup>1</sup>

On 1 July 2007, the Issuer entered into an exclusive marina services management agreement with CNML where the latter agreed to provide recruitment services, project services, commissioning, operational services, sales and marketing, berth sales, branding and auditing, subject to the terms and conditions contained therein. CNML also granted the Issuer the licence to use the Camper & Nicholsons brand name and the right to associate CNML in the Issuer's advertising material (through a trademark licence agreement entered into between Camper & Nicholsons Marinas International Limited ("C&N International") and GHM dated 19 December 2008).

### 4.3 Marina Development and Operations Agreement

On 30 June 2000, Cottonera Waterfront Group plc and CNML, entered into a development and operations agreement whereby CNML was appointed to develop, construct and install, own, operate, manage, control and promote the yacht marina and ancillary facilities. Cottonera Waterfront Group plc undertook to transfer the required property by way of sub-emphyteusis (which deed was subsequently published and the sub-emphyteutical granted to the Issuer on the 4 September 2001). CNML subsequently substituted the Issuer with their rights under this agreement.

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<sup>1</sup> Through this agreement, CNML holds a key role in the management and operation of IC Cesme.

## 5. OVERVIEW OF THE MAJOR ASSETS OF THE ISSUER

The assets of the Issuer are predominantly made up of Property, Plant and Equipment (“PPE”) of Grand Harbour Marina, 45% equity interest of IC Cesme, and the loans receivable from the parent company (CNMIL).

### 5.1 PPE

The table below summarises the value of total assets and the PPE percentage of total assets for FY2014, FY2015 and FY2016.

Year	Total Assets	PPE	PPE % of Total Assets
	€'000	€'000	
2014	16,562	5,969	26.04%
2015	16,210	5,680	35.04%
2016	16,782	5,435	32.39%

### 5.2 Equity Interest in IC Cesme

The table below summarises the value of total assets and the 45% equity interest in IC Cesme as a percentage of total assets for FY2014, FY2015 and FY2016.

Year	Total Assets	45% Equity interest in IC Cesme	IC Cesme as a % of Total Assets
	€'000	€'000	
2014	16,562	1,999	12.07%
2015	16,210	2,257	13.92%
2016	16,782	2,518	15.00%

### 5.3 Loans Receivable from CNMIL

The assets of the Issuer are also made up of the loans receivable from its parent company, which altogether amount to quarter of the Issuer's asset base. The table below summarises the value of total assets and the loans receivable from CNMIL for FY2014, FY2015 and FY2016.

Year	Total Assets	Loans Receivable from CNMIL	Loans Receivable from CNMIL as a % of Total Assets
	€'000	€'000	
2014	16,562	3,837	23.17%
2015	16,210	3,837	23.67%
2016	16,782	4,237	25.25%

## 6. MARKET OVERVIEW

### 6.1 The Maritime Industry in Malta

Malta is today a well-established maritime centre. The country's strategic position in the Mediterranean is unique and since the very beginning of seafaring, Malta has been of vital importance in the maritime world by offering a complete range of international maritime services and other ancillary facilities. Over the past decades, building on its long and varied maritime tradition, Malta has also developed a very strong legal and regulatory platform that has enabled the Malta Flag to become a reputable international shipping register which is now established as one of the largest maritime flag in Europe and the sixth largest in the world<sup>2</sup>. The reputable flag ensures compliance with international and European standards and accompanied with the right balance of maritime services know how, an efficient registration system and the fiscal advantages have contributed to the success of the local maritime industry.

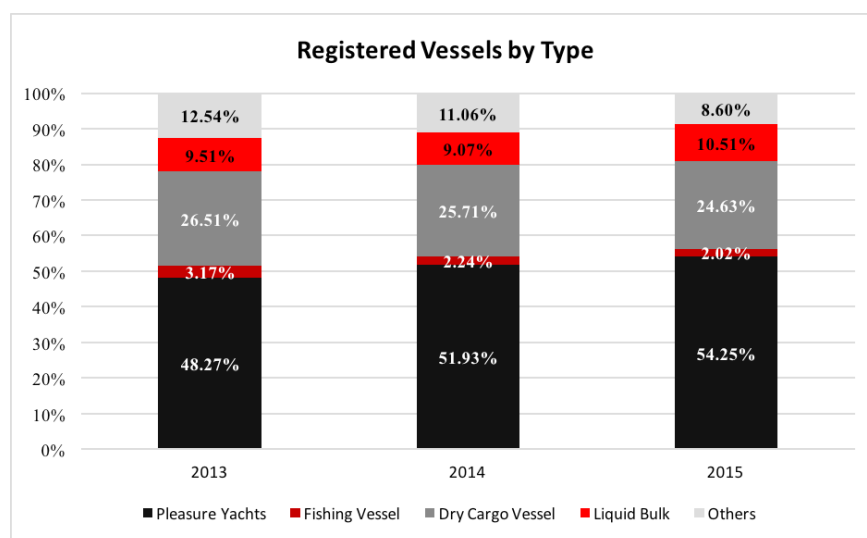
Malta as a maritime nation has in recent years transformed into a highly sought yachting location and has been hailed as a superb berthing place especially for the winter months due to the country's mild climate all year round. Malta's competitive cost structure has helped the island to compete with other marinas in the Mediterranean, perhaps more fashionable but often crowded and highly-priced. Several marinas around Malta are situated within the island's natural inlets which are sheltered in neat creeks that afford protection from harsh weather conditions. Moreover, several local marinas provide various ancillary services including water and electricity supplies, fuel bunkering, free marina-wide wireless broadband, car parking facilities, shipyard services, towage, pilots, and other related services.

### 6.2 The Yacht and Superyacht Industry

In recent years, Malta has developed specific legislation that takes into account the distinctive requirements of the yacht and superyacht industry that makes registering private and commercial yachts under the Malta Flag an attractive proposition.

Furthermore, to address the industry's services demands, a number of local companies that specialise in yacht repairs and maintenance services joined forces and formed a trade organisation, known as the - *Superyacht Industry Network Malta*<sup>3</sup>. The group is now in its fifth year since its inception, providing the highest standards of expertise and service. The formation of the Malta Superyacht Network is just one way how Malta has and continues to prepare itself to become a centre of excellence for superyachts. Furthermore, the Yacht and Superyacht industry in Malta offers a complete range of services and facilities which include, deep natural harbours, state of the art superyacht marinas, extensive refit and repair facilities, a multitude of support shore services and infrastructure, a cluster of local and international operators and service providers together with bunkering operations and supplies. This is complemented with several attractive solutions including temporary importation procedure, VAT-efficient finance leasing structures and certification of commercial yachts.

In 2015 the Malta flag registered an increase of 22.2% over the previous year in the registration of superyachts. Furthermore, the majority of vessel registration during 2015 were also pleasure yachts amounting to 511 or 54.25% of the total newly registered vessels as per below graph (2014: 51.93%; 2013: 48.27%).



Source: NSO

<sup>2</sup> Malta Chamber of Commerce

<http://www.maltachamber.org.mt/en/malta-is-currently-the-largest-flag-in-europe-and-the-sixth-largest-in-the-world>

<sup>3</sup> Superyacht Industry Network - Malta

[https://issuu.com/superyachtindustrynetworkmalta/docs/synm\\_catalogue\\_2016-usb\\_spreads](https://issuu.com/superyachtindustrynetworkmalta/docs/synm_catalogue_2016-usb_spreads)

For many years, Malta has experienced a considerable increase in yacht ownership and activity, creating considerable demand for more facilities with demand for berthing facilities exceeding the existing capacity. Recently, the government addressed the capacity issue, which has been restricting the further growth of the industry, by launching the development of a new marina in Sa Maison, Pieta' (Marina di Valletta) to accommodate almost 300 yachts<sup>4</sup>. In June 2017, the new yacht marina in Pieta Creek has welcomed its first yachts.<sup>5</sup>

Finally, Malta's future plans in relation to the maritime industry include the development of a maritime hub which is expected to attract local and international companies servicing the growing yacht and superyacht industry, paving the way for further expansion.

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<sup>4</sup> Transport Malta  
<https://news.transport.gov.mt/new-marina-in-sa-maison/>

<sup>5</sup> Times of Malta  
<https://www.timesofmalta.com/articles/view/20170606/local/new-pieta-creek-marina-welcomes-its-first-yachts.650099>



## PART 2

### 7. ISSUER'S HISTORIC FINANCIAL PERFORMANCE

NB: The MFSA Listing Policies require a 3-year historical analysis of financial information of the Issuer. The commentary that follows the table below focuses on the financial years from FY2014 to FY2016, both years included.

All figures referred to in this section of the report have been extracted from the audited financial statements of the Issuer for the respective years and supported by management information as necessary, with the exception of ratios which have been calculated by Rizzo, Farrugia & Co (Stockbrokers) Limited.

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

#### 7.1 Statement of Comprehensive Income

	ACTUAL	ACTUAL	ACTUAL
<i>for the year ended 31 December</i>	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Revenue	3,405	3,727	4,231
Cost of Sales	(795)	(855)	(987)
<b>Gross Profit</b>	<b>2,610</b>	<b>2,872</b>	<b>3,244</b>
Personnel expenses	(360)	(391)	(425)
Directors' emoluments	(49)	(49)	(49)
Other operating expenses	(1,121)	(1,078)	(1,224)
<b>EBITDA</b>	<b>1,080</b>	<b>1,354</b>	<b>1,546</b>
Depreciation and amortisation	(314)	(309)	(309)
<b>Results from operating activities</b>	<b>766</b>	<b>1,045</b>	<b>1,237</b>
Finance income	128	50	45
Finance costs	(906)	(903)	(819)
Net finance costs	(778)	(853)	(774)
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>
Tax income / (expense)	(172)	(262)	(378)
<b>Profit after tax</b>	<b>170</b>	<b>201</b>	<b>375</b>

During the years under review, GHM registered increases in revenue by a compound annual growth rate ("CAGR") of 11.5% since FY2014, which growth largely reflects the impact of the increasing capacity of available and superyacht berths, as well as an increase in the achieved occupancy levels based on square metres.

EBITDA has increased by a CAGR of 19.6% over the three financial years 2014 to 2016, largely impacted by an improvement in the EBITDA margin, which has increased from 31.7% of total revenue in FY2014 to 36.5% of total revenue in FY2016. 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 EBITDA.

Over the three financial years 2014 to 2016, finance costs have decreased from €0.91 million in FY2014 to €0.82 million in FY2016, which decrease largely reflects the buyback by the Issuer of a portion of its 2010 bonds from bondholders, wherein bonds with a cumulative nominal value of €1.03 million were bought back and subsequently cancelled by the Issuer since FY2014. Similarly, finance income has declined from €0.13 million in FY2014 to €0.05 million in FY2016, principally reflecting the disposal during FY2014 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 Cesme, which owns and operates the marina in Turkey, decreased by 23.7% to €0.27 million in FY2015, while increasing by 7.0% to €0.29 million in FY2016. The reduction in FY2015 is attributable to the fact that operator fees payable to CNMIL for FY2014 had not been accrued for in FY2014 as the terms of the agreement with the operator had not yet been concluded. The said operator fees for FY2014 were then subsequently accounted for and reflected in FY2015.

The Issuer's profit after tax has increased by a CAGR of 48.5% over the three financial years 2014 to 2016, with €0.38 million achieved in FY2016 when compared to €0.17 million in FY2014. These include the share of profits from the 45% equity interest held in IC Cesme, and reflect the Issuer's 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).

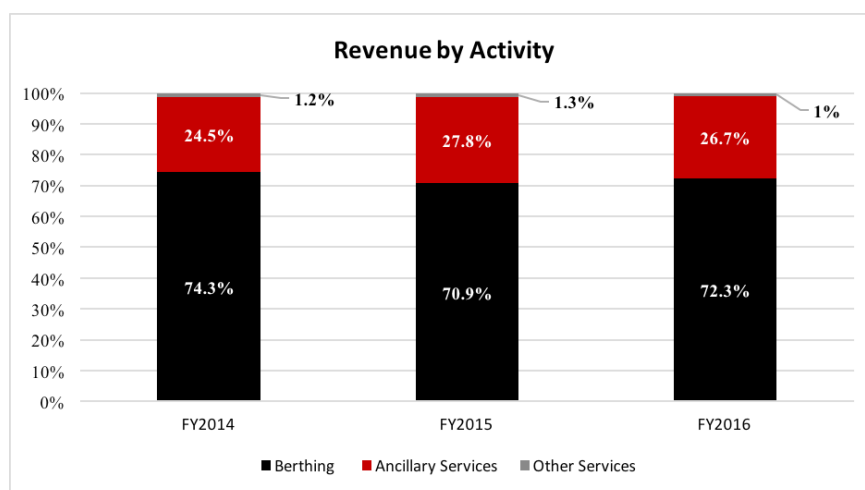
As a marina operator, GHM's revenue is mainly derived from the following operating segments: (a) the provision of berthing facilities to customers opting to dock their vessels at the Marina, either on an annual, seasonal or visitor basis; and (b) ancillary services including water and electricity, fuel, internet access, parking facilities, storage, concierge services, repair and servicing.

### 7.1.1 Performance of the Issuer

The table below provides a breakdown of revenue for the period under review:

	ACTUAL	ACTUAL	ACTUAL
<i>for the year ended 31 December</i>	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Berthing Income	2,530	2,643	3,059
Long-term berths	-	-	-
Ancillary Services	835	1,035	1,128
Other Services	40	49	44
<b>Total GHM revenue</b>	<b>3,405</b>	<b>3,727</b>	<b>4,231</b>

As illustrated in the table below, berthing income comprises the most significant revenue stream, representing 72.3% of total revenue in FY2016 (FY2015:70.9%; FY2014:74.3%). The other significant revenue stream relates to the provision of ancillary services such as water and electricity, and represents 26.7% of total revenue in FY2016 (FY2015:27.8%; FY2014:24.5%). Revenue from other services accounted for only 1% during the years under review. According to management, the latter revenue stream relates to the provision of sale of berth utilities and services other than those pertaining to water, electricity, telecommunications, fuel and concierge services.



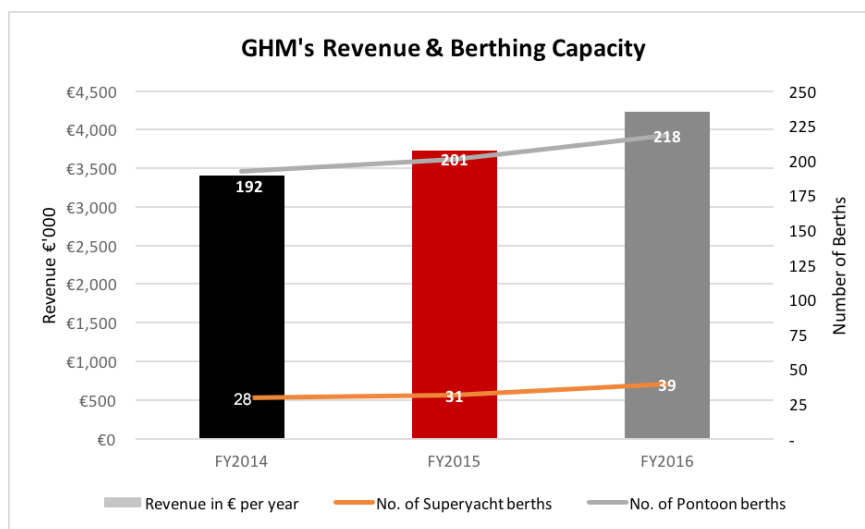
Source: Management information

### Revenue from Berthing (Pontoon and Superyachts)

Throughout the period under review, the Issuer improved the utilisation of the water area within the Marina, thereby increasing the number of available berth nights for both pontoon and superyachts. To this effect, the overall revenue figure, which amounted to €4.2m in FY2016 has increased by 24.3% when compared to FY2014, which growth largely reflects the impact of the increasing capacity of available pontoon and superyacht berths, as well as an increase in the achieved occupancy levels.

Pontoon berths have increased from 192 berths at the start of FY2014 to 218 berths during FY2016. As a result, the available pontoon berth nights increased from *circa* 70k in FY2014 to *circa* 79k in FY2016, 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.

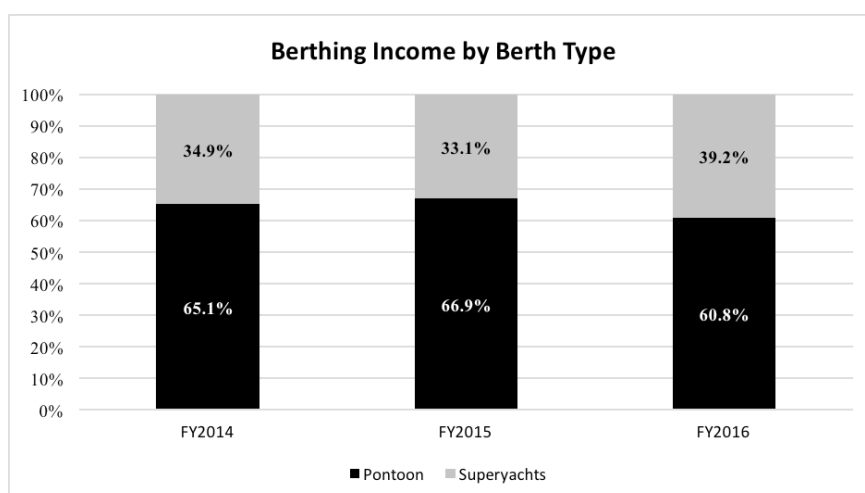
During the past three financial years, the Issuer also invested in 11 new superyacht berths resulting in an increase in the superyacht capacity from 28 berths at the start of FY2014 to 39 berths by FY2016. Consequently, the available superyacht berth nights have increased from circa 10k in FY2014 to circa 13k in FY2016, with occupancy levels (based on revenue-generating berth nights) also increasing to 68.6% in FY2016. The growth in occupancy levels was driven by a significant increase experienced in the number of annual berths.



Source: Management information

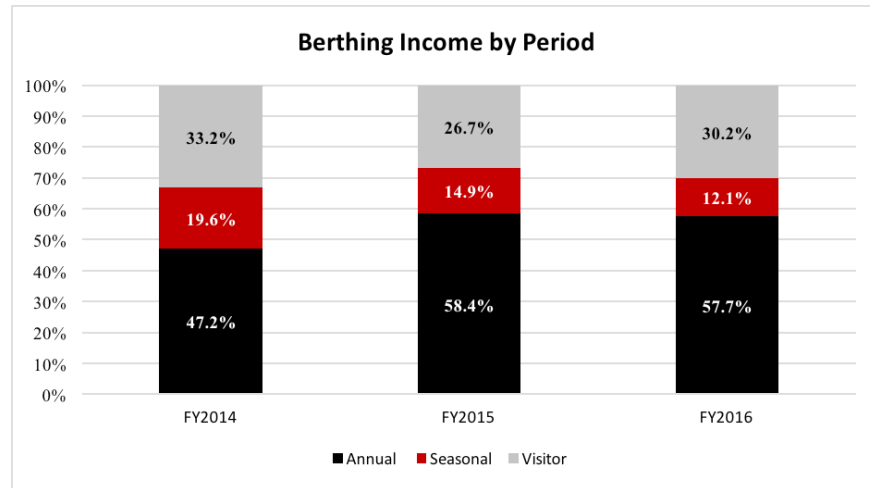
Berthing income is also underpinned by a number of factors, ranging from subscription type (annual, seasonal, visitors), berth type (pontoon, superyacht) and vessel size. Total berthing income has increased by 20.9% in FY2016 when compared to FY2014. The most notable shift in sales mix over the historical period occurred in the category of berth types, wherein superyachts comprised 39.2% of total revenue in FY2016 (FY2015:33.1%; FY2014:34.9%).

The Issuer also derives berthing income from the lease of superyacht berths that had been previously transferred to third parties on long-term arrangements, typically between 25 years and 45 years. During periods where such third parties are not utilising the said berths, GHM reserves the right to operate the berth spaces, subject to a revenue sharing arrangement wherein typically 60% of berthing income is payable to the third-party owner. Such berthing income is recognised as “visitor income for superyachts”. GHM also charges the said third party berth space owners an additional annual service charge to cover general administration and common area expenses incurred throughout the course of the year.



Source: Management information

During FY2016 there was an increase in the number of superyachts berthing at the Marina. As superyacht berths are predominantly short-term in nature (visitor basis), the increased levels of superyacht occupancy had the impact of contributing to a growth in the number of short-term visitor stays which command higher prices. In fact, visitor berths accounted for 30.2% of revenue in FY2016 (FY2015:26.7%).

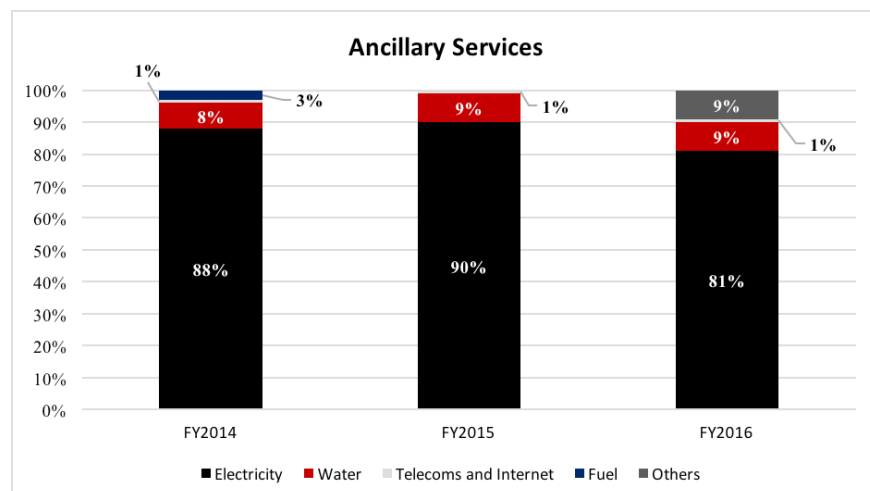


Source: Management information

### Revenue from Ancillary Services

The increase in berthing activity at the Marina over the period under review has generated increased consumption of the ancillary services, primarily water and electricity.

Revenue from ancillary services largely comprises electricity consumption, which accounted for 81.4% of ancillary revenue in FY2016 (FY2015:89.9%; FY2014:87.5%). The shift in sales mix in FY2016 reflects the recognition of €0.1 million in novation fees, which relates to fees receivable by GHM upon the transfer of ownership of the berth spaces that are held by third-party owners. This had a direct impact on the bottom line and accounted for other revenue of 9% in FY2016.



Source: Management information

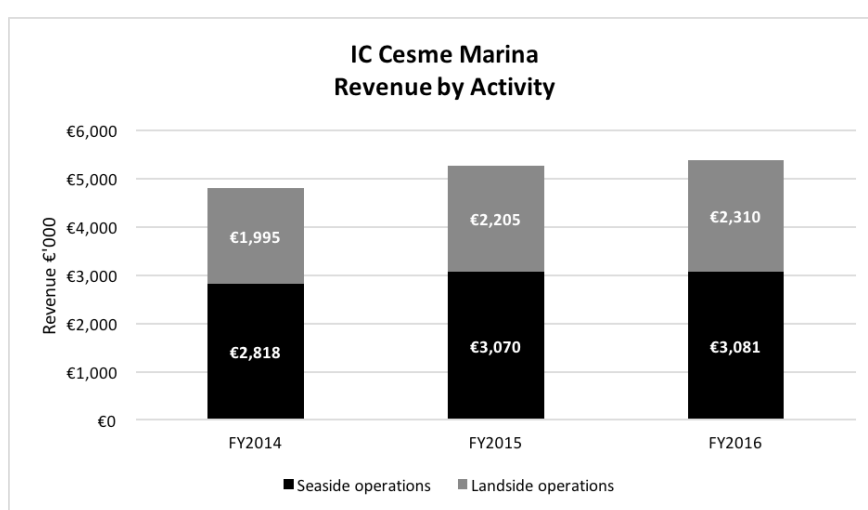
#### 7.1.2 Performance of IC Cesme Marina

The Consolidated Financial Statements for the years under review include the 45% beneficial interest of the Issuer in IC Cesme. The Group's share of revenues at IC Cesme marina amounted to €2.43 million in FY2016 compared to €2.37 million in FY2015 and €2.17 in FY2014. The Group's share of EBITDA at IC Cesme marina was €0.98 million, €0.93 million and €0.97 million in FY2014, FY2015 and FY2016 respectively. The reduction in EBITDA in FY2015 is largely the result of the recognition of operator fees payable to CNML in terms of the marina services management agreement (refer to section 4.2). The operator fees in FY2015 incorporate fees for both 2015 and 2014. Management explained that the 2014 operator fees were not accrued in the respective year as the agreement for such had not been concluded and were thus accounted for in the subsequent year. Profit after tax was of €0.35 million, €0.27 million and €0.29 million in FY2014, FY2015 and FY2016 respectively.

**45% Share of IC Cesme**

	ACTUAL	ACTUAL	ACTUAL
for the year ended 31 December	2014	2015	2016
	€'000	€'000	€'000
Revenue	2,170	2,370	2,430
EBITDA	980	930	970
Profit before tax	350	340	460
Profit / (Loss) after tax	355	271	290

IC Cesme generates its revenue from the provision of seaside operations (e.g. berthing and related services including technical services and boatyard facilities), as well as from landside operations (e.g. rental of commercial units), which during FY2016 comprised 57.2% and 42.8% of total revenue respectively. During the period under review, both revenue streams have experienced significant levels of annual growth. This has contributed to a slight change in the overall sales mix of IC Cesme, with the higher margin “landside activity” comprising 42.8% of revenue in FY2016 when compared to 41.8% in FY2014 as per graph overleaf.

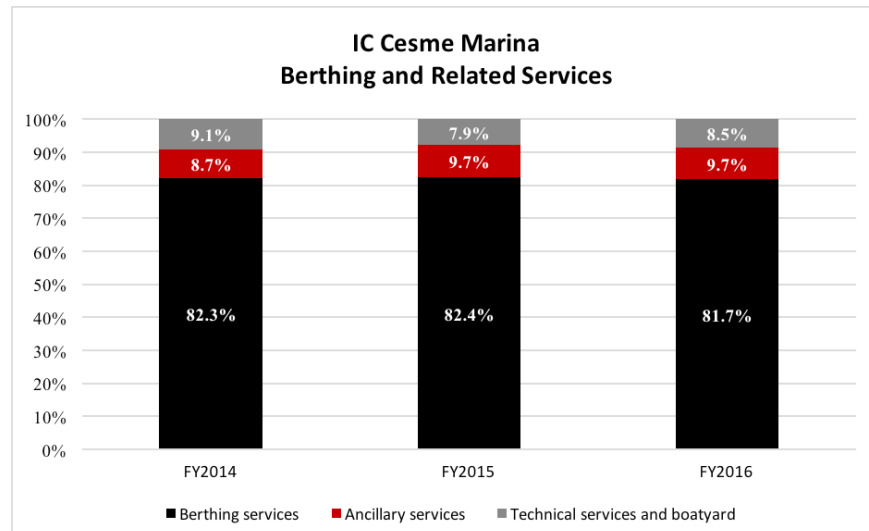


Source: Management information

Over the three years under review, the Turkish 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 FY2015. The marina operated at full occupancy during FY2016, notwithstanding the increase in berthing capacity to 394 berths. However, whilst the marina has exhibited a significant growth in its local currency (Turkish lira), this has been mitigated by the political and economic pressures in Turkey, coupled with the ongoing Syrian refugee crisis, which has had the impact of curtailing the said growth when translating the performance into Euro, with this being more pronounced in FY2016. In this respect, whilst revenue increased by a CAGR of 14.7% between FY2014 and FY2016 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. Management confirmed that IC Cesme does not currently have any capital commitments nor any significant upcoming capital needs.

### Revenue from Seaside Operations

Berthing income comprises the most significant component of the revenue generated from seaside operations, representing 80.2% of total berthing related services in FY2016. Berthing income has increased by a CAGR of 13.4% since FY2014, largely underpinned by an increase in the berthing capacity at the marina. Annual berths have represented the most significant type of berth at the marina, with 357 boats on annual arrangements at the end of FY2016 and a further 37 boats on seasonal arrangements. Despite the increase in capacity, the marina has remained at full occupancy over the historical period, peaking at 109.3% in FY2015 as the marina managed to attract visitor berths during periods wherein annual berth holders were not occupying the said berths. In view of the increasing number of occupied berths at the marina, ancillary services and technical services at the boatyard have also experienced significant levels of annual growth, increasing by a CAGR of 17.3% and 10.5% respectively.

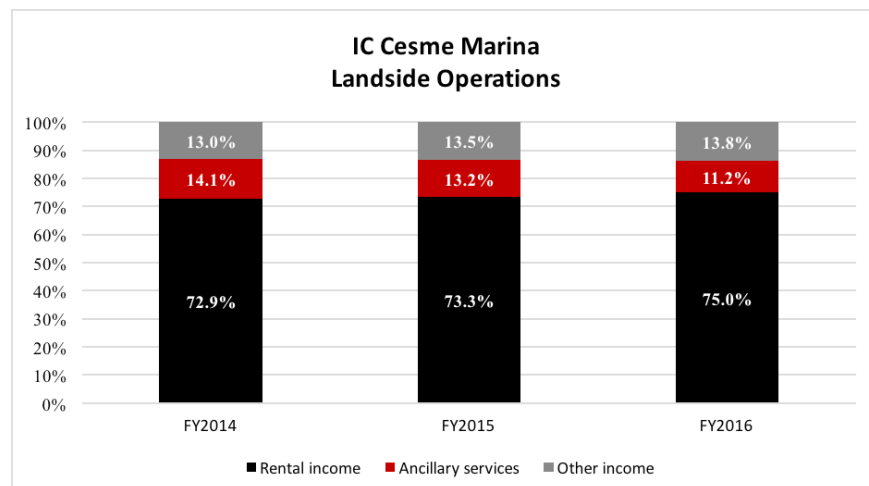


Source: Management information

### Revenue from Landside Operations

Revenue from landside activity principally comprises the rental income generated from the 55 commercial units situated within the marina. During FY2016 the revenue generated from total landside reached 75.0% (FY2015:73.3%; FY2014:72.9%) as retail properties remained fully occupied during the year. Furthermore, in FY2016 there was also a positive impact on the revenue figure following a re-negotiation exercise with tenants, particularly with respect to fixed rent and common area charges, which increased by 31.0% and 35.6% respectively (in Turkish lira).

The other components of landside activity include ancillary services provided to tenants (e.g. water and electricity recharges) and other activities that largely comprises of revenue generated from the car park. These components collectively comprised 25.0% of total revenue during FY2016 (FY2015:26.7%; FY2014:27.1%).



Source: Management information

The below are the key profitability ratios of the Issuer:

	ACTUAL	ACTUAL	ACTUAL
<i>for the year ended 31 December</i>	2014	2015	2016
<b>Gross Profit margin</b> (Gross Profit / Revenue)	76.65%	77.06%	76.67%
<b>EBITDA margin</b> (EBITDA / Revenue)	31.71%	36.33%	36.54%
<b>Operating Profit margin</b> (Operating Profit / Revenue)	22.49%	28.04%	29.24%
<b>Net Profit margin</b> (Profit for the period / Revenue)	5.00%	5.39%	8.86%
<b>Return on Equity</b> (Profit attributable to owners of the Company / Average Equity attributable to owners of the Company)	6.13%	7.00%	12.94%
<b>Return on Capital Employed</b> (Profit for the period / Average Capital Employed)	1.20%	1.44%	2.74%
<b>Return on Assets</b> (Profit for the period / Average Assets)	1.03%	1.23%	2.27%

GHM's EBITDA and net profit margins for FY2016 were stronger when compared to the previous two years reflecting the increase in revenue, already explained in the previous sections of this report. Overall, gross profit margins have remained at stable levels over the historical period, ranging from 76.65% in FY2014 to a peak of 77.06%. Similarly, due to an overall improvement in profitability, the return on equity, assets and capital employed came in higher in FY2016 when compared to the previous years.

## 7.2 Cash Flow Statement

	ACTUAL	ACTUAL	ACTUAL
<i>for year ended 31 December</i>	2014	2015	2016
	€'000	€'000	€'000
Net cash generated from operating activities	1,390 <sup>‡</sup>	1,213	1,673
Net cash from / (used for) investing activities	498	(68)	(1,273)
Net cash used for financing activities	(2,057) <sup>‡</sup>	(1,551)	(1,250)
<b>Net movements in cash and cash equivalents</b>	<b>(169)</b>	<b>(406)</b>	<b>(850)</b>
Cash and cash equivalents at beginning of the year	2,511	2,342	1,936
<b>Cash and cash equivalents at end of year</b>	<b>2,342</b>	<b>1,936</b>	<b>1,086</b>

During FY2016, the total amount of net cash generated from operating activities increased to €1.7 million compared to €1.2 million in FY2015 and €1.4 million in FY2014, largely reflecting the improvements in the Company's business activity which in turn resulted in a higher level of revenue. The net cash outflow of €1.3 million in FY2016 in relation to the cash used for investing activities was in the main attributable to the advancement of loan to the parent company amounting to €0.4 million and cash deposit of €0.81 million in the sinking fund relating to the 7% unsecured Bond issue made in 2010.

In terms of cash flows used by GHM in its financing activities, during FY2014 and FY2015, the Company bought back part of the Bond issued in 2010. This has resulted in lower interest payments paid in FY2016. As a result, net cash used for financing activities amounted to €1.3 million in FY2016 (FY2015: €1.6 million; FY2014: €2.1 million).

<sup>‡</sup> Net cash from operating activities and net cash used in financing activities for FY2014 has been restated to reflect the reclassifications presented in the FY2016 financial statements. More specifically, an element of interest paid (c. €11k) for FY2014 has been reclassified accordingly from financing activities to operating activities.



	ACTUAL	ACTUAL	ACTUAL
<i>for the year ended 31 December</i>	2014	2015	2016
<b>Current Ratio</b>	1.27x	1.19x	0.82x
<i>(Current Assets / Current Liabilities)</i>			
<b>Cash Ratio</b>	0.98x	0.81x	0.41x
<i>(Cash &amp; Cash Equivalents / Current Liabilities)</i>			

In FY2016, the Group's current ratio, representing the amount of current assets available to settle short-term liabilities, fell below one when compared to the previous two years attributable to an increase in trade and other payables and a reduction in cash balances. During the years under review, GHM bought back a portion of its bonds with a cumulative nominal value of €1.03 million from bondholders which reduced the level of cash balances and thus impacted the cash ratio accordingly.

### 7.3 Statement of Financial Position

	ACTUAL	ACTUAL	ACTUAL
<i>as at 31 December</i>	2014	2015	2016
	€'000	€'000	€'000
<b>ASSETS</b>			
Property, plant and equipment	5,969	5,680	5,435
Parent company loan	3,837	3,837	4,237
Deferred tax assets	158	-	-
Deferred costs	491	491	491
Investment in joint venture	1,999	2,257	2,518
Assets held in trust	1,070	1,118	1,926
<b>Total non-current assets</b>	<b>13,524</b>	<b>13,383</b>	<b>14,607</b>
Trade and other receivables	694	889	1,088
Cash at bank and in hand	2,344	1,938	1,087
<b>Total current assets</b>	<b>3,038</b>	<b>2,827</b>	<b>2,175</b>
<b>Total assets</b>	<b>16,562</b>	<b>16,210</b>	<b>16,782</b>
<b>LIABILITIES</b>			
Borrowings <sup>6</sup>	11,393	10,762	10,810
Deferred tax liabilities	-	104	482
<b>Total non-current liabilities</b>	<b>11,393</b>	<b>10,866</b>	<b>11,292</b>
Borrowings	1	2	1
Trade and other payables	2,391	2,378	2,659
<b>Total current liabilities</b>	<b>2,393</b>	<b>2,380</b>	<b>2,660</b>
<b>Total liabilities</b>	<b>13,785</b>	<b>13,246</b>	<b>13,952</b>
<b>EQUITY</b>			
Share capital	2,329	2,400	2,400
Reserves	6	(42)	(104)
Retained earnings	442	606	534
<b>Total equity</b>	<b>2,777</b>	<b>2,964</b>	<b>2,830</b>
<b>Total equity and liabilities</b>	<b>16,562</b>	<b>16,210</b>	<b>16,782</b>

<sup>6</sup> This figure represents GHM's interest-bearing borrowings which are measured at amortised cost as presented in the Issuer's Statement of Financial Position as at 31 December 2014, 2015 and 2016.



The total asset base of the Issuer amounted to €16.6 million in FY2014, €16.2 million in FY2015 and €16.8 million in FY2016. PPE, the loan received from the parent company, the 45% equity interest in IC Cesme, and the assets held in trust represented GHM's most significant assets as at 31 December 2016 (32.4%, 25.2%, 15.0% and 11.5% of total assets respectively). The increase in total assets principally emanated from the investment in IC Cesme which increased by €0.26 million, largely as a result of the share of profits for the year, and the parent company loan which increased by €0.4 million, representing an upstream loan instrument effected by the Issuer during November 2016.

PPE amounted to €5.4m as at 31 December 2016, largely represented by superyacht berths (62.6%) and pontoon berths (30.9%). According to management, GHM does not have significant annual capital expenditure requirements, and the normalised level of capital expenditure is typically in the region of €0.07 million per annum. GHM also holds, through title of temporary sub-emphyteusis, the marina rights for the operation of the Grand Harbour Marina. This is considered as an operating lease and has been accounted for using the recognition and measurement principles of IAS 17, as a result of which the asset is not recognised on the statement of financial position.

In accordance with the terms of a trust deed established for the purposes of GHM's unsecured 7% Bond in 2010, GHM established a sinking fund where it placed €0.22 million, €0.05 million and €0.81 million to support the repayment of the said bond in 2014, 2015 and 2016 respectively. The balance of assets held in trust for FY2015 and FY2016 (€1.1 million and €1.9 million respectively) consisted fully of bank deposits.

The amount of trade and other receivables is in the main made up of trade receivables, which makes up between 50% and 60% of total receivables. The increase in receivables is consistent with the increase in revenues.

Total liabilities amounted to €14 million in FY2016, representing an increase of 5.7% on prior year levels (FY2015: €13.2 million). The outstanding bond liability of €10.81 million relating to the 2010 Bond 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 €0.38 million in the Issuer's deferred tax liability mainly attributable to a reduction in the Issuer's unabsorbed tax losses and unutilised capital allowances, and an increase of €0.28 million in trade and other payables largely underpinned by an increase in deferred income and accruals.

In FY2016, GHM's total equity amounted to €2.8m, largely comprised of share capital equivalent to €2.4m and retained earnings of €0.5m. Total equity has increased by 6.8% during FY2015 and declined by 4.5% during FY2016, with the latter largely reflecting the impact of a dividend of €0.48 million which was declared during FY2016.

GHM's funding base has inherently been composed of capital markets borrowings and a bank overdraft facility. GHM's borrowings amounted to €10.81 million in FY2016, principally emanating from the unsecured 7% Bond. The Company also has in place a general banking overdraft facility of up to €1.7 million in connection with the operation of the Marina and the issuance of special guarantees. The bank overdraft facility is primarily used for cash management purposes.

<b>Borrowings</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>
as at 31 December	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Borrowings (non-current)	11,393	10,762	10,810
Borrowings (current)	1	2	1
<b>Total Borrowings</b>	<b>11,394</b>	<b>10,764</b>	<b>10,811</b>
Cash at bank and in hand	2,344	1,938	1,087
<b>Net Debt</b>	<b>9,050</b>	<b>8,826</b>	<b>9,724</b>

Overall, gearing ratio has decreased from 80.41% in FY2014 to 78.41% in FY2015, which movement reflects a reduction in GHM's debt liability resulting from partial buy back of outstanding bonds from bondholders and increased to 79.25% in FY2016, largely attributable to the distribution of a dividend of €0.48 million in FY2016.

The increase in revenue, resulting in higher EBITDA during FY2015 and FY2016, has given rise to a stronger interest coverage ratio from 1.39 times in FY2014 to 2 times in FY2016. The improvement in the net debt to EBITDA signifies that, based on the EBITDA of FY2016, the Group will require 6.3 years of EBITDA to pay back its net debt.

	ACTUAL	ACTUAL	ACTUAL
<i>for the year ended 31 December</i>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Interest Coverage ratio</b>	1.39x	1.59x	2.00x
<i>(EBITDA / Net finance costs)</i>			
<b>Gearing Ratio (1)</b>	3.26x	2.98x	3.44x
<i>(Net debt / Total Equity)</i>			
<b>Gearing Ratio (2)</b>	80.41%	78.41%	79.25%
<i>[Total debt / (Total Debt plus Total Equity)]</i>			
<b>Net Debt to EBITDA</b>	8.38x	6.52x	6.29x
<i>(Net Debt / EBITDA)</i>			

## PART 3

### 8. FORECASTS OF THE ISSUER

In terms of the Listing Policies issued by the MFSA, the Issuer is required to prepare forecasts for the current year. The forecasts of the Issuer for FY2017 are based on a number of assumptions as listed below.

#### 8.1 Key Assumptions

The key assumptions approved by the Directors of the Issuer in compiling the forecasts for FY2017 are the following:

- i. There will be a continuation of the existing activities provided through the Grand Harbour Marina and IC Cesme Marina;
- ii. The Group will continue to enjoy the confidence of its customers, suppliers and its bankers throughout the period under consideration;
- iii. The Group will enjoy good relations with its employees and their representatives throughout the period under consideration;
- iv. There will be no material external adverse events which will have an impact on the activities of the Group, either directly or indirectly;
- v. The bases and rates of taxation, both direct and indirect, will not change materially during the period under consideration;
- vi. The rate of inflation throughout the period under consideration will not exceed that experienced in the last few years; and
- vii. There will be no significant foreign exchange fluctuations.

#### 8.2 Marina Reconfiguration Exercise

Management explained that during 2017 the Company intends to use a maximum amount of €3.5 million of the net proceeds raised from the new bonds for a Marina reconfiguration. The reconfiguration is envisaged to take place in two separate stages which are independent of each other. In this regard, a maximum amount of €800,000 of the waterside investment amount will be invested in the first phase of the reconfiguration to be made to the Marina which is assumed to take place in 2017. According to management, the first phase of the reconfiguration does not require any development permits from the PA.

With reference to the second phase of the reconfiguration, it is anticipated that a maximum amount of €2.7 million of the waterside investment amount will be invested which is assumed to take place in 2019. Whilst Management explained that this second phase of the reconfiguration is expected to require planning approval and full development permits, it has confirmed that discussions with the PA have already commenced in connection with the Marina reconfiguration and feedback in this respect has been positive.

Management also explained that the reconfiguration exercise of the Marina is not expected to cause major disruption to the existing berths during the construction and development phase.

#### 8.3 Operating Segments Forecasts

As a marina operator, GHM principally generates its revenue from the provision of berthing activities (which comprises the most significant revenue stream) and other ancillary services. Management has prepared and approved the forecasts for FY2017 in connection to these revenue streams.

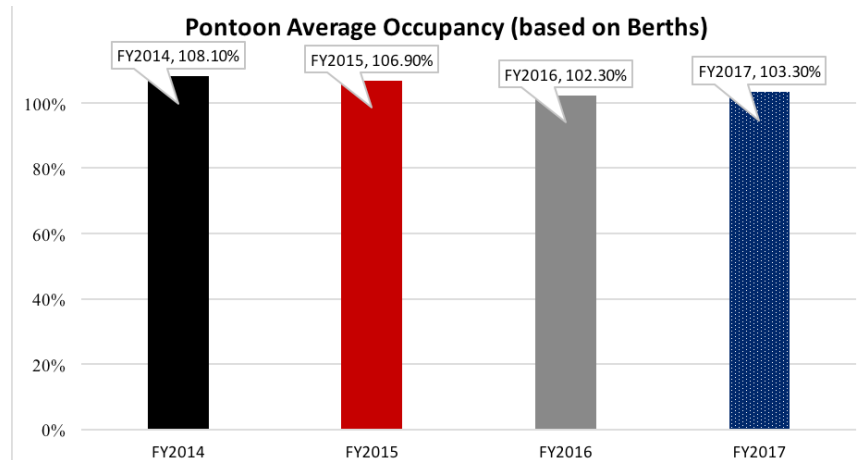
##### 8.3.1 Berthing Income – Pontoons

#### Capacity of Pontoon Berths

As explained in section 8.2 above, GHM intends to use a portion of the net proceeds raised from the new bonds for a marina reconfiguration. In 2017 the Company is expected to commence the first phase of the reconfiguration which is expected to increase the pontoon berthing capacity within the Marina to 249 berths (up from the current 218 berths). The second phase of the reconfiguration is also expected to increase pontoon berthing capacity to 292 berths.

#### Occupancy Levels

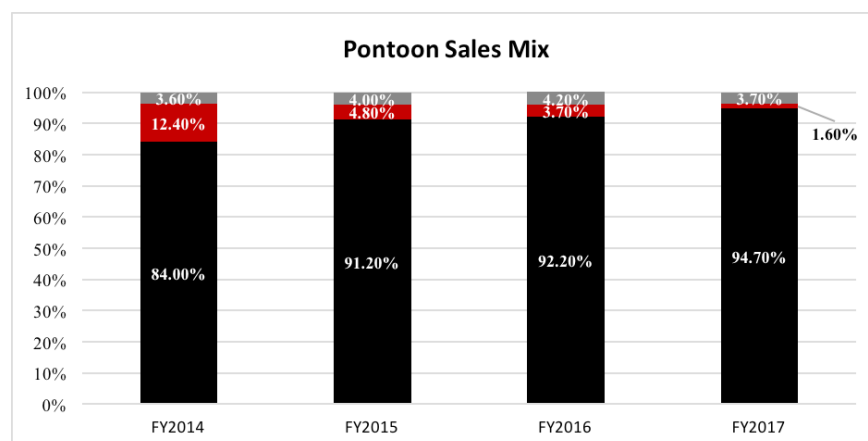
As depicted in the graph below, over the historical period, GHM has enjoyed occupancy levels in excess of 100.0% as the Issuer has the right to rent out berths during periods where annual berth subscribers have vacated their berth. Furthermore, Management explained that it has a waiting list of customers ready to subscribe to annual pontoon berths as soon as a vacancy arises.



Source: Management information

### Sales Mix

The total number of occupied pontoon berth nights has been allocated across the annual, seasonal and visitor berths on the basis of the forecast sales mix for FY2017. This sales mix has been determined on the basis of historical levels and reflects Management's intention of converting seasonal pontoon berths into annual berths, which transition has already commenced over the last three years.



Source: Management information

### Revenue per Occupied Square Metre

Revenue is determined on the basis of applying a rate to the number of occupied pontoon square metres. The forecast for FY2017 has been based on the revenue per occupied square metre in line with the rates achieved over the historical period.

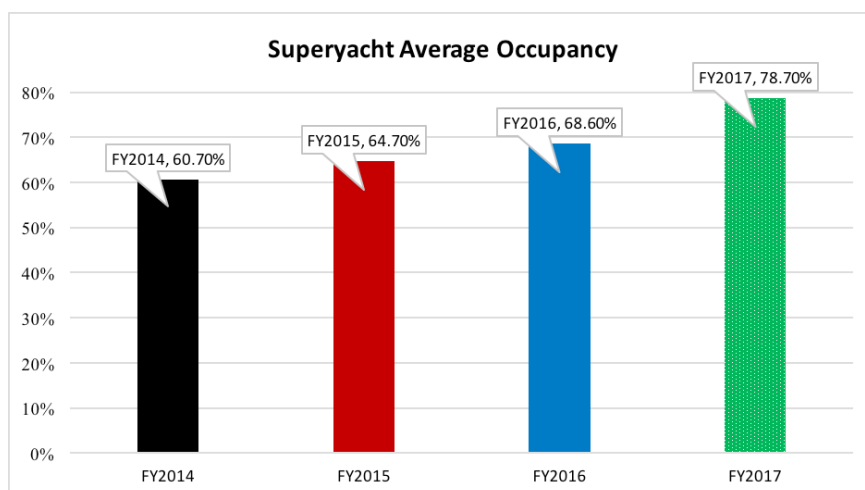
#### 8.3.2 Berthing Income – Superyachts

##### Capacity of Superyacht Berths

The first phase and the second phase of the Marina reconfiguration are expected to increase the superyacht berthing capacity. Accordingly, in 2017, the first phase of the reconfiguration is expected to increase the superyacht berths to 40 (up from the current 39 berths).

##### Occupancy Levels

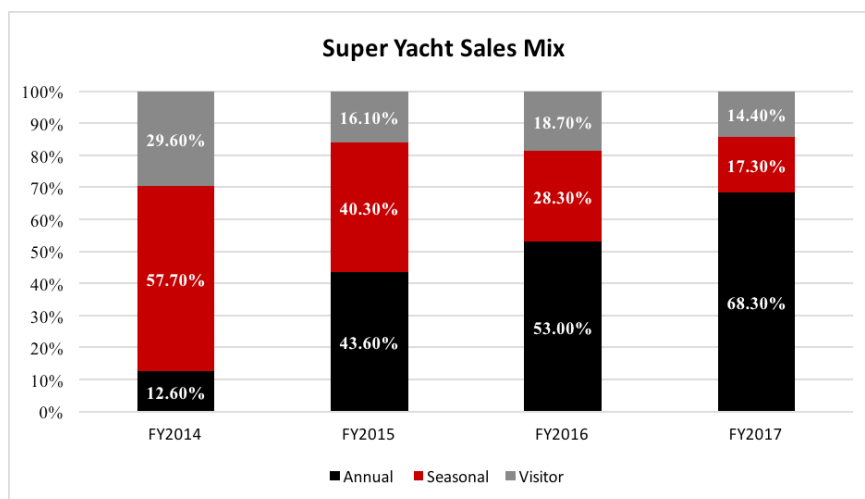
Management explained that the demand for superyacht berths increased significantly during FY2016, and is confident that this trend will continue going forward. The financial projections reflect occupancy levels of 78.7% for FY2017.



Source: Management information

## Sales Mix

Similar to the approach adopted for pontoon berth nights, the total number of occupied superyacht berth nights has been allocated across the annual, seasonal and visitor berths on the basis of the forecast sales mix for FY2017. This sales mix has been determined on the basis of historical levels and reflects Management's intention of converting seasonal berths into annual berths.



Source: Management information

## Revenue per Occupied Square Metre

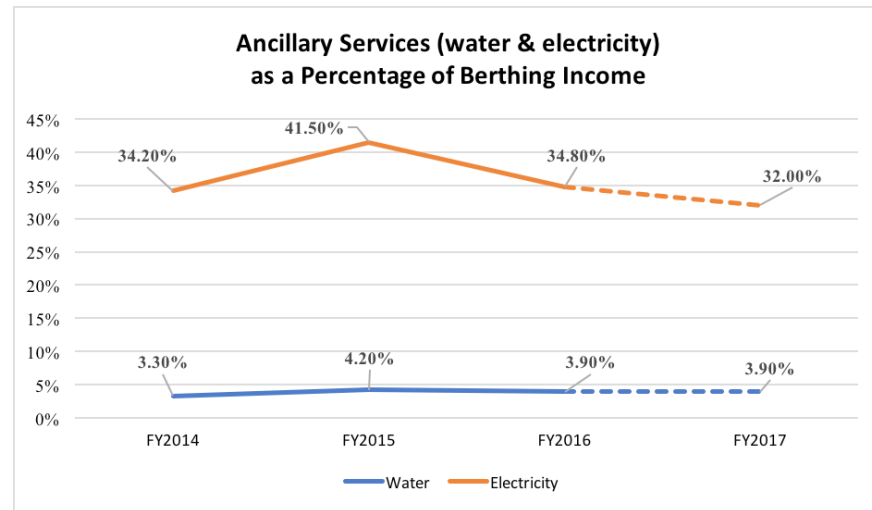
Revenue is determined on the basis of applying a rate to the number of occupied superyacht square metres. The forecast for FY2017 has been based on the revenue per occupied square metre in line with the rates achieved over the historical period. Similar to the pontoon berths, a separate rate has been established for annual, visitor and seasonal berths.

### 8.3.3 Berthing Income – Long-Term Berth Sales

While GHM has to date entered into long-term berth sale agreements with respect to 14 superyachts, the Issuer has not recorded a long-term berth sale over the past four years. As explained by Management, this reflects trends prevalent in the global yachting industry. Management also advised that the outlook for long-term berth sales in the Mediterranean is gaining traction, with Port Vell in Spain concluding a long-term lease agreement for a 160m berth in February 2017. In this respect, Management has taken a conservative approach and assumed that there will be no long-term berth sales in FY2017.

### 8.3.4 Revenue from Ancillary Services

Income from the sale of utilities (particularly water and electricity) has been projected to increase in line with total berthing income. In this respect, Management has considered the water and electricity income as a percentage of total berthing income for each year of the projected period, as depicted below.



Source: Management information

### 8.3.5 Other Revenue

Other income comprises rental income to be earned from the sub-lease of part of the “Capitanerie” to third parties, which sub-lease is projected to commence in FY2017 and concurrent with the move of the Company to new office premises in the vicinity.<sup>7</sup>

In this respect, a sub-lease agreement was entered into with Air X Charter Limited on 12 May 2017 for a period of 14 years (i.e. expiration in 2031).

### 8.4 Share of Profits from IC Cesme

The forecasts for FY2017 reflect the assumption that the “share of profits from IC Cesme” shall remain in line with FY2016 levels at €0.29 million. Since the acquisition by GHM of the 45% equity interest in 2011, IC Cesme has not distributed a dividend to its shareholders, nor is it expected to distribute a dividend in FY2017.

<sup>7</sup> Following the sub-letting of the old “Capitanerie”, the back-office function of GHM shall operate from new premises. In this respect, on 17 May 2017, the Issuer entered into a lease agreement for a period of 15 years in relation to the new premises.



## 8.5 GHM's Financial Forecasts

Management has prepared and approved the financial forecasts for FY2017 after carefully considering the current economic conditions and the trends prevalent in the global yachting industry.

### 8.5.1 Statement of Comprehensive Income

	ACTUAL	FORECAST
<i>for the year ended 31 December</i>	<b>2016</b>	<b>2017</b>
	<b>€'000</b>	<b>€'000</b>
Revenue	4,231	4,144
Cost of Sales	(987)	(976)
<b>Gross Profit</b>	<b>3,244</b>	<b>3,168</b>
Personnel expenses	(425)	(521)
Directors' emoluments	(49)	(49)
Other operating expenses	(1,224)	(1,204)
<b>EBITDA</b>	<b>1,546</b>	<b>1,394</b>
Depreciation and amortisation	(309)	(324)
<b>Results from operating activities</b>	<b>1,237</b>	<b>1,070</b>
Finance income	45	67
Finance costs	(819)	(896)
Net finance costs	(774)	(829)
Share of Profit of equity-accounted investees, net of tax	290	290
<b>Profit before tax</b>	<b>753</b>	<b>531</b>
Tax income / (expense)	(378)	(264)
<b>Profit after tax</b>	<b>375</b>	<b>267</b>

Source: Management information

The table below provides a breakdown of revenue for FY2017 compared to that generated in FY2016.

	ACTUAL	FORECAST
<i>for the year ended 31 December</i>	<b>2016</b>	<b>2017</b>
	<b>€'000</b>	<b>€'000</b>
Berthing Income	3,059	3,112
Long-term berths	-	-
Ancillary Services	1,128	968
Other Services	44	64
<b>Total GHM revenue</b>	<b>4,231</b>	<b>4,144</b>

Source: Management information

During FY2017, personnel expenses are forecasted at a level of €0.52 million (FY2016: €0.43 million) as the Company will be providing a non-recurring bonus to Management during the year, which is contingent on achievement of the forecast levels of FY2017.

EBITDA for FY2017 is expected to decrease to €1.4 million when compared to €1.5 million registered in FY2016. The forecasted decrease in revenues will impact the level of profitability of the Group, which is expected to record a lower profit for FY2017 of €0.27 million (which is 28.8% lower than the profit incurred in FY2016).

Management confirmed that GHM's financial performance and operating results for Q1 2017 is in line with the forecast for the same period.

### 8.5.2 Cash Flow Statement

	ACTUAL	FORECAST
<i>for the year ended 31 December</i>	<b>2016</b>	<b>2017</b>
	<b>€'000</b>	<b>€'000</b>
Net cash generated from operating activities	1,673	1,343
Net cash from / (used for) investing activities	(1,273)	1,281
Net cash from / (used for) investing activities	(1,250)	2,987
<b>Net movements in cash and cash equivalents</b>	<b>(850)</b>	<b>5,611</b>
Cash and cash equivalents at beginning of the year	1,936	1,085
<b>Cash and cash equivalents at end of year</b>	<b>1,086</b>	<b>6,696</b>

The net cash generated from operating activities is projected to decrease to €1.3 million compared to €1.7 million in FY2016, largely reflecting the lower level of revenue forecasted for FY2017.

Cash flow from investing activities is projected to increase to €1.3 million in the main attributable to the payment of a loan by the parent company amounting to €1.1 million and a cash release of €1.9 million from the sinking fund (originally established for GHM's unsecured 7% Bond 2010).

Cash flow from financing activities is projected to increase to €3 million on the back that the new bonds will have a larger nominal value than the maturing bonds (the new bonds will have a nominal value of *circa* €15 million while the maturing bonds have a nominal value of €10.97 million).

### 8.5.3 Statement of Financial Position

	ACTUAL	FORECAST
<i>as at 31 December</i>	<b>2016</b>	<b>2017</b>
	<b>€'000</b>	<b>€'000</b>
<b>ASSETS</b>		
Property, plant and equipment	5,435	6,279
Goodwill and intangibles	-	-
Parent company loan	4,237	3,714
Deferred tax assets	-	-
Deferred costs	491	491
Investment in joint venture	2,518	2,808
Assets held in trust	1,926	-
<b>Total non-current assets</b>	<b>14,607</b>	<b>13,292</b>
Trade and other receivables	1,088	1,011
Cash at bank and in hand	1,087	6,698
<b>Total current assets</b>	<b>2,175</b>	<b>7,709</b>
<b>Total assets</b>	<b>16,782</b>	<b>21,001</b>
<b>LIABILITIES</b>		
Borrowings <sup>8</sup>	10,810	14,619
Loan from parent	-	-
Deferred tax liabilities	482	746
<b>Total non-current liabilities</b>	<b>11,292</b>	<b>15,365</b>
Borrowings	1	1
Trade and other payables	2,659	2,539
<b>Total current liabilities</b>	<b>2,660</b>	<b>2,540</b>
<b>Total liabilities</b>	<b>13,952</b>	<b>17,905</b>
<b>EQUITY</b>		
Share capital	2,400	2,400
Reserves	(104)	(104)
Retained earnings	534	800
<b>Total equity</b>	<b>2,830</b>	<b>3,096</b>
<b>Total equity and liabilities</b>	<b>16,782</b>	<b>21,001</b>

Source: Management information

The total asset base of GHM is projected to increase to €21.0 million in FY2017 (FY2016: €16.8 million) as the cash position of GHM is expected to be in a better position on the back that (i) the redemption of the 2010 bond in August 2017 will be replaced by a new bond issue of a larger amount; and (ii) with the redemption of the 2010 bond, the Issuer will no longer need to retain the balance of €1.9 million in the sinking fund. Furthermore, GHM's PPE is expected to increase from €5.4 million to €6.3 million mainly attributable to the significant non-recurring capital investment by the Company in 2017 in connection with the first phase of the Marina reconfiguration.

Total liabilities are projected to increase from €14.0 million in FY2016 to €18.0 million in FY2017 attributable to the fact that the nominal value of the new bonds will be higher than the nominal value of the redeemable bonds.

Shareholders' funds are projected to increase from €2.8 million in FY2016 to €3.1 million in FY2017 as a result of retained earnings.

<sup>8</sup> This figure represents GHM's interest-bearing borrowings which are measured at amortised cost as presented in the Issuer's Statement of Financial Position as at 31 December 2014, 2015 and 2016.

## 8.6 Key Accounting Ratios

### 8.6.1 Profitability Ratios

	ACTUAL	FORECAST
<i>for the year ended 31 December</i>	2016	2017
<b>Gross Profit margin</b> (Gross Profit / Revenue)	76.67%	76.45%
<b>EBITDA margin</b> (EBITDA / Revenue)	36.54%	33.64%
<b>Operating Profit margin</b> (Operating Profit / Revenue)	29.24%	25.82%
<b>Net Profit margin</b> (Profit for the period / Revenue)	8.86%	6.44%
<b>Return on Equity</b> (Profit attributable to owners of the Company / Average Equity attributable to owners of the Company)	12.94%	9.01%
<b>Return on Capital Employed</b> (Profit for the period / Average Capital Employed)	2.74%	1.70%
<b>Return on Assets</b> (Profit for the period / Average Assets)	2.27%	1.41%

The profitability ratios of GHM are expected to remain comforting in FY2017. The gross profit margin is expected to remain at the same levels of FY2016 as the anticipated percentage reduction in total revenues is expected to be reflected in a corresponding lower level of cost of sales. However, EBITDA and net profit margins are projected to decline to 33.64% and 6.44% (FY2016: 36.54% and 8.86%) respectively, reflecting the operating cost structure that is predominantly fixed in nature which is immune to the decline in revenues anticipated during the year.

Likewise, the return on assets, equity and capital employed are expected to decline, reflecting the lower profitability for the year.

### 8.6.2 Liquidity Ratios

	ACTUAL	FORECAST
<i>for the year ended 31 December</i>	2016	2017
<b>Current Ratio</b> (Current Assets / Current Liabilities)	0.82x	3.04x
<b>Cash Ratio</b> (Cash & cash equivalents / Current Liabilities)	0.41x	2.64x



The Issuer's cash position is expected to improve in FY2017, following the proceeds received from the new bond issue. This is expected to result in a cash balance of €6.7 million by the end of FY2017. This supports improved current ratio and cash ratio for FY2017.

### 8.6.3 Solvency Ratios

	ACTUAL	FORECAST
<i>for the year ended 31 December</i>	2016	2017
<b>Interest Coverage ratio</b> <i>(EBITDA / Net finance costs)</i>	2.00x	1.68x
<b>Gearing Ratio (1)</b> <i>(Net debt / Total Equity)</i>	3.44x	2.56x
<b>Gearing Ratio (2)</b> <i>[Total debt / (Total Debt plus Total Equity)]</i>	79.25%	82.52%
<b>Net Debt to EBITDA</b> <i>(Net Debt / EBITDA)</i>	6.29x	5.68x

The decrease in revenue envisaged during FY2017 (resulting in lower EBITDA), is expected to result in a weaker interest coverage ratio of 1.68 times (FY2016: 2.00 times). On the other hand, GHM's gearing level stood at 79.3% in FY2016 and is forecasted to increase significantly to 82.5% in FY2017. This is attributable to the fact that the nominal value of the new bonds will be higher than the nominal value of the redeemable bonds.

The improved net debt to EBITDA signifies that, based on the forecasted EBITDA of FY2017, the Group will require 5.7 years of EBITDA to pay back its net debt.

## 9. COMPARISON TO OTHER ISSUERS

The table below compares the Issuer and its proposed bond issue to other listed debt on the local market having broadly similar maturities. The list excludes issues by financial institutions. The comparative set includes local groups whose assets, strategy and level of operations vary significantly from those of the Issuer and are therefore not directly comparable. Nevertheless, the table below provides a sample of some comparatives:

Bond Details	Outstanding Amount (€)	Total Assets (€'000)	Total Equity (€'000)	Gearing Ratio <sup>*</sup>	Net Debt to EBITDA <sup>**</sup> (Times)	Interest Cover <sup>***</sup> (times)	YTM <sup>^</sup> (as at 16.06.2017)
5.00% Dizz Finance plc 2026	8,000,000	17,039	4,662	65.46%	6.77	3.15	4.32%
4.80% Med. Maritime Hub Finance plc 2026	15,000,000	22,931	4,463	76.97%	-	-	4.33%
4.50% Medserv plc 2026 (EUR)	21,982,400	121,453	26,408	66.81%	8.49	2.24	4.24%
4.25% Corinthia Finance plc 2026	40,000,000	1,389,627	665,357	44.12%	17.62	2.39	3.71%
4.00% MIDI plc 2026	50,000,000	203,780	67,359	47.30%	20.66	0.59	3.61%
4.00% IHI plc 2026 (Secured)	55,000,000	1,220,254	646,822	38.53%	9.79	6.18	3.67%
4.00% IHI plc 2026 (Unsecured)	40,000,000	1,220,254	646,822	38.53%	9.79	6.18	3.78%
3.90% Plaza Centers plc 2026	8,500,000	43,424	26,180	32.71%	5.52	9.38	3.75%
3.75% Premier Capital plc 2026	65,000,000	193,351	41,630	74.47%	1.81	7.44	3.37%
<b>4.50% GHM plc 2027</b>	<b>15,000,000</b>	<b>16,782</b>	<b>2,830</b>	<b>79.25%</b>	<b>6.29</b>	<b>2.00</b>	<b>4.50%</b>
4.35% SD Finance plc 2027	65,000,000	156,433	56,697	53.39%	3.62	4.82	4.15%
4.00% Eden Finance plc 2027	40,000,000	165,496	92,620	34.78%	5.86	3.98	3.66%
3.75% Tumas Investments plc 2027	25,000,000	180,992	81,387	41.73%	3.05	4.60	3.75%

Source: Malta Stock Exchange, Audited Accounts of listed companies, Rizzo Farrugia & Co (Stockbrokers).

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

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

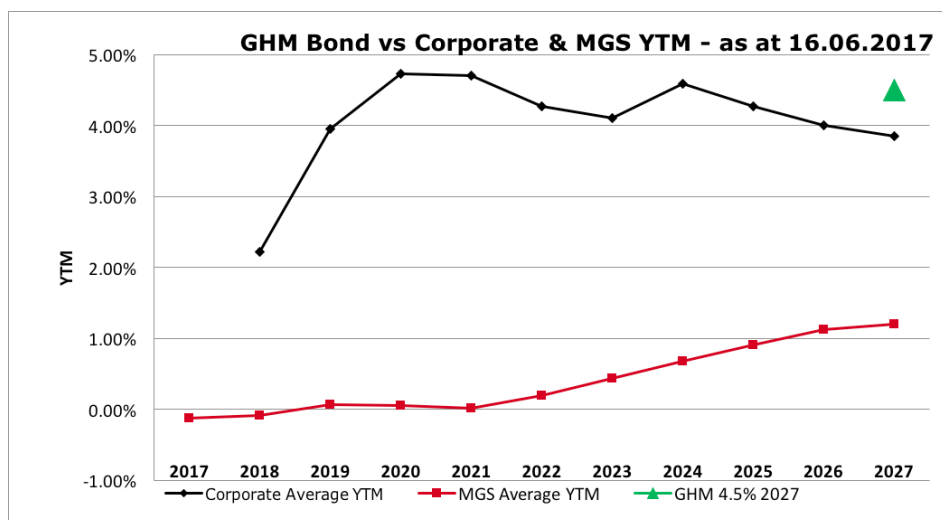
\*\*\*Interest Cover: The interest coverage ratio is calculated by dividing a company's EBITDA of one period by the company's net finance costs of the same period.

^Yield to Maturity (YTM) from rizzofarrugia.com, based on bond prices of 16 June 2017. YTM is the rate of return expected on a bond which is held till maturity. It is essentially the internal rate of return on a bond and it equates the present value of bond future cash flows to its current market price.

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

Dizz Finance plc - figures based on the Guarantor (Diu Group of Companies Limited) FY2016 annual report;  
 Med. Maritime Hub plc - figures based on the Guarantor (MMH Holdings Limited) FY2016 annual report;  
 Medserv plc FY2016 annual report;  
 Corinthia Finance plc - figures based on the Guarantor (Corinthia Palace Hotel Company Limited) FY2016 annual report;  
 MIDI plc FY2016 annual report;  
 IHI plc FY2016 annual report;  
 Plaza Centres plc FY2016 annual report;  
 Premier Capital plc FY2016 annual report;  
 SD Finance plc - figures based on the Guarantor (SD Holdings Limited) FY2016 annual report;  
 Eden Finance plc - figures based on the Guarantor (Eden Leisure Group Limited) FY2016 annual report; and  
 Tumas Investments plc - figures based on the Guarantor (Spinola Development Company Limited) FY2016 annual report.

The chart below shows the average yield to maturity of the new GHM Bond 2027 compared to other corporate bonds listed on the Malta Stock Exchange and benchmarked against the Malta Government Stock yield curve as at 16 June 2017.



At a coupon of 4.50% per annum, the GHM Bond 2027 has been priced at a premium of approximately 330 basis points over the average yield to maturity of Malta Government Stock (MGS) maturing in 2027 and at a premium of approximately 63 basis points over the average yield to maturity of corporate bonds maturing in 2027 (data correct as at 16 June 2017).



## Glossary

### Statement of Comprehensive Income Explanatory Definitions

<b>Revenue</b>	Total revenue generated by the company from its business activity during the financial year.
<b>Cost of Sales</b>	The costs incurred in direct relation to the operations of the Issuer or Guarantor
<b>Gross Profit</b>	The difference between Revenue and Cost of Sales.
<b>EBITDA</b>	Earnings before interest, tax, depreciation and amortization, reflecting the company's earnings purely from operations.
<b>Depreciation and Amortization</b>	An accounting charge to compensate for the reduction in the value of assets and the eventual cost to replace the asset when fully depreciated.
<b>Finance Income</b>	Interest earned on cash bank balances and from the intra-group companies on loans advanced.
<b>Finance Costs</b>	Interest accrued on debt obligations.
<b>Net Profit</b>	The profit generated in one financial year.

### Cash Flow Statement Explanatory Definitions

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

### Statement of Financial Position Explanatory Definitions

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