

**Grand Harbour Marina p.l.c.**

**Annual Report**

**2020**

# Grand Harbour Marina p.l.c.

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# Grand Harbour Marina p.l.c.

## Chairman's Statement

Year Ended 31 December 2020

### Overview

Summary of Group Results (assuming a proportional consolidation of the investment in joint venture)

	2020			2019		
	Grand Harbour Marina	45% Share of IC Cesme	Combined	Grand Harbour Marina	45% Share of IC Cesme	Combined
	€m	€m	€m	€m	€m	€m
Revenues	4.10	1.51	5.61	4.12	1.95	6.07
EBITDA	2.05	0.73	2.78	1.68	1.05	2.73
Profit before tax	0.81	(1.06)	(0.25)	0.40	0.06	0.46
Profit after tax	0.47	(0.85)	(0.38)	0.15	0.07	0.22

All figures above are shown before applying IFRS 11 *Joint Arrangements* which would exclude the results of the Group's joint ventures from the detailed lines of the Statement of profit or loss and other comprehensive income.

### Grand Harbour Marina p.l.c. Consolidated

The Consolidated Financial Statements for the year ended 31 December 2020 include the 45% beneficial interest of Grand Harbour Marina p.l.c. ("GHM" or the "Company", as the case may be) in IC Cesme Marina Yatirim, Turizm ve Isletmeleri Anonim Sirketi ("IC Cesme"), and the results of a wholly owned subsidiary, Maris Marine Limited ("MML"), the latter being immaterial.

Total revenue at GHM decreased marginally from €4.12 million to €4.10 million, while the Group's share of revenues at IC Cesme decreased to €1.51 million in 2020 compared to €1.95 million in 2019. EBITDA, Profit before tax and Profit after tax at GHM increased by €0.37 million, €0.41 million and €0.32 million respectively compared to 2019, while the Group's share of EBITDA, Profit before tax and Profit after tax at IC Cesme fell by €0.32 million, €1.12 million and €0.92 million respectively

### Grand Harbour Marina

€m	Annual Results				
	2020	2019	2018	2017	2016
Marina operating revenues	4.1	4.1	4.7	4.1	4.2
Direct costs	(0.8)	(0.8)	(1.2)	(0.9)	(1.0)
Operating expenses	(1.3)	(1.6)	(1.9)	(1.9)	(1.7)
EBITDA	2.0	1.7	1.6	1.3	1.5
PBT	0.8	0.4	0.7	0.4	0.5
Capital expenditure	0.1	0.2	0.2	0.2	0.1

# **Grand Harbour Marina p.l.c.**

## **Chairman's Statement (continued)**

**Year Ended 31 December 2020**

### ***Grand Harbour Marina (continued)***

#### **Trading**

Sales revenues were in line with results achieved in 2019, 2017 and 2016 as the Company succeeded to keep a healthy customer base throughout all these years. During 2018, the Company had managed to register revenues amounting to €4.7 million primarily because it had earned significant berthing and other ancillary income from a 95 metre superyacht which was arrested in the marina for 12 months. Pontoon annual, superyacht annuals and superyacht seasonals registered an all-time high in 2020 but these were set-off by the low traffic of pontoon and superyacht visitors, which was significantly impacted by the country-wide entry restriction of yachts into Maltese waters introduced by the Maltese government in March 2020 up until 30 June 2020.

Operating expenses reduced by €0.3 million from 2019, thanks both to the COVID-wage supplement introduced by the Maltese government and to management's efforts in being cost-effective.

The Company registered EBITDA of €2.0 million, higher than 2019 by €0.3 million. With net finance costs of €0.9 million (primarily made up of €0.7 million bond interest cost, €0.4 million interest expense on lease liability and interest receivable of €0.2 million) and depreciation of €0.4 million, the Company achieved a €0.8 million profit before tax (2019: €0.4 million). GHM paid no dividends during the year (2019: €nil).

#### **Marketing**

The team at the Grand Harbour Marina has continued to implement sustainable working practices to ensure smooth marina operations, despite the various challenges posed by the coronavirus. Various measures were put in place to ensure the safety of all staff and visitors at the marina while in turn showing support and respect to fellow yachtsmen and ensuring that the high-quality service facilities and customer experience were not affected in the face of the pandemic. Such measures were promoted to coincide with the movement of transiting yachts across the Mediterranean leading up to the summer season, which viewed Grand Harbour Marina as their preferred safe port of call.

#### **Corporate Social Responsibility**

The Company has adhered to the accepted principles of corporate social responsibility and continued to support the Community in Cottonera. Once again, Grand Harbour Marina were proud to host the line honour winners SY *I LOVE POLAND* of this year's Rolex Middle Sea Race, attracting the highest standard in sailors of all generations to the Maltese Islands. The marina also continues to show its support to local preservation and cultural heritage by aiding in the restoration of the Charles Sammut Sails and Dolphins' monument located at the Vittoriosa Waterfront. Financial support has been provided to the Birgu Local Council, Inspire, ALS Malta and Blossom Foundation.

Moreover, Camper & Nicholsons Marinas was delighted to support the annual 'Wave of Change' challenge organised by swim coach and environmental activist Neil Agius, by joining various industry professionals and heading out on the water to live stream his arrival into Malta after swimming 100 kilometres from Sicily to Malta in under 22 hours, setting a new national record. His vision forms part of a national anti-plastic campaign, thus continuing to promote the reduction of plastic, responsible consumption of seafood and the improvement of coastal health.

#### **Valuation**

CBRE valued 100% of GHM at €23.91 million as at 31 December 2020 (2019: €23.43 million). The valuation increase is mainly attributable to the resilient performance of the Grand Harbour Marina during this unprecedented time. This valuation compares with the market capitalisation of GHM on the Malta Stock Exchange on 31 March 2020 of €13.20 million (2019: €15 million).

# Grand Harbour Marina p.l.c.

## Chairman's Statement (continued)

Year Ended 31 December 2020

### IC Cesme

	<i>Annual Results (for 100% of the Marina)</i>				
<b>€m</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Seaside revenues	2.0	2.3	2.3	2.7	3.1
Landside revenues	1.3	2.0	1.9	2.1	2.3
Total revenues	3.3	4.3	4.2	4.8	5.4
Direct costs	(0.2)	(0.3)	(0.3)	(0.3)	(0.4)
Operating expenses	(1.5)	(1.6)	(2.5)	(3.7)	(2.9)
EBITDA	1.6	2.4	1.4	0.8	2.1
PBT	(2.4)	0.1	0.4	(0.3)	1.0
Capital expenditure	-	0.1	0.1	0.1	0.1

### Trading

IC Cesme Marina, the Company's 45% joint venture with IC Holdings, improved performance on seaside revenues above the 2019 level (before exchange impact), but did not manage to maintain the prior years level on landside revenues due to the pandemic-related limitations established by the government of Turkey over the year. Uncertainties remained throughout the year and these contributed to a further 26.2% reduction in the average value of Turkish Lira against the Euro which changed from an average of 6.35 Turkish lira to €1 in 2019 to 8.01 Turkish lira in 2020. Management continued to work with local boat owners to retain as many berth holders as possible.

Revenues in 2020 decreased by €1.0 million from 2019, partly due to the decrease in the value of the Turkish Lira against the Euro, but more importantly due to the pandemic, which led to curfews and prohibitions, together with the closing of the restaurants, shopping-malls and cafes for the visitors, which decreased the tourism revenues in Turkey during the high season, thereby negatively effecting IC Cesme Marina's revenue-based landside rental income. Landside revenues in Turkish Lira decreased by nearly 18.2%, partly set-off by an 11.0% increase on seaside revenues.

Operating expenses, excluding depreciation, decreased to €1.5 million, thanks to the weak Turkish currency applied to some local costs. After foreign exchange losses, net finance charges, depreciation, and IFRS 16 related costs of €2.8 million, €0.3 million, €0.2 million and €0.7 million respectively, IC Cesme made a loss before tax of €2.4 million, compared to the profit before tax of €0.1 million in 2019. Loss after tax of €1.9 million (2019: profit after tax of €0.2 million) reflected a tax credit of €0.5 million (2019: €0.03 million tax credit). These results were mainly steered by the significant devaluation of the Turkish Lira which increased the joint venture's foreign exchange losses during 2020.

The Group's 45% share of IC Cesme's after tax loss of €0.85 million marked a major decrease over the 2019 share of after tax profits of €0.07 million, and this is included within its total share of profits and losses of equity accounted investees.

### Marketing

In August, IC Cesme supported again the Arkas Aegean Link Regatta which attracted a record 56 sailing yachts to the 2020 race with approximately 500 yacht crew taking part over 5 days of the Regatta. In addition, IC Cesme hosted a number of other non-marine events for boat owners and marina visitors in addition to activities for captains and crew. Cesme Marina was awarded The Best Aegean Super Yacht Marina by Acrew, as a leading superyacht marina destination offering the best in service and facilities in the Aegean Sea.

# **Grand Harbour Marina p.l.c.**

## **Chairman's Statement (continued)**

**Year Ended 31 December 2020**

***IC Cesme Marina (continued)***

### **Marketing (continued)**

Given the lack of European and international yacht traffic to the Turkish coast generally, IC Cesme management has been focused on both retaining existing Turkish clients as well as attracting new ones. Although there continues to be a high turnover of customers at IC Cesme, with 101 boats leaving throughout 2020 mainly due to changing location or sale of the boat, the marina attracted 155 new boats during the year with over 40% being returning customers or customers converting from seasonal contracts. The average berthing area of the new berths was around 52% higher than the leavers, with the net gain of 54 boats.

### **Corporate Social Responsibility**

There have been environment projects trialled at IC Cesme Marina including the provision of reef nests, the Squid Project and the Trepang Project, providing a site for propagation.

### **Valuation**

CBRE valued 100% of IC Cesme Marina at TL 144 million as at 31 December 2020, which is higher than their TL 137 million valuation as at 31 December 2019. This reflected the continued positive performance IC Cesme Marina, despite the COVID impact on Turkish tourism and the political and currency uncertainty.

### **Group Outlook**

During 2021 the coronavirus will continue to impact the more lucrative parts of our business. We reiterate that the Company has sufficient resources to meet all its payment obligations, including but not limited to salaries and annual bond interest payments and its ability to redeem in full its current €15 million bond, maturing in 2027.

We will continue to take steps to mitigate risks and exploit opportunities as they arise, with our main focus being enhancing the sustainability of the business for the benefit of our shareholders, our employees and our customers.



Lawrence Zammit  
Chairman

# **Grand Harbour Marina p.l.c.**

## **Directors' Report**

**Year Ended 31 December 2020**

The directors have prepared this director's report for the Company in accordance with Article 177 of the Companies Act, 1995 (Chapter 386, Laws of Malta) (the "**Act**") including the further provisions as set out in the Sixth Schedule to the Act.

### **Board of Directors**

Lawrence Zammit (Chairman)  
Franco Azzopardi  
Victor Lap-Lik Chu  
Elizabeth Ka-Yee Kan

David Martin Bralsford and Clive Peter Whiley resigned as directors of the Company on 11 September 2020.

### **Principal Activities**

The principal activities of the Company and its joint venture are the acquisition, development, operation and management of marinas. The Company is geared towards providing a high-quality service to yachts, with a particular emphasis on superyachts, which by their very nature, demand high level marina related services. Currently the Company owns the Grand Harbour Marina in Malta and the 45% interest in IC Cesme in Turkey. The marinas are operated and managed in association with the internationally well-known company Camper & Nicholsons Marinas Limited ("**CNML**"), a company largely involved in the management and operation of marinas worldwide.

The principal activity of the Company and its joint venture entity is therefore to seek prospective customers to berth their vessels within the facilities at the Grand Harbour Marina in Vittoriosa, Malta, and at IC Cesme and to service its existing customers by providing the high-quality service required by both yacht owners and their crews.

### **Review of Business Development and Financial Position**

The Chairman's Statement reviews the development of the business of the Company and its joint venture for the reporting year. The results of its operations are set out in the Statements of Profit or Loss and Other Comprehensive Income.

The financial position at 31 December 2020, as disclosed in the Statements of Financial Position as at this date, reflects a healthy state of affairs.

# **Grand Harbour Marina p.l.c.**

## **Directors' Report (continued)**

**Year Ended 31 December 2020**

### **Future Developments**

The directors continue to place emphasis on improving operating efficiency at both GHM and IC Cesme to strengthen the sustainability of the Company.

Furthermore, the directors, despite these challenging times, have confidence that the investment in IC Cesme will resume reaping benefits, thereby generating increasing value for the shareholders.

### **Principal Risks and Uncertainties**

A financial risk management overview is given in note 29 to the financial statements and presents information about the Company's and Group's exposure to risk, the objectives, policies and processes for measuring and managing risk and the Company's management of capital. Apart from the risks explained under that note which also form an integral part of this report the Company is exposed to other principal business and operational risks as explained below.

The financial performance of the Company partly depends on the timing, number and extent of berth sales. Whereas the Company's business model has been shifting towards a financial performance based on the maximisation of marina occupancy and closer management of costs, there inevitably remains an exposure, to a certain extent, to the risks associated with the trends and future outlook of the berth sale industry as a whole. Inevitably, the Company is also exposed to competition from other marinas, locally and abroad. In addition, there may be matters, outside the control of the Company which may have a negative impact on the development of the marina, namely, the development of the surrounding areas.

### **Going Concern**

The Directors have reviewed the Company's budget for the next financial year. On the basis of this review, after making enquiries, and in the light of the current financial position and the funding arrangements in place, the directors confirm, in accordance with Listing Rule 5.62, that they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

### **Dividends and Reserves**

There was no dividend payment during 2020 (2019: no dividend payment).

The movements on reserves and the amounts carried forward to next year are as set out in the Statement of Changes in Equity.

### **Auditors**

KPMG have expressed their willingness to continue in office. A resolution proposing the reappointment of KPMG as auditors of the Company will be submitted at the forthcoming Annual General Meeting.

### **Subsequent events**

Details of events occurring after the balance sheet date are disclosed in note 32 to the financial statements.



# Grand Harbour Marina p.l.c.

## Directors' Report (continued)

Year Ended 31 December 2020

### Disclosure in terms of the Listing Rules

#### Pursuant to Listing Rule 5.64

#### Share capital structure

The Company's authorised and issued share capital is two million and four hundred thousand (€2,400,000) divided into twenty million (20,000,000) ordinary shares. All of the issued shares of the Company form part of one class of ordinary shares in the Company, which shares are listed on the Malta Stock Exchange. All shares in the Company have the same rights and entitlements and rank *pari passu* between themselves.

The following are highlights of the rights attaching to the shares:

<b>Dividends:</b>	The shares carry the right to participate in any distribution of dividend declared by the Company;
<b>Voting rights:</b>	Each share is entitled to one vote at meetings of shareholders;
<b>Pre-emption rights:</b>	Subject to the limitations contained in the Memorandum and Articles of Association, shareholders in the Company shall be entitled, in accordance with the provisions of the Company's Memorandum and Articles of Association, to be offered any new shares to be issued by the Company a right to subscribe for such shares in proportion to their then current shareholding, before such shares are offered to the public or to any person not being a shareholder;
<b>Capital distributions:</b>	The shares carry the right for the holders thereof to participate in any distribution of capital made whether on a winding up or otherwise;
<b>Transferability:</b>	The shares are freely transferable in accordance with the rules and regulations of the Malta Stock Exchange, applicable from time to time;
<b>Other:</b>	The shares are not redeemable and not convertible into any other form of security;
<b>Mandatory takeover bids:</b>	Chapter 11 of the Listing Rules, implementing the relevant Squeeze-Out and Sell-Out Rules provisions of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004, regulates the acquisition by a person or persons acting in concert of the control of a company and provides specific rules on takeover bids, squeeze-out rules and sell-out rules. The shareholders of the Company may be protected by the said Listing Rules in the event that the Company is subject to a Takeover Bid (as defined therein). The Listing Rules may be viewed on the official website of the Listing Authority - <a href="http://www.mfsa.com.mt">www.mfsa.com.mt</a> ;

# **Grand Harbour Marina p.l.c.**

## **Directors' Report (continued)**

**Year Ended 31 December 2020**

### **Disclosures in terms of the Listing Rules (continued)**

#### **Pursuant to Listing Rule 5.64 (continued)**

##### **Holdings in excess of 5% of the share capital**

On the basis of information available to the Company as at the 31 December 2020, Camper & Nicholsons Marina Investments Limited held 17,393,590 shares in the Company, equivalent to 86.97% of its total issued share capital.

Other than the aforesaid, no person holds any shareholding in excess of 5% of the total issued share capital of the Company.

##### **Appointment/Replacement of Directors**

In terms of the Memorandum and Articles of Association of the Company, the directors of the Company shall be appointed by the shareholders in the annual general meeting as follows:

- (a) Any shareholder/s who in the aggregate hold not less than 200,000 shares having voting rights in the Company shall be entitled to nominate a fit and proper person for appointment as a director of the Company. The directors themselves or a committee thereof may make recommendations and nominations to the shareholders for the appointment of directors at the next following annual general meeting.
- (b) Shareholders are granted a period of at least fourteen (14) days to nominate candidates for appointment as Directors. Such notice may be given by the publication of an advertisement in at least two (2) daily newspapers. All such nominations, including the candidate's acceptance to be nominated as director, shall on pain of disqualification be made on the form to be prescribed by the directors from time to time and shall reach the Office not later than fourteen (14) days after the publication of the said notice (the "**Submission Date**"); provided that the Submission Date shall not be less than fourteen (14) days prior to the date of the meeting appointed for such election. Nominations to be made by the directors or any sub-committee of the directors appointed for that purpose shall also be made by not later than the date established for the closure of nominations to shareholders.
- (c) In the event that there are either less nominations than there are vacancies on the Board or if there are as many nominations made as there are vacancies on the Board, then each person so nominated shall be automatically appointed a director.
- (d) In the event that there are more nominations made, then an election shall take place. After the date established as the closing date for nominations to be received by the Company for persons to be appointed directors, the directors shall draw the names of each candidate by lot and place each name in a list in the order in which they were drawn. The list shall be signed by the Chairman and the Company Secretary for verification purposes.

# **Grand Harbour Marina p.l.c.**

## **Directors' Report (continued)**

**Year Ended 31 December 2020**

### **Disclosures in terms of the Listing Rules (continued)**

#### **Pursuant to Listing Rule 5.64 (continued)**

#### **Appointment/Replacement of Directors (continued)**

- (e) On the notice calling the annual general meeting at which an election of directors is to take place there shall be proposed one resolution for the appointment of each candidate in the order in which the names were drawn, so that there shall be as many resolutions as there are candidates. The directors shall further ensure that any Member may vote for each candidate by proxy.
- (f) At the general meeting at which the election of directors is to take place the Chairman shall propose the name of each candidate as a separate resolution and the shareholders shall take a separate vote for each candidate (either by a show of hands or through a poll). Each shareholder shall be entitled, in the event of a poll, to use all or part only of his votes on a particular candidate.
- (g) Upon a resolution being carried, the candidate proposed by virtue of that resolution shall be considered elected and appointed a director. No further voting shall take place once enough resolutions have been passed to ensure that all vacancies on the Board have been filled, even if there are still candidates with respect to whom a resolution has not yet been called.
- (h) Shareholders may vote in favour or against the resolution for the appointment of a director in any election, and a resolution shall be considered carried if it receives the assent of more than 50% of the shareholders present and voting at the meeting.
- (i) Unless a shareholder demands that a vote be taken in respect of all or any one or more of the nominees, in the event that there are as many nominations as there are vacancies or less, no voting will take place and the nominees will be deemed appointed directors.
- (j) Subject to the above, any vacancy among the directors may be filled by the co-option of another person to fill such vacancy. Such co-option shall be made by the Board and shall be valid until the conclusion of the next annual general meeting.

#### **Procedures for amendment to the Memorandum and Articles of Association**

In terms of the Companies Act, Cap 386 of the Laws of Malta, the Company may by extraordinary resolution at a general meeting alter or add to its Memorandum or Articles of Association. An extraordinary resolution is one where:

- (a) it has been taken at a general meeting of which notice specifying the intention to propose the text of the resolution as an extraordinary resolution and the principal purpose thereof has been duly given;

# **Grand Harbour Marina p.l.c.**

## **Directors' Report (continued)**

**Year Ended 31 December 2020**

### **Disclosures in terms of the Listing Rules (continued)**

#### **Pursuant to Listing Rule 5.64 (continued)**

#### **Procedures for amendment to the Memorandum and Articles of Association (continued)**

- (b) it has been passed by a shareholder or shareholders having the right to attend and vote at the meeting holding in the aggregate not less than seventy-five per cent (75%) in nominal value of the shares issued by the Company represented and entitled to vote at the meeting, and at least fifty-one per cent (51%) in nominal value of all the shares issued by the Company and entitled to vote at the meeting.

If one of the aforesaid majorities is obtained but not both, another meeting shall be duly convened within 30 days to take a fresh vote on the proposed resolution. At the second meeting the resolution may be passed by a shareholder or shareholders having the right to attend and vote at the meeting holding in the aggregate not less than 75% in nominal value of the shares issued by the Company represented and entitled to vote at the meeting. However, if more than half in nominal value of all the shares issued by the Company having the right to vote at the meeting is represented at that meeting, a simple majority in nominal value of such shares so represented shall suffice.

#### **Board members' powers**

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

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

- (a) allot any of them on any terms to any person unless an offer has first been made to each existing shareholder to allot to him at least on the same terms, a proportion of the new shares which is as nearly as practicable equal to the proportion in nominal value held by him of the aggregate shares in issue in the Company immediately prior to the new issue of shares; and

# **Grand Harbour Marina p.l.c.**

## **Directors' Report (continued)**

**Year Ended 31 December 2020**

### **Disclosures in terms of the Listing Rules (continued)**

#### **Pursuant to Listing Rule 5.64 (continued)**

#### **Board members' powers (continued)**

- (b) allot any of them to any person upon the expiration of any offer made to existing shareholders in terms of a) above. Any such shares not subscribed for by the existing shareholders may be offered for subscription to the general public under the same or other conditions which however cannot be more favourable to the public than offer made under (a).

Furthermore, the Company may, subject to such restrictions, limitations and conditions contained in the Companies Act, acquire its own shares.

Save as otherwise disclosed herein, the provisions of Listing Rules 5.64.2, 5.64.4 to 5.64.7, 5.64.10 and 5.64.11 are not applicable to the Company.

Approved by the Board of Directors on 31 March 2021 and signed on its behalf by:



Lawrence Zammit  
Chairman



Franco Azzopardi  
Director

#### **Registered Office**

Vittoriosa Wharf  
Vittoriosa  
Malta

## **Grand Harbour Marina p.l.c.**

### **Statement by the Directors on the Financial Statements and Other Information included in the Annual Report**

Pursuant to Listing Rule 5.68, we, the undersigned, declare that, to the best of our knowledge, the consolidated and separate financial statements included in this Annual Report, and prepared in accordance with the requirements of International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, and financial position of Grand Harbour Marina p.l.c., and that this report includes a fair review of the development and performance of the business and position of Grand Harbour Marina p.l.c., together with a description of the principal risks and uncertainties that it faces.

Signed on behalf of the Board of Directors on 31 March 2021 by:



Lawrence Zammit  
Chairman



Franco Azzopardi  
Director

# Grand Harbour Marina p.l.c.

## Directors' Statement of Compliance with the Code of Principles of Good Corporate Governance

### Introduction

Pursuant to the Listing Rules issued by the Listing Authority, the Company as a company whose equity securities are listed on a regulated market should endeavour to adopt the Code of Principles of Good Corporate Governance contained in Appendix 5.1 of the Listing Rules (the "Code"). In terms of Listing Rule 5.94, the Company is obliged to prepare a report explaining how it has complied with the Code. For the purposes of the Listing Rules, the Company is hereby reporting on the extent of its adoption of the Code.

The Company acknowledges that the Code does not dictate or prescribe mandatory rules but recommends principles of good practice. However, the directors strongly believe that such practices are in the best interests of the Company and its shareholders and that compliance with principles of good corporate governance is not only expected by investors but also evidences the directors' and the Company's commitment to a high standard of governance.

Good corporate governance is the responsibility of the Board, and in this regard the Board has carried out a review of the Company's compliance with the Code during the period under review. As demonstrated by the information set out in this statement, the Company believes that it has, save as indicated herein the section entitled "Non-Compliance with the Code", throughout the accounting period under review, applied the principles and complied with the provisions of the Code. In the Non-Compliance Section, the Board indicates and explains the instances where it has departed from or where it has not applied the Code, as allowed by the Code.

### Part 1: Compliance with the Code

#### *Principle 1: The Board*

The Board's principal purpose is to provide the required leadership of the Company, to set the present and future strategy of the Company and to ensure proper oversight and accountability.

The Board currently comprises three non-executive directors (including the Chairman) and one executive director, namely Elizabeth Ka-Yee Kan, who is the CEO of the Company. All of the directors were elected by the shareholders in general meeting.

The directors, *inter alia*, exercise prudent and effective control, are accountable for their or their delegates' actions or inactions, regularly review management performance and have a broad knowledge of the business of the Group. The directors are aware of their statutory and regulatory requirements. They allocate sufficient time to perform their responsibilities and regularly attend Board meetings.

The Board delegates specific responsibilities to the Audit Committee. Further details in relation to the responsibilities of the Board and the Audit Committee are found in Principles 4 and 5 of this Statement respectively.

#### *Principle 2: Chairman and Chief Executive*

During 2020, the chairmanship of the Company was vested with Mr Lawrence Zammit and the position of Chief Executive Officer was occupied by Ms Elizabeth Ka-Yee Kan. The roles of the Chief Executive Officer and of the Chairman are separate from each other.

The Chairman is responsible to lead the Board and to set its agenda. The Chairman ensures that the Board's discussions on any issue put before it, go into adequate depth, that the opinions of all the directors are taken into account, and that all the Board's decisions are supported by adequate and timely information. The Chairman was also entrusted to ensure that the Company's executive and management team develop a strategy which is agreed to by the Board. The Chief Executive Officer led the Company's management team and ensured that the Company is being managed in line with the strategies and policies set by the Board.

# Grand Harbour Marina p.l.c.

## Directors' Statement of Compliance with the Code of Principles of Good Corporate Governance (continued)

### Part 1: Compliance with the Code (continued)

#### *Principle 3: Composition of the Board*

At the beginning of 2020, the Board was composed of six (6) directors, one (1) of whom had executive functions whilst the remaining five (5) directors were non-executive. David Martin Bralsford and Clive Whiley, both non-executive directors, did not seek re-election to the Board of Directors during the 2020 Annual General Meeting and accordingly, ceased to be directors with effect from 11 September 2020. Currently, the Board comprises three (3) non-executive directors, including the Chairman and one executive director, namely Elizabeth Ka-Yee Kan, who is the CEO of the Company. The Board considers that the size of the Board is appropriate. The combined and varied knowledge, experience and skills of the Board members provide the balance of competences that are required, add value to the functioning of the Board and give direction to the Company, in line with the strategies and policies set out by the Board itself.

Lawrence Zammit and Franco Azzopardi are considered to be independent. In determining the independence or otherwise of its directors, the Board considered, amongst others, the principles relating to independence of directors contained in the Code, the Company's own practice as well as general principles of good practice. Specifically, in determining Mr. Zammit's independence, the Board considered the fact that he has been a director of the Company for more than twelve consecutive years. In this regard, the Board is of the view that Mr Lawrence Zammit has always maintained his independence of judgment, objectively and independently assessing the Company's and management's performance and that Mr Zammit is mindful of, and intends on maintaining independence, professionalism and integrity in carrying out his duties, responsibilities and providing judgement as a director of the Company.

The presence of the executive director on the Board is designed to ensure that the Board has direct access to the individuals having the prime responsibility for the executive management of the Company and the implementation of approved policies. Each non-executive director has submitted the declaration to the Board declaring their independence as stipulated under code provision 3.4.

#### *Principle 4: The Responsibilities of the Board*

The Board has the first level responsibility for executing the four basic roles of Corporate Governance, namely accountability, monitoring, strategy formulation and policy development.

In fulfilling its mandate, the Board assumes responsibility to:

- a) establish appropriate corporate governance standards;
- b) review, evaluate and approve, on a regular basis, long-term plans for the Company;
- c) review, evaluate and approve the Company's budgets and forecasts;
- d) review, evaluate and approve major resource allocations and capital investments;
- e) review the financial and operating results of the Company on the basis of key performance indicators and benchmarking the Company's results against industry norms;
- f) ensure appropriate policies and procedures are in place to manage risks and internal control;



# Grand Harbour Marina p.l.c.

## Directors' Statement of Compliance with the Code of Principles of Good Corporate Governance (continued)

### Part 1: Compliance with the Code (continued)

#### *Principle 4: The Responsibilities of the Board (continued)*

- g) review, evaluate and approve the overall corporate organisation structure, the assignment of management responsibilities and plans for senior management development;
- h) review, evaluate and approve compensation to senior management; and
- i) review periodically the Company's objectives and policies relating to social, health and safety and environmental responsibilities.

The Board has established a clear internal and external reporting system to ensure that the Board has access to accurate, relevant and timely information. The Board has ensured that policies and procedures are in place to maintain the highest standards of corporate conduct of the Company and its employees.

During its meetings the Board regularly discusses the directors' statutory and fiduciary duties, the Company's operations and prospects, the skills and competence of senior management, the general business environment and the Board's expectations.

#### *Principle 5: Board Meetings*

For the period under review, the Board has implemented its policy to meet at least once every quarter. Board meetings concentrate mainly on strategy, operational performance and financial performance of the Company. After each Board meeting and before the next, Board minutes that faithfully record attendance, key issues and decisions are sent to the directors. As a matter of practice, Board meetings are set well in advance of their due date and each director is provided with detailed Board papers relating to each agenda item. Management prepares detailed reviews for each Board meeting covering all aspects of the Company's business.

During 2020, the Board met 4 times. Meetings were attended as follows:

Members	No of Meetings held: (4)
	Attended
Lawrence Zammit (Chairman)	4
Franco Azzopardi	4
David Martin Bralsford *	2*
Clive Peter Whiley*	2*
Elizabeth Ka-Yee Kan	4
Victor Lap-Lik Chu	4

\* ceased to be a director with effect from 11 September 2020.

The Board also delegates specific responsibilities to the management team of the Company and the Audit Committee, which operates under its formal terms of reference.

# Grand Harbour Marina p.l.c.

## Directors' Statement of Compliance with the Code of Principles of Good Corporate Governance (continued)

### Part 1: Compliance with the Code (continued)

#### Principle 5: Board Meetings (continued)

##### Board Committees

##### Audit Committee

The Board delegates certain responsibilities to the Audit Committee, the terms of reference of which reflect the requirements stipulated in the Listing Rules, as amended by virtue of Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017, amending Directive 2007/36/EC regarding the encouragement of long-term shareholder engagement. As part of its terms of reference, the Audit Committee has the responsibility to, if required, vet, approve, monitor and scrutinise Related Party Transactions, if any, falling within the ambits of the Listing Rules and to make its recommendations to the Board on any such proposed Related Party Transactions. The Audit Committee also establishes internal procedures and monitors these on a regular basis. The terms of reference for the Audit Committee are designed both to strengthen this function within the Company and to widen the scope of the duties and responsibilities of this Committee.

The Committee also has the authority to summon any person to assist it in the performance of its duties, including the Auditors of the Company who are invited to all relevant meetings.

At the beginning of 2020, the Audit Committee was composed of Franco Azzopardi (non-executive director and Chairman of the Audit Committee), Lawrence Zammit (non-executive director and Chairman of the Company), and Martin Bralsford (non-executive director). Martin Bralsford did not seek re-election to the Board of the Company, thereby vacating his seat as member of the Audit Committee. Victor Lap-Lik Chu (non-executive director) was appointed to the Audit Committee on 16 September 2020. The Chairman of the Audit Committee is appointed by the Board and is independent of the Company. Lawrence Zammit and Franco Azzopardi are independent. In assessing their independence, the Board considered the criteria set out in Listing Rule 5.119, including as far as Lawrence Zammit is concerned, the fact that he has been a director of the Company for more than twelve consecutive years.

During 2020, the Audit Committee met five (5) times.

Members	No of Meetings held: (5) Attended
Franco Azzopardi	5
Lawrence Zammit	5
Victor Lap-Lik Chu <sup>*2</sup>	-
Martin Bralsford <sup>*1</sup>	1

<sup>\*1</sup> Martin Bralsford ceased to be a member of the Audit Committee with effect from 11 September 2020.

<sup>\*2</sup> Victor Lap-Lik Chu was appointed as a member of the Audit Committee on 16 September 2020. Two Audit Committee meetings were held following Mr. Chu's appointment to the Committee. Mr. Chu did not participate in any of the said two meetings as both dealt with related party transactions.

During the time when he was a member of the Audit Committee, Mr Bralsford also sat on the Board of CNMI (with the exception of the period 1 July to 11 September 2020), which holds as at the date hereof, 86.97% of the issued share capital of the Company. Mr. Chu also sits on the Board of CNMI. Mr Bralsford did not participate in meetings which discussed and where deemed appropriate, approved related parties transactions. Likewise, Mr. Chu does not participate in meetings which discuss and where deemed appropriate, approve related parties transactions.

# Grand Harbour Marina p.l.c.

## Directors' Statement of Compliance with the Code of Principles of Good Corporate Governance (continued)

### Part 1: Compliance with the Code (continued)

#### *Principle 5: Board Meetings (continued)*

##### **Board Committees (continued)**

##### *Audit Committee (continued)*

The Board considers Mr Franco Azzopardi to be independent and competent in accounting and/or auditing on the basis that Mr Azzopardi qualified as an accountant in 1985 and received a Master of Science in Finance from the University of Leicester in 2006. In accordance with Listing Rule 5.118, the Board considers the three Audit Committee members as having the required competence jointly as a Committee due to their professional background and experience in the marina industry, as well as in other sectors, at both national and international level.

#### *Principle 6: Information and Professional Development*

##### *Senior Executive Management*

The CEO is responsible for the implementation of the strategies set by the Board, management of the business of the Company and to deliver the results. The CEO reports directly to the Board of the Company. The Company's senior management, including the CEO, is appointed by the Board.

The Board is responsible for setting the business strategy and overall corporate governance of the Company. The General Manager, Chief Operating Officer and Chief Financial Officer of the Company attended meetings of the Board as and when requested. The attendance of such persons during Board meetings is designed to ensure that all the directors have direct access to the day-to-day management of the Company's business and to, *inter alia*, ensure that the policies and strategies adopted by the Board are successfully implemented by the Company.

On joining the Board, a director is provided with briefings by the Company's senior management on the different activities within the Company. Each director is made aware of the Company's on-going obligations in terms of the Companies Act (Cap. 386), the Listing Rules and other relevant legislation. Directors have access to the advice and services of the Company Secretary who is also the legal counsel to the Board and the Company in order to ensure that each director is aware of his legal obligations. The Company is also prepared to bear the expense incurred by the directors requiring independent professional advice should they judge it necessary to discharge their responsibilities as directors. The Board actively also considers the professional and technical development of all directors and senior management.

The Company recognises the need for a succession plan for the senior management of the Company. The marina service agreement with CNML provides the necessary tool for succession planning purposes. The value added by having this marina service agreement with CNML is the possibility for the Company to tap in on any additional resources it may require from time to time. This serves the purpose of also ensuring the continuity of operations of the marina. Appointments and changes to senior management are the responsibility of the CEO and are approved by the Board.

Notwithstanding that the Board has established no formal system yet, the Board and the CEO ensure that the staff morale is duly monitored at all times.

# Grand Harbour Marina p.l.c.

## Directors' Statement of Compliance with the Code of Principles of Good Corporate Governance (continued)

### Part 1: Compliance with the Code (continued)

#### *Principle 7: Evaluation of the Board's Performance*

With respect to the year under review, the Board undertook an evaluation of its own performance, the Chairman's performance and that of its Committees. The Board did not per se appoint a committee to carry out this performance evaluation, but the evaluation exercise was conducted through a discussion at a meeting of the Board of Directors. Whilst the Board continuously seeks ways how to reasonably improve its governance structures, the feedback obtained to date was not such to require material changes to the Company's corporate governance structures.

#### *Principle 8: Committees*

##### *Remuneration Committee*

As is permitted in terms of provision 8.A.2 of the Code, on the basis of the fact that the remuneration of the directors is not performance-related, the Company has not set up a remuneration committee. The functions which would otherwise be carried out by such committee are carried out by the Board which in so doing, benchmarks the directors' remuneration against the market.

#### *Principle 9: Relations with Shareholders and with the Market and Principle 10: Institutional Investors*

The Board is of the view that over the period under review the Company has communicated effectively with the market through a number of company announcements that it published informing the market of significant events happening within the Company, as well as the keeping the market updated with the impact of the COVID-19 pandemic on the operations and financial performance of the Company.

The Company also communicates with its shareholders through its Annual General Meeting (further detail is provided under the section entitled General Meetings). The Chairman arranges for all directors to attend the annual general meeting and for the chairman of the Audit Committee to be available to answer questions, if necessary. The Chairman also ensures that sufficient contact is maintained with major shareholders to understand issues and concerns.

Apart from the annual general meeting, the Company intends to continue with its active communication strategy in the market and shall accordingly continue to communicate with its shareholders and the market by way of the Annual Report and Financial Statements, by publishing its results on a six-monthly basis during the year and through the directors statements published on a six-monthly basis, and by company announcements to the market in general. The Company recognises the importance of maintaining a dialogue with the market to ensure that its strategies and performance are well understood and disclosed to the market in a timely manner.

The Company's website (<https://cnmarinas.com/grand-harbour-marina/notification%20&%20publication>) also contains information about the Company and its business which is a source of further information to the market. Individual shareholders can raise matters relating to their shareholding at any time throughout the year and are provided with the opportunity to ask questions at the Annual General Meeting. Minority shareholders may requisition a meeting of shareholders in accordance with applicable law.

#### *Principle 11: Conflicts of Interest*

The directors are aware that their primary responsibility is always to act in the interest of the Company and its shareholders as a whole irrespective of who appointed them to the Board. Acting in the interest of the Company includes an obligation to avoid conflicts of interest. The Board is aware of any interest directors may have in the share capital of the Company.

# Grand Harbour Marina p.l.c.

## Directors' Statement of Compliance with the Code of Principles of Good Corporate Governance (continued)

### Part 1: Compliance with the Code (continued)

#### *Principle 11: Conflicts of Interest (continued)*

In the case of conflicts, the Company has strict policies in place which are based on applicable laws, rules and regulations and which allow it to manage such conflicts, actual or potential, in the best interest of the Company.

#### *Principle 12: Corporate Social Responsibility*

The Company has adhered to the accepted principles of corporate social responsibility and continued to support the Community in Cottonera. Once again, Grand Harbour Marina was proud to host the line honour winners *SY / LOVE POLAND* of this year's Rolex Middle Sea Race, attracting the highest standard in sailors of all generations to the Maltese Islands. The marina also continues to show its support to local preservation and cultural heritage by aiding in the restoration of the Charles Sammut Sails and Dolphins' monument located at the Vittoriosa Waterfront.

Moreover, Camper & Nicholsons Marinas supported the annual 'Wave of Change' challenge, organised by swim coach and environmental activist Neil Agius in Malta. 'Wave of Change' is an anti- plastic campaign helping promote the reduction of plastic, urging responsible consumption of seafood and improving coastal health.

Financial support has been provided to the Birgu Local Council, Inspire, ALS Malta and Blossom Foundation.

### Part 2: Non-Compliance with the Code

#### *Principle 4: Code Provisions 4.2.7:*

Code Provision 4.2.7 recommends "*the development of a succession policy for the future composition of the Board of directors and particularly the executive component thereof, for which the Chairman should hold key responsibility*". In the context of the appointment of directors being a matter reserved exclusively to the Company's shareholders (except where the need arises to fill a casual vacancy), considering that every director retires from office at the AGM, the Company does not consider it feasible to have in place such a succession policy. However, the recommendation to have in place such a policy will be kept under review. An active succession policy is however in place for senior executive positions in the Company.

#### *Principle 7: Code Provision*

Code Provision 7.1 recommends that *the board should appoint a committee chaired by a non-executive Director in order to carry out a performance evaluation of its role*. The Board did not appoint an *ad hoc* committee to carry out this performance evaluation. The Board believes that the size of the Company and the Board itself does not warrant the establishment of a committee specifically for the purpose of carrying out a performance evaluation of its role. Whilst the requirement under Code Provision 7.1 might be useful in the context of larger companies having a more complex set-up and a larger Board, the size of the Company's Board is such that it should enable it to evaluate its own performance without the requirement of setting up an *ad hoc* committee for this purpose. Additionally, the Board also notes that its performance is subject to the constant scrutiny of, the Board itself, the Company's shareholders, the market and the rules by which the Company is regulated as a listed company.

# Grand Harbour Marina p.l.c.

## Directors' Statement of Compliance with the Code of Principles of Good Corporate Governance (continued)

### Part 2: Non-Compliance with the Code

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

Pursuant to the Company's Articles of Association, the appointment of directors to the Board is reserved exclusively to the Company's shareholders (in line also with general and commonly accepted practice in Malta). Any shareholder/s who in the aggregate hold not less than 200,000 shares having voting rights in the Company is entitled to nominate a fit and proper person for appointment as a director of the Company. Furthermore, in terms of the Memorandum and Articles of Association of the Company, the directors themselves are entitled to make recommendations and nominations to the shareholders for the appointment of directors at the next following annual general meeting. Within this context, the Board believes that the setting up of a Nomination Committee is not required since the Board itself has the authority to recommend and nominate directors. Notwithstanding this, the Board will retain under review the issue relating to the setting up of a Nomination Committee.

#### *Principle 9: Code Provision 9.3:*

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

### **Internal Control and Risk Management**

The Board reviews and is ultimately responsible for the Company's system of internal controls and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate risk to achieve business objectives, and can provide only reasonable, and not absolute, assurance against normal business risks or loss.

The key features of the Company's system of internal control are as follows:

<b>Organisation</b>	The Company operates through the management team of the Company. Such team operates within clear reporting lines and delegation of powers granted by resolution of the Board.
<b>Control environment</b>	<p>The Company is committed to the highest standards of business conduct and seeks to maintain these standards across all of its operations. Company policies and employee procedures are in place for the reporting and resolution of improper activities.</p> <p>The Company has an appropriate organisational structure for planning, executing, controlling and monitoring business operations in order to achieve Company objectives.</p>
<b>Risk identification</b>	Company management is responsible for the identification and evaluation of key risks applicable to their respective areas of business.
<b>Financial reporting</b>	Financial reporting procedures are in place to identify, control and report major risks. The Board receives periodic management information giving comprehensive analysis of financial and business performance against prior periods and current budgets.

# **Grand Harbour Marina p.l.c.**

## **Directors' Statement of Compliance with the Code of Principles of Good Corporate Governance (continued)**

### **General Meetings and Shareholders' Rights**

#### *Conduct of general meetings*

It is only shareholders whose details are entered into the register of members on the record date that are entitled to participate in the general meeting and to exercise their voting rights. In terms of the Listing Rules, the record date falls 30 days immediately preceding the date set for the general meeting to which it relates. The establishment of a record date and the entitlement to attend and vote at general meeting does not, however, prevent trading in the shares after the said date.

In order for business to be transacted at a general meeting, a quorum must be present. In terms of the articles of association, 51% of the nominal value of the issued equity securities entitled to attend and vote at the meeting constitutes a quorum. If within half an hour, a quorum is not present, the meeting shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place as the directors may determine. In any event, the adjourned meeting must be held at least ten days after the final convocation is issued and no new item must put on the agenda of such adjourned meeting. If at the adjourned meeting a quorum is not yet present within half an hour from the time appointed for the meeting, the member or members present shall constitute a quorum. Generally, the chairman of the Board presides as chairman at every general meeting of the Company. At the commencement of any general meeting, the chairman may, subject to applicable law, set the procedure which shall be adopted for the proceedings of that meeting. Such procedure is binding on the members.

If the meeting consents or requires, the chairman shall adjourn a quorate meeting to discuss the business left unattended or unfinished. If a meeting is adjourned for 30 days or more, notice of the quorate meeting must be given as in the case of an original meeting. Otherwise, it is not necessary to give any notice of an adjourned meeting or of the business to be transacted at such quorate meeting.

At any general meeting a resolution put to the vote shall be determined and decided by a show of hands, unless a poll is demanded before or on the declaration of the result of a show of hands by:

- I. the chairman of the meeting; or
- II. by at least three (3) members present in person or by proxy; or
- III. any member or members present in person or by proxy and representing not less than one tenth of the total voting power of all members having the right to vote at that meeting; or
- IV. a member or members present in person or by proxy holding equity securities conferring a right to vote at the meeting, being equity securities on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the equity securities conferring that right.

Unless a poll is so demanded, a declaration by the chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost together with an entry to that effect in the minute book, shall constitute conclusive evidence of the fact without need for further proof. If a resolution requires a particular majority in value, in order for the resolution to pass by a show of hands, there must be present at that meeting a member or members holding in the aggregate at least the required majority. A poll demanded on the election of the chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at the discretion of the chairman. In the case of equality of votes, whether on a show of hands or on a poll, the chairman has a second or casting vote. On a show of hands every member present in person or by proxy shall have one vote, and on a poll every member shall have one vote for each equity security carrying voting rights of which he is the holder provided that all calls or other sums presently payable by him in respect of equity securities have been paid.

# **Grand Harbour Marina p.l.c.**

## **Directors' Statement of Compliance with the Code of Principles of Good Corporate Governance (continued)**

### **General Meetings and Shareholders' Rights (continued)**

#### *Proxy*

Every member is entitled to appoint one person to act as proxy holder to attend and vote at a general meeting instead of him. The proxy holder shall enjoy the same rights to participate in the general meeting as those to which the member thus represented would be entitled. If a member is holding shares for and on behalf of third parties, such member shall be entitled to grant a proxy to each of his clients or to any third party designated by a client and the said member is entitled to cast votes attaching to some of the shares differently from the others. In the case of voting by a show of hands, a proxy who has been mandated by several members and instructed to vote by some shareholders in favour of a resolution and by others against the same resolution shall have one vote for and one vote against the resolution.

The instrument appointing a proxy must be deposited at the office or by electronic mail at the address specified in the notice convening the meeting not less than forty-eight (48) hours before the time for holding the meeting or, in the case of a poll, not less than forty-eight (48) hours before the time appointed for the taking of the poll. The same applies to the revocation of the appointment of a proxy.

A form of instrument of proxy shall be in such form as may be determined by the directors and which would allow a member appointing a proxy to indicate how he would like his proxy to vote in relation to each resolution.

#### *Including items on the agenda*

A shareholder or shareholders holding not less than 5% of the issued share capital may include items on the agenda of the general meeting and table draft resolutions for items included on the agenda of a general meeting. Such right must be exercised by the shareholder at least 46 days before the date set for the general meeting to which it relates.

#### *Questions*

Shareholders have the right to ask questions which are pertinent and related to the items on the agenda.

#### *Electronic voting*

In terms of the Articles of Association of the Company, the directors may establish systems to:

- a) allow persons entitled to attend and vote at general meetings of the Company to do so by electronic means in accordance with the relevant provisions of the Listing Rules; and
- b) allow for votes on a resolution on a poll to be cast in advance.

Where a shareholder requests the Company to publish a full account of a poll, the Company is required to publish the information on its website not later than 15 days after the general meeting at which the result was obtained.

Further details on the conduct of a general meeting and shareholders' rights are contained in the memorandum and articles of association of the Company and in chapter 12 of the Listing Rules.



# Grand Harbour Marina p.l.c.

## Directors' Statement of Compliance with the Code of Principles of Good Corporate Governance (continued)

### Remuneration Statement

As is permitted in terms of provision 8.A.2 of the Code, on the basis of the fact that the remuneration of the directors is not performance-related, the Company has not set up a remuneration committee. The functions which would otherwise be carried out by such Committee are carried out by the Board.

#### *Remuneration Policy – Senior Executives*

The Board determines the framework of the overall remuneration policy and individual remuneration arrangements for its senior executives based on recommendations from the Compensation Committee of its Parent company. The Board considers that these remuneration packages reflect market conditions and are designed to attract appropriate quality executives to ensure the efficient management of the Company. During the current year under review there have been no significant changes in the Company's remuneration policy and no significant changes are intended to be effected thereto in the year ahead. The terms and conditions of employment of each individual within the executive team are set out in their respective indefinite contracts of employment with the Company. None of these contracts contain provisions for termination payments and other payments linked to early termination. The Company's senior executives may be paid a bonus by the Company of up to 10% of their respective salary. The payment of such bonus is based on the financial performance of the Company.

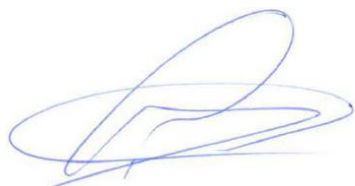
Moreover, share options, pension schemes and profit sharing are currently not part of the Company's remuneration policy.

The Company has opted not to disclose the amount of remuneration paid to its senior executives on the basis that it is commercially sensitive.

#### *Remuneration Policy – Directors*

The Board determines the framework of the remuneration policy for the members of the Board as a whole. The maximum annual aggregate emoluments that may be paid to the directors is approved by the shareholders in the Annual General Meeting. The financial statements disclose an aggregate figure in respect of the directors' remuneration which, with respect to the period under review, amounted to thirty-eight thousand Euros (€38k) (entirely representing a fixed remuneration). As mentioned above, there are no share options and the directors do not receive variable remuneration. Directors' emoluments are designed to reflect the time committed by directors to the Company's affairs. The remuneration of the directors is not performance related.

Signed on behalf of the Board of Directors on 31 March 2021 by:



Franco Azzopardi  
Director and Chairman of Audit Committee

# Grand Harbour Marina p.l.c.

## Other Disclosures in terms of the Listing Rules

### Pursuant to Listing Rule 5.70

#### **5.70.1 Material Contracts in relation to which a director of the Company was directly or indirectly interested**

##### ***Marina Services Agreement between the Company and CNML***

On the 1 July 2007, the Company entered into a Marina Service Agreement with CNML for an initial period of 3 years and shall continue in force thereafter. CNML is entitled to receive from the Company the following fees/charges:

1. in respect of recruitment, operational services and auditing - 2.5% on the sum of the total amounts (gross receipts) from the marina operations with a minimum payment of GBP18k per annum;
2. sales and marketing - GBP3.2k per month and 2.5% on licences in excess of one year;
3. commissioning - sums shall be agreed from time to time in connection with projects undertaken;
4. project services - charges are agreed from time to time; and
5. financial controller support - a rate of GBP48 per hour for actual time spent on GHM work.

##### ***Royalty Agreement between the Company and Camper & Nicholsons Marinas International Limited***

The Company had formerly entered into an agreement with CNML. The agreement dated 1 April 2004 gives right for the marina to use the name of "C&N" for its operations. CNML was entitled to branding charges of GBP1k per month. This agreement had been replaced by an agreement dated 1 July 2007 between GHM and Camper & Nicholsons (Designs) Limited. Under the terms of this agreement, GHM was obliged to pay Camper & Nicholsons (Designs) Limited 0.25% of turnover as royalties with a minimum amount of GBP10k per annum. This agreement was terminated on 19 December 2008 and replaced by another agreement with Camper & Nicholsons Marinas International Limited. Under the terms of this new agreement the Company is obliged to pay Camper & Nicholsons Marinas International Limited 1.50% of operating turnover as royalties.

The following directors of the Company are also directors of Camper & Nicholsons Marina Investments Limited and / or other companies forming part of the same group of companies:

Victor Lap-Lik Chu  
Elizabeth Ka-Yee Kan

# **Grand Harbour Marina p.l.c.**

## **Other Disclosures in terms of the Listing Rules (continued)**

**Pursuant to Listing Rule 5.70 (continued)**

**Pursuant to Listing Rule 5.70.2**

<b>Company Secretary:</b>	Dr Louis de Gabriele LL.D.
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<b>Registered Office of Company:</b>	Vittoriosa Wharf Vittoriosa BRG 1721 Malta
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<b>Telephone:</b>	(+356) 21 800 700
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# Grand Harbour Marina p.l.c.

## Remuneration Report

Year Ended 31 December 2020

This statement on the remuneration of Grand Harbour Marina p.l.c.'s (C 26891) (the “**Company**”) board of directors and Chief Executive Officer has been drawn up in compliance with the requirements of Chapter 12 of the Listing Rules, and contains information required by the provisions of Appendix 12.1 of the Listing Rules.

The Company's remuneration of its board of directors is based on the remuneration policy adopted and approved by the shareholders at the annual general meeting of 11 September 2020. That policy is available for inspection on the Company's website at <http://api.cnmarinas.com/wp-content/uploads/2021/03/AGM-2020-Remuneration-Policy.pdf>.

### 1. The Remuneration Policy

The Company's remuneration policy determines the basis for remuneration of all members of the board of directors, and the Chief Executive Officer (“**CEO**”) of the Company. It defines the principles and guidelines that apply to both fixed and variable remuneration, including all bonuses and benefits, which can be awarded to directors and, in the case of variable remuneration, indicate the relative proportion between fixed and variable components.

The Company's remuneration policy is intended as a measure to attract and retain suitable candidates for the position of directors, calculated to provide the Company with the appropriate skills, technical knowledge experience and expertise both for the determination of policies and strategies of the Company as well as the supervisory role of the board, which in turn contributes to the performance of the Company. The CEO does not get any form of remuneration from the Company.

The Policy was implemented without any deviations from the procedure for the implementation of the remuneration policy as defined in Chapter 12 of the Listing Rules. However, it is worth noting that whilst the remuneration policy provides that the Board mandated the Compensation Committee established by Camper & Nicholsons Marina Investments Limited (the Parent Company) to evaluate the remuneration of the senior executives of the Company and formulate recommendations to the Board, by the end of 2020, the Board took over this role and started benchmarking the remuneration of the directors against the market.

The overall remuneration of the board consists of two components which are designed to reflect the time committed by the directors to the Company's affairs:

- The basic remuneration, consisting of fixed *honoraria* as sitting members of the board;
- Additional remuneration where a member of the board is assigned additional duties to sit on or chair a board committee.

### 2. The Decision-making process with respect to remuneration

The aggregate emoluments that may be paid to the directors (excluding the CEO) is decided upon by the shareholders in general meeting following a recommendation made to shareholders by the board.

The board then decides on the remuneration of the Chairman and the other non-executive directors consisting of a fixed honorarium to each director. The board also establishes and fixes the remuneration of the CEO with respect to her executive role within the Company.

# Grand Harbour Marina p.l.c.

## Remuneration Report (continued)

Year Ended 31 December 2020

### 3. Key principles of remuneration

At the beginning of 2020, the Board was composed of six (6) directors, one (1) of whom had executive functions whilst the remaining five (5) directors were non-executive. David Martin Bralsford and Clive Whiley, both non-executive directors, did not seek re-election to the Board of Directors during the 2020 Annual General Meeting and accordingly, ceased to be directors with effect from 11 September 2020. Currently, the Board comprises three (3) non-executive directors, including the Chairman (Victor Lap-Lik Chu, Franco Azzopardi and Lawrence Zammit) and one executive director, namely Elizabeth Ka-Yee Kan, who is the CEO of the Company.

The aggregate remuneration approved by the shareholders for the financial year ended 31 December 2020 was retained at a maximum of €232,937.34. This includes the two components of remuneration.

#### The Chairman and the non-executive directors

##### *Fixed component*

The board believes that in line with local practice the fixed honorarium for non-executive directors is the principal component that compensates directors for their contribution as members of the board. The Chairman of the board receives a higher honorarium in view of the role of acting as the most senior non-executive director on the board and as the person responsible for chairing board meetings, co-ordinating board assignments, and generally represents the Company in its interactions with the authorities and key stakeholders.

Non-executive directors who are also delegated to sit on a sub-committee of the board or otherwise chair such sub-committee are paid fixed additional fixed honoraria for each such assignment.

None of the directors have service contracts with the Company and each non-executive director serves from one annual general meeting to the next, when the appointment of directors is conducted at the annual general meeting. Accordingly, none of the non-executive directors have any entitlement to any compensation if they are removed from office. Such removal would require an ordinary resolution of the shareholders at a general meeting.

The Directors' are entitled to be paid travel and other reasonable expenses incurred by them in the performance of their duties as directors. The Company does not remunerate the Chairman or the other non-executive directors in any other manner, nor does it provide any loans or other guarantees to them.

##### *Variable component*

In line with the Remuneration Policy approved by shareholders, the non-executive directors are not entitled to a any form of variable remuneration.

Table 1 below shows the overall remuneration of non-executive directors for the financial year ended 31 December 2020:

Office	Fixed Honorarium	Additional Remuneration for sitting on subcommittees	Total
	€	€	€
Lawrence Zammit (Chairman)	22,000	3,000	25,000
Franco Azzopardi	10,000	3,000	13,000
Victor Lap-Lik Chu	nil	nil	nil
David Martin Bralsford	nil	nil	nil
Clive Whiley	nil	nil	nil

*Table 1 - Remuneration of Non-Executive Directors*

# Grand Harbour Marina p.l.c.

## Remuneration Report (continued)

Year Ended 31 December 2020

### Executive Director

The Company has one executive, that is also appointed as member of the board (not *ex officio*). The executive director is the CEO.

#### ***Fixed Remuneration- Salary***

The CEO does not get any form of remuneration from the Company.

#### ***Variable Remuneration- Bonus***

The CEO does not get any form of remuneration from the Company.

There has been no change in the remuneration of directors over the course of the year 2020. In line with a decreasing number of directors sitting on the Board of the Company, during the past five-years the aggregate remuneration of directors decreased but the individual remuneration of the remaining directors remained unchanged as set out in the table below.

**THIS REMUNERATION STATEMENT HAS BEEN PREPARED BY THE DIRECTORS AND IS SIGNED BY THE CHAIRMAN AS AUTHORISED BY THE BOARD. IN ACCORDANCE WITH LISTING RULE 12.26N, THE EXTERNAL AUDITORS HAVE CHECKED THAT ALL INFORMATION, REQUIRED IN TERMS OF APPENDIX 12.1 OF CHAPTER 12 OF THE LISTING RULES, HAS BEEN INCLUDED.**



Lawrence Zammit  
Chairman

# Grand Harbour Marina p.l.c.

## Statement of financial position

As at 31 December 2020


		2020	2019	1 January 2019	2020	2019
		Group	Restated* Group	Restated* Group	Company	Company
	Note	€000	€000	€000	€000	€000
<b>ASSETS</b>						
Property, plant and equipment	16	4,831	5,059	5,215	4,831	5,059
Deferred costs		482	482	491	482	482
Right-of-use asset	21	5,403	5,150	-	5,403	5,150
Net investment lease receivable	21	3	410	-	3	410
Equity-accounted investee	18	1,302	2,343	2,274	2,174	2,174
Investment in debt securities	19	5,894	5,651	494	5,894	5,651
Loans to Parent company	20	4,242	1,235	2,950	4,242	3,922
<b>Non-current assets</b>		<b>22,157</b>	<b>20,330</b>	<b>11,424</b>	<b>23,029</b>	<b>22,848</b>
Loans to Parent company	20	1,930	2,687	1,000	1,930	-
Trade and other receivables	22	1,834	1,091	1,197	1,834	1,091
Cash and cash equivalents	23	1,528	4,054	8,325	1,528	4,054
<b>Current assets</b>		<b>5,292</b>	<b>7,832</b>	<b>10,522</b>	<b>5,292</b>	<b>5,145</b>
<b>Total assets</b>		<b>27,449</b>	<b>28,162</b>	<b>21,946</b>	<b>28,321</b>	<b>27,993</b>
<b>EQUITY</b>						
Share capital	24	2,400	2,400	2,400	2,400	2,400
Exchange translation reserve	24	(228)	(97)	(218)	-	-
Fair value reserve	24	(91)	4	(4)	(91)	4
Retained earnings	24	468	906	806	1,112	640
<b>Total equity</b>		<b>2,549</b>	<b>3,213</b>	<b>2,984</b>	<b>3,421</b>	<b>3,044</b>
<b>LIABILITIES</b>						
Lease liability	21	6,020	6,090	-	6,020	6,090
Debt securities in issue	26	14,713	14,677	14,643	14,713	14,677
Deferred tax liabilities	15	993	1,149	1,169	993	1,149
<b>Non-current liabilities</b>		<b>21,726</b>	<b>21,916</b>	<b>15,812</b>	<b>21,726</b>	<b>21,916</b>
Lease liability	21	153	65	-	153	65
Bank overdraft	26	-	1	1	-	1
Taxation payable	15	491	263	-	491	263
Trade and other payables	27	1,406	1,527	2,193	1,406	1,527
Contract liabilities	28	1,124	1,177	956	1,124	1,177
<b>Current liabilities</b>		<b>3,174</b>	<b>3,033</b>	<b>3,150</b>	<b>3,174</b>	<b>3,033</b>
<b>Total liabilities</b>		<b>24,900</b>	<b>24,949</b>	<b>18,962</b>	<b>24,900</b>	<b>24,949</b>
<b>Total equity and liabilities</b>		<b>27,449</b>	<b>28,162</b>	<b>21,946</b>	<b>28,321</b>	<b>27,993</b>

\*The comparative information is restated on account of correction of errors (see note 5.3).

The accompanying notes are an integral part of these financial statements. The financial statements on pages 29 to 98 were approved and authorised for issue by the Board of Directors on 31 March 2021 and signed on its behalf by:



Lawrence Zammit  
Chairman



Franco Azzopardi  
Director

# Grand Harbour Marina p.l.c.

## Statement of profit or loss and other comprehensive income

For the year ended 31 December 2020

		2020	2019	2020	2019
			Restated*		
	Note	Group €000	Group €000	Company €000	Company €000
<b>Continuing operations</b>					
Revenue	10	4,098	4,116	4,098	4,116
Direct costs	11	(834)	(808)	(834)	(808)
<b>Gross profit</b>		<b>3,264</b>	<b>3,308</b>	<b>3,264</b>	<b>3,308</b>
Selling and marketing expenses	11	(29)	(72)	(29)	(72)
Administrative expenses	11	(1,178)	(1,528)	(1,178)	(1,528)
Impairment loss on financial assets	11	(6)	(30)	(6)	(30)
Depreciation on plant and equipment	16	(278)	(278)	(278)	(278)
Depreciation on right-of-use-asset	21	(109)	(109)	(109)	(109)
<b>Operating profit</b>		<b>1,664</b>	<b>1,291</b>	<b>1,664</b>	<b>1,291</b>
Finance income	13	261	200	261	200
Finance costs	13	(1,119)	(1,096)	(1,119)	(1,096)
<b>Net finance costs</b>		<b>(858)</b>	<b>(896)</b>	<b>(858)</b>	<b>(896)</b>
<b>Share of (loss)/ profit of equity-accounted investee, net of tax</b>	18	<b>(862)</b>	<b>59</b>	<b>-</b>	<b>-</b>
<b>(Loss)/ profit before tax</b>		<b>(56)</b>	<b>454</b>	<b>806</b>	<b>395</b>
Income tax expense	15	(334)	(243)	(334)	(243)
<b>(Loss)/ profit for the year</b>		<b>(390)</b>	<b>211</b>	<b>472</b>	<b>152</b>
<b>Other comprehensive income:</b>					
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Foreign currency translation differences	18	(131)	10	-	-
Unrealised fair value movement on debt securities at fair value through other comprehensive income (FVOCI)	19	(95)	13	(95)	13
Cumulative movement in fair value of debt securities disposed of during the year reclassified to profit or loss	19	(1)	(8)	(1)	(8)
Expected credit losses on debt securities at FVOCI	19	1	3	1	3
<b>Other comprehensive expense for the year, net of tax</b>		<b>(226)</b>	<b>18</b>	<b>(95)</b>	<b>8</b>
<b>Total comprehensive income for the year</b>		<b>(616)</b>	<b>229</b>	<b>377</b>	<b>160</b>
Earnings per share (cents)	14	(1c9)	1c0	2c4	0c8

\*The comparative information is restated on account of correction of errors (see note 5.3).

The accompanying notes are an integral part of these financial statements.



# Grand Harbour Marina p.l.c.

## Statement of changes in equity

For the Year Ended 31 December 2020

Group	Share capital €000	Translation reserve €000	Fair value reserve €000	Retained earnings €000	Total €000
Balance at 1 January 2019, as previously reported	2,400	(218)	(4)	1,112	3,290
Impact of correction of errors (note 5.3)	-	-	-	(306)	(306)
Restated balance at 1 January 2019	2,400	(218)	(4)	806	2,984
<b>Total comprehensive income for the year (restated)</b>					
Profit for the year	-	-	-	211	211
<b>Other comprehensive income:</b>					
Foreign currency translation differences- equity accounted investees	-	121	-	(111)	10
Debt investments at FVOCI – net change in fair value	-	-	5	-	5
Expected credit losses on debt securities at FVOCI	-	-	3	-	3
<b>Total comprehensive income for the year (restated)</b>	-	121	8	100	229
Restated balance at 31 December 2019	2,400	(97)	4	906	3,213
<b>Balance at 1 January 2020</b>	<b>2,400</b>	<b>(97)</b>	<b>4</b>	<b>906</b>	<b>3,213</b>
<b>Total comprehensive income for the year</b>					
Loss for the year	-	-	-	(390)	(390)
<b>Other comprehensive income:</b>					
Foreign currency translation differences- equity accounted investees	-	(131)	-	-	(131)
Debt investments at FVOCI – net change in fair value	-	-	(96)	-	(96)
Expected credit losses on debt securities at FVOCI	-	-	1	-	1
<b>Total comprehensive income for the year</b>	-	(131)	(95)	(390)	(616)
	2,400	(228)	(91)	516	2,597
Transfer from retained earnings	-	-	-	(48)	(48)
<b>Balance at 31 December 2020</b>	<b>2,400</b>	<b>(228)</b>	<b>(91)</b>	<b>468</b>	<b>2,549</b>

The accompanying notes are an integral part of these financial statements.

# Grand Harbour Marina p.l.c.

## Statement of changes in equity (continued)

For the Year Ended 31 December 2020

Company	Share capital €000	Fair value reserve €000	Retained earnings €000	Total €000
Balance at 1 January 2019	2,400	(4)	488	2,884
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	152	152
<b>Other comprehensive income:</b>				
Debt investments at FVOCI – net change in fair value	-	5	-	5
Expected credit losses on debt securities at FVOCI	-	3	-	3
<b>Total comprehensive income for the year</b>	-	8	152	160
Balance at 31 December 2019	2,400	4	640	3,044
<b>Balance at 1 January 2020</b>	<b>2,400</b>	<b>4</b>	<b>640</b>	<b>3,044</b>
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	472	472
<b>Other comprehensive income:</b>				
Debt investments at FVOCI – net change in fair value	-	(96)	-	(96)
Expected credit losses on debt securities at FVOCI	-	1	-	1
<b>Total comprehensive income for the year</b>	-	(95)	472	377
<b>Balance at 31 December 2020</b>	<b>2,400</b>	<b>(91)</b>	<b>1,112</b>	<b>3,421</b>

The accompanying notes are an integral part of these financial statements.

# Grand Harbour Marina p.l.c.

## Statement of cash flows

For the Year Ended 31 December 2020

		2020	2019	2020	2019
			Restated*		
	Note	Group €000	Group €000	Company €000	Company €000
<b>Cash flows from operating activities</b>					
(Loss)/ profit for the year		<b>(390)</b>	211	<b>472</b>	152
Adjustments for:					
Depreciation on plant and equipment	16	<b>278</b>	278	<b>278</b>	278
Depreciation on right-of-use assets	21	<b>109</b>	109	<b>109</b>	109
Deferred costs		-	9	-	9
Increase in expected credit losses on financial assets	29	<b>7</b>	33	<b>7</b>	33
Share of loss/ (profit) of equity accounted investee, net of tax	18	<b>862</b>	(59)	-	-
Net finance costs	13	<b>858</b>	896	<b>858</b>	896
Assets written off	16	<b>8</b>	73	<b>8</b>	73
Tax expense	15	<b>334</b>	243	<b>334</b>	243
		<b>2,066</b>	1,793	<b>2,066</b>	1,793
Changes in:					
- Trade and other receivables		<b>(361)</b>	179	<b>(361)</b>	179
- Contract liabilities		<b>(51)</b>	203	<b>(51)</b>	203
- Trade and other payables		<b>(123)</b>	(234)	<b>(123)</b>	(234)
<b>Cash generated from operating activities</b>		<b>1,531</b>	1,941	<b>1,531</b>	1,941
Interest paid		<b>(675)</b>	(675)	<b>(675)</b>	(675)
Taxes paid		<b>(263)</b>	-	<b>(263)</b>	-
<b>Net cash from operating activities</b>		<b>593</b>	1,266	<b>593</b>	1,266
<b>Cash flows from investing activities</b>					
Interest received		<b>375</b>	137	<b>375</b>	137
Acquisition of property, plant and equipment	16	<b>(58)</b>	(195)	<b>(58)</b>	(195)
Acquisition of corporate debt securities	19	<b>(474)</b>	(5,507)	<b>(474)</b>	(5,507)
Proceeds from disposal of corporate debt securities	19	<b>136</b>	355	<b>136</b>	355
Amounts advanced to related parties	31	<b>(2,754)</b>	-	<b>(2,754)</b>	-
<b>Net cash used in investing activities</b>		<b>(2,775)</b>	(5,210)	<b>(2,775)</b>	(5,210)
<b>Cash flows from financing activities</b>					
Proceeds from subleased properties	21	<b>24</b>	45	<b>24</b>	45
Payment of lease liabilities	21	<b>(367)</b>	(372)	<b>(367)</b>	(372)
<b>Net cash used in financing activities</b>		<b>(343)</b>	(327)	<b>(343)</b>	(327)
<b>Net decrease in cash and cash equivalents</b>		<b>(2,525)</b>	(4,271)	<b>(2,525)</b>	(4,271)
Cash and cash equivalents at the 1 January**		<b>4,053</b>	8,324	<b>4,053</b>	8,324
<b>Cash and cash equivalents at 31 December**</b>	23	<b>1,528</b>	4,053	<b>1,528</b>	4,053

\*The comparative information is restated on account of correction of errors (see note 5.3).

\*\*Cash and cash equivalents include bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

The accompanying notes are an integral part of these financial statements.

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

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### 1 Reporting entity

Grand Harbour Marina p.l.c. (the “Company”) is a public listed company domiciled and incorporated in Malta, with registration number C26891.

The consolidated financial statements of the Group as at and for the year ended 31 December 2020 comprise the Company and its subsidiary, (together referred to as the “Group”) and the Group’s beneficial interest of 45% in a joint arrangement, IC Cesme Marina Yatirim, Turizm ve Islemeleri Anonim Sirketi (“IC Cesme”). The Group is itself a subsidiary of Camper & Nicholsons Marina Investments Limited (“CNMIL” or the “Parent Company”). The principal activities of the Group are the development operation and management of marinas.

### 2 Basis of accounting

Legal Notice 19 of 2009 as amended by Legal Notice 233 of 2017, Accountancy Profession (Accounting and Auditing Standards) (Amendments) Regulations, 2017 (the “Regulation”), defines compliance with generally accepted accounting principles and practice as adherence to International Financial Reporting Standards (IFRS) as adopted by the EU for financial periods starting on or after 1 January 2008. This Regulation was deemed to have come into force on 17 June 2017. Article 4 of Regulation 1606/2002/EC requires that, for each financial year starting on or after 1 January 2005, companies governed by the law of an EU Member State shall prepare their consolidated financial statements in conformity with IFRS as adopted by the EU if, at their reporting date, their securities are admitted to trading on a regulated market of any EU Member State. This Regulation prevails over the provisions of the Companies Act, 1995, (Chapter 386, Laws of Malta) to the extent that the said provisions of the Companies Act, 1995, (Chapter 386, Laws of Malta) are incompatible with the provisions of the Regulation.

Consequently, the separate and the consolidated financial statements are prepared in conformity with IFRS as adopted by the EU. Details of the Group’s accounting policies are included in note 7.

### 3 Basis of measurement

The financial statements have been prepared on the historical cost basis, except investments in debt securities, which are measured at fair value on each reporting date. The financial statements have also been prepared on a going concern basis as explained below:

#### *Going concern basis*

As at 31 December 2020, the Group and the Company had a positive working capital and equity position. In spite of the COVID-19 outbreak during 2020, the Board is of the view that in the light of the current financial position and the funding structure in place, the Group and the Company have adequate resources in order to continue to fund their own operations, meet their debts as they fall due and continue to operate as a going concern (see note 29.6). On this basis the directors continue to adopt the going concern assumption in preparing these financial statements.

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

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### 4 Functional and presentation currency

These financial statements are presented in Euro (€), which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

### 5 Critical judgements, estimates and errors

In preparing these financial statements management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

#### 5.1 Judgements, assumptions and estimation uncertainties

Information about judgements, assumptions and estimation uncertainties as at 31 December 2020, that have the most significant effects on the amounts recognised in the financial statements, is included in the following note:

- Note 18.4 – determining the recoverable amount of the Group's investment in IC Cesme: key assumptions underlying recoverable amount, being the EBITDA for a Reasonable Efficient Operator and the yield applied.

#### 5.2 Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the Group assesses the evidence obtained from third parties to support the valuation in accordance with IFRSs as adopted by the EU. Significant valuation issues are reported to the Group's audit committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as price) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair values hierarchy as the lowest level input that is significant to the entire measurement.

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

### 5 Critical judgements, estimates and errors (continued)

#### 5.2 Measurement of fair values (continued)

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair values is included in notes 19 and 29.

#### 5.3 Correction of material error

During 2020, the Group discovered an error in the application of the equity method relevant to the accounting of the Group's investment in IC Cesme in the consolidated financial statements (see note 7.1.5), as appropriate adjustments were not made to the Group's share of the joint venture's profit or loss after acquisition to account for the depreciation of the depreciable assets based on their fair values at acquisition date. As a consequence, the accumulated Group's share of profit or loss and the related investment in equity-accounted investee have been overstated.

The correction affected some of the amounts disclosed in note 18.2 but did not materially impact the Group's earnings per share or the total operating, investing or financing cash flows for the year ended 31 December 2019. The error has been corrected by restating the affected financial statements line items for prior periods as follows:

i) Consolidated statement of financial position

	Impact of correction of error		
	As previously reported	Adjustment	As restated
1 January 2019	€000	€000	€000
Equity-accounted investee	2,580	(306)	2,274
<b>Net assets</b>	<b>2,580</b>	<b>(306)</b>	<b>2,274</b>
Retained earnings	(1,112)	306	(806)
<b>Total equity</b>	<b>(1,112)</b>	<b>306</b>	<b>(806)</b>

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

### 5 Use of judgements and estimates (continued)

#### 5.3 Correction of material error (continued)

i) Consolidated statement of financial position (continued)

31 December 2019	Impact of correction of error		
	As previously reported €000	Adjustment €000	As restated €000
Equity-accounted investee	2,661	(318)	2,343
<b>Net assets</b>	<b>2,661</b>	<b>(318)</b>	<b>2,343</b>
Retained earnings	(1,224)	318	(906)
<b>Total equity</b>	<b>(1,224)</b>	<b>318</b>	<b>(906)</b>

ii) Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2019	Impact of correction of error		
	As previously reported €000	Adjustment €000	As restated €000
Share of profit of equity-accounted investee, net of tax	71	(12)	59
<b>Total comprehensive income for the year</b>	<b>71</b>	<b>(12)</b>	<b>59</b>

### 6 Significant events and transactions

The World Health Organisations declared COVID-19 a global health emergency on 30 January 2020. Since then, the Group has experienced the following disruptions to its operations:

- Restriction from entry into Maltese waters, starting from February 2020 to any yachts coming from Italian ports, extended to a complete restriction in March 2020, up until 30 June 2020, when the public health emergency was lifted, followed by the enabling of travelling to and from 22 countries from 1 July 2020, with restrictions to and from another 28 destinations lifted by 15 July 2020,
- Significant uncertainty concerning when government lockdowns will be lifted and social distancing requirements eased, the application of quarantine periods to boats entering local waters and the long-term effects of the pandemic on the demand for the Group's services.

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

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### 6 Significant events and transactions (continued)

The effects of the global pandemic have impacted the Group's consolidated financial statements for the year ended 31 December 2020, as follows:

- Decrease in revenue and cash flows generated from pontoon and superyacht visitors contracts- as disclosed in note 10, the revenue streams from pontoon and superyacht visitors decreased by €75k and €296k respectively when compared to the same period last year, a fall of 35% and 55% respectively. The Group also experienced a significant fall in bookings for the summer period when compared to historical periods, mainly emanating from the uncertainty of when government lockdowns were to be lifted, and if a quarantine period was to apply to any boats entering local waters;
- Government grants- The Group applied for a government support scheme which was introduced in response to the global pandemic. Included in profit or loss, and as disclosed in note 11, is €180k of government grants obtained relating to a wage support scheme. The Group has elected not to present this government grant separately but has instead deducted the related expense "Wages and salaries" in accordance with IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*. The Group had to commit to terms and conditions relating to this wage supplement program, including not to reduce employee head count until it could avail of such support. The Group does not have any unfulfilled obligations relating to this program;
- During June 2020, the sub-lease agreement on one office was terminated by the sub-lessee. As at reporting date, the office, on which the Company pays a head lease, is still vacant.
- IC Cesme's landside revenues were negatively impacted by extended periods of Covid-related imposed restrictions. The biggest hit was taken at fixed-rent revenue level where a decrease of TL1.3 million was registered over 2019 following an average discount of 42% applied on fixed rents for the period March to December 2020. Similarly, revenue-based rentals registered a decrease of TL0.3 million over prior year. Landside utility income, other landside income (including parking and stand advertisement) and marina residence income decreased over 2019 by TL0.2 million, TL0.4 million and TL0.2 million, respectively.

### 7 Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these financial statements. Certain comparative amounts in the statement of financial position and the statement of profit or loss and OCI have been restated, re-classified or re-presented, as a result of a prior period error (see note 5.3).

#### 7.1 Basis of consolidation

##### 7.1.1 Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (see note 7.1.2). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see note 7.12.2). Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.



# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

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### **7 Significant accounting policies (continued)**

#### **7.1 Basis of consolidation (continued)**

##### **7.1.1 Business combinations (continued)**

Any contingent consideration is measured at fair value at the acquisition date. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair values of the contingent consideration are recognised in profit or loss.

##### **7.1.2 Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

##### **7.1.3 Non-controlling interests ("NCI")**

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

##### **7.1.4 Loss of control**

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

##### **7.1.5 Interest in equity-accounted investees**

The Group's interests in equity-accounted investees comprises an interest in a joint venture.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interest in joint ventures is accounted for using the equity method in the consolidated financial statements. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date at which significant influence or joint control ceases. Appropriate adjustments to the Group's share of the joint venture's profit or loss after acquisition are made in order to account for depreciation at the depreciable assets based on their fair values at acquisition date.

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

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### **7 Significant accounting policies (continued)**

#### **7.1.5 Interest in equity-accounted investees (continued)**

Investments in equity-accounted investees are stated in the separate financial statements of the Company at cost less impairment, if any. Any amounts advanced / incurred for which settlement is neither planned nor likely to occur in the foreseeable future, are treated as an extension to the Company's net investment therein and included in the carrying amount.

#### **7.1.6 Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### **7.2 Foreign currency**

#### **7.2.1 Foreign currency transactions**

Transactions in foreign currencies are translated into their respective functional currencies of Group companies at the exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency rate at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

#### **7.2.2 Foreign operations**

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Euro at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into euro at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI, and accumulated in the foreign currency translation reserve, except to the extent that the translation difference is allocated to non-controlling interests.

### **7.3 Revenue from contracts with customers**

Information about the Group's accounting policies relating to contracts with customers is provided in note 10.

### **7.4 Employee benefits**

The Group contributes towards the State defined contribution plan in accordance with local legislation and to which it has no commitment beyond the payment of contributions. Obligations for contributions to the defined contribution plans are expensed as the related service is provided.

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

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### 7 Significant accounting policies (continued)

#### 7.5 Government grants

The Group recognises a government grant related to the COVID-19 wage supplement.

Such grant compensates the Group for wages and salaries incurred and is offset against the related expenditure in profit or loss on a systematic basis in the periods in which the related expenses are recognised, as the conditions for receiving the grant are met during the same period in which the related expenses have been recognised.

#### 7.6 Finance income and finance costs

The Group and the Company's finance income and finance costs include:

- interest income on investments in debt securities and loans to Parent company,
- interest expense on the lease liability,
- interest expense on bonds in issue,
- amortised bond issue costs,
- the net gain or loss on the disposal of investments in debt securities measured at FVOCI,
- impairment losses (and reversals) on investments in debt securities carried at FVOCI and
- foreign currency gains and losses on financial assets and liabilities.

Interest income and interest expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimate future cash payments or receipts through the expected life of the financial instruments to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

#### 7.7 Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

##### 7.7.1 Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

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### **7 Significant accounting policies (continued)**

#### **7.7 Income tax (continued)**

##### **7.7.2 Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary difference is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain conditions are met.

#### **7.8 Property, plant and equipment**

##### **7.8.1 Recognition and measurement**

Property, plant and equipment of the Group includes superyacht berths that have been completed but not yet licensed (see below), pontoons, improvements to leased property, motor vehicles, office equipment and assets in the course of construction.

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

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### 7 Significant accounting policies (continued)

#### 7.8 Property, plant and equipment (continued)

##### 7.8.1 Recognition and measurement (continued)

As part of its operating activities, Grand Harbour Marina p.l.c. licenses out superyacht berths, typically for periods ranging between 25 to 30 years. The cost of such berths is apportioned between that part attributable to the initial licensing period, which is recognised immediately in profit or loss, and that part (the residual amount) attributable to the time period which extends beyond the initial licensing period. The method of cost apportionment used represents a fair reflection of the pattern of future economic benefits estimated to accrue from the licensing of such berths. The residual amount is classified in the balance sheet as 'deferred costs' and included with non-current assets.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net in the statements of profit or loss and other comprehensive income.

##### 7.8.2 Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. The cost of day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

##### 7.8.3 Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Berths developed and related improvements to leased property are depreciated over the shorter of the lease term and the useful life of the buildings and improvements, unless it is reasonably certain that the Group will obtain ownership of the land by the end of the lease term. The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

• superyacht berths	50 years
• landscaping costs	50 years
• pontoon berths	25 years
• improvements to leased property	10 years
• utility modules and switchboards	10 years
• cable infrastructure	10 years
• motor vehicles, including shipping vessels	5 years
• marine and office equipment	5 years

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

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### **7 Significant accounting policies (continued)**

#### **7.8 Property, plant and equipment (continued)**

##### **7.8.3 Depreciation (continued)**

In note 16.1, landscaping costs, improvements to leased property and utility modules and switchboards are classified under “Improvements to leased property, landscaping and switchboards”, while cable infrastructure and marine and office equipment are classified under “Cable infrastructure, marine & office equipment”.

Depreciation commences when the asset is available for use. Superyacht berths are depreciated from the date of full construction up to the point in time when the long-term licensing contract is signed with the licensee, at which time the carrying amount of such berths is apportioned and accounted for as explained in note 7.8.1. Assets in the course of construction are not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

#### **7.9 Financial instruments**

##### **7.9.1 Recognition and initial measurement**

Trade and other receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value through Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

##### **7.9.2 Classification and subsequent measurement**

###### *Financial assets*

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI – equity investment; or FVTPL. The classification of financial assets under IFRS 9 *Financial Instruments* is generally based on the business model in which a financial asset is managed and its contractual cash flows characteristics.

The Group has financial assets measured at amortised cost which comprise trade and other receivables, loans to Parent company and cash and cash equivalents. The Group also has debt instruments measured at FVOCI which comprise investments in corporate debt securities. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

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### 7 Significant accounting policies (continued)

#### 7.9 Financial instruments (continued)

##### 7.9.2 Classification and subsequent measurement (continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

##### *Financial assets – Business model assessment*

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes the policies and objectives for the portfolio and the operation of those policies in practice, how the performance of the portfolio is evaluated and reported to Group management, the risks that affect the performance of the business model and how those risks are managed and the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

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### 7 Significant accounting policies (continued)

#### 7.9 Financial instruments (continued)

##### 7.9.2 Classification and subsequent measurement (continued)

*Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest*

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group’s claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par-amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

*Financial assets – Subsequent measurement and gains and losses*

#### **Financial assets at FVTPL**

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

#### **Financial assets at amortised cost**

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.



# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

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### **7 Significant accounting policies (continued)**

#### **7.9 Financial instruments (continued)**

##### **7.9.2 Classification and subsequent measurement (continued)**

###### **Debt investments at FVOCI**

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

###### **Equity investments at FVOCI**

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

###### *Financial liabilities – Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

##### **7.9.3 Derecognition**

###### **Financial assets**

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

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### **7 Significant accounting policies (continued)**

#### **7.9 Financial instruments (continued)**

##### **7.9.3 Derecognition (continued)**

###### **Financial liabilities**

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

##### **7.9.4 Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### **7.10 Provisions, contingent assets and contingent liabilities**

Provisions are recognised if the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Provisions are not recognised for future operating losses.

Any reimbursement that the Group is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No provision is recognised if an outflow of economic resources as a result of present obligations is not probable. Such events and conditions are disclosed as contingent liabilities unless the outflow of resources is remote.

#### **7.11 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12 *Income Taxes*.

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

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### 7 Significant accounting policies (continued)

#### 7.12 Impairment

##### 7.12.1 *Non-derivative financial assets*

###### **Financial instruments**

The Group recognises loss allowances for Expected Credit Losses ("ECLs") on:

- financial assets measured at amortised cost; namely trade and other receivables, loans to Parent company and cash at bank; and
- debt investments measured at FVOCI, namely investments in corporate debt securities.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade and other receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group considers a financial asset to be in default when the debtor is unable to pay its credit obligations to the Group in full.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of investment grade.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instruments.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

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### 7 Significant accounting policies (continued)

#### 7.12 Impairment (continued)

##### 7.12.1 *Non-derivative financial assets (continued)*

###### **Measurement of ECLs**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset. In the case of short-term, interest-free financial assets, such as trade receivables, ECLs are not discounted.

###### **Presentation of allowance for ECL in the statement of financial position**

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Impairment losses related to loans to Parent company, cash at bank and trade and other receivables, are presented separately in the statement of profit or loss and other comprehensive income under administrative expenses. For debt securities at FVOCI, the loss allowance is charged to profit or loss under finance costs and is recognised in OCI.

###### **Write-off**

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

##### 7.12.2 *Non-financial assets*

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

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### 7 Significant accounting policies (continued)

#### 7.12 Impairment (continued)

##### 7.12.2 Non-financial assets (continued)

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

##### 7.12.3 Equity-accounted investees

The impairment assessment in respect of the Group's investment in equity-accounted investees comprises two successive steps:

- (1) apply the equity method to recognise the investor's share of any impairment losses for the investee's identifiable assets; and
- (2) when there is an indication of a possible impairment, test the investment as a whole and recognise any additional impairment loss.

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

#### 7.13 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

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### 7 Significant accounting policies (continued)

#### 7.13 Leases (continued)

- the Group has the right to operate the asset; or
- the Group designed the asset in a way that predetermines how and for what purpose it will be used.

##### *i. As a lessee*

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The estimated useful lives of right-of-use assets for current and comparative periods are as follows:

- |               |               |
|---------------|---------------|
| • Properties  | 3 to 13 years |
| • Water space | 79 years      |

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources, particularly the Group's debt securities in issue and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

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### 7 Significant accounting policies (continued)

#### 7.13 Leases (continued)

##### *i. As a lessee (continued)*

Variable lease payments that do not depend on an index or rate (such as revenue-based payments) are recognised as an expense as incurred (see note 11.1).

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property, and lease liabilities, separately in the statement of financial position.

##### **Short-term leases and leases of low-value assets**

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and/or leases that have a lease term of 12 months or less. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. As at reporting date, the Group had no similar lease contracts.

##### *i. As a lessor*

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

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### 7 Significant accounting policies (continued)

#### 7.13 Leases (continued)

##### *i. As a lessor (continued)*

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease (see note 7.12). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term.

#### 7.14 Earnings per share

The Group presents basic earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

#### 7.15 Segment reporting

Segment results that are reported to the CEO of Grand Harbour Marina p.l.c. (the Group's chief operating decision maker), include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

#### 7.16 Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. Fair values have been determined based on the following methods:

##### **7.16.1 Non-derivative financial assets measured at amortised cost**

The fair value of non-derivative financial assets measured at amortised cost is estimated at the present value of future cash flows, discounted at the market rate of interest at reporting date. The carrying amount of loans to parent company, trade and other receivables and cash and cash equivalents is a reasonable approximation of their fair value.

##### **7.16.2 Non-derivative financial liabilities measured at amortised cost**

The fair value of non-derivative financial liabilities measured at amortised cost is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. The carrying amounts of trade and other payables, contract liabilities, bank overdraft and debt securities in issue are a reasonable approximation of fair value.



# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

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### 7 Significant accounting policies (continued)

#### 7.16 Fair value measurement (continued)

##### 7.16.3 Debt instruments measured at FVOCI

The fair value of investments in corporate debt securities is based on quoted prices in active markets for those same instruments.

### 8 Standards issued but not yet effective

#### International Financial Reporting Standards in issue but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated and separate financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements:

- COVID-19 related rent concessions (amendment to IFRS 16);
- Interest rate benchmark reform- phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16);
- Onerous contract- cost of fulfilling a contract (amendments to IAS 37);
- Property, plant and equipment: proceeds before intended use (amendments to IAS 16); and
- IFRS 17 Insurance contracts and amendments to IFRS 17 Insurance contracts.

### 9 Operating segments

#### 9.1 Information about reportable segments

Under the "management approach" to segment reporting, the Group has two reportable segments, namely, the "Grand Harbour Marina" located in Malta, and the "IC Cesme Marina" located in Turkey. These two geographically operating segments are managed separately as they have their own resource and capital requirements. For each of the reporting segments, the Chief Executive Officer and the Board of Directors review internally financial and operating reports on a regular basis.

The business operation in each of these two operating segments is the ownership and operation of marina facilities providing berthing and ancillary services for yachts and superyachts. Information regarding the result of each reporting segment is included below. Performance is measured based on segment revenues and segment profit or loss before tax because management believes that this information is most relevant in evaluating the result of both segments relative to other entities that operate in the same industry.

The amounts reported for IC Cesme Marina reflect the full amount (100%) of the respective assets, liabilities, revenues and expenses.

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

### 9 Operating segments (continued)

#### 9.1 Information about reportable segments (continued)

31 December 2020	Grand Harbour Marina €000	IC Cesme Marina €000	Total Reportable Segments €000
Segment revenues- external	4,098	3,347	7,445
Finance income	261	20	281
Finance costs	(1,119)	(3,771)	(4,890)
Depreciation	(387)	(228)	(615)
Capital expenditure	58	19	77

#### Reconciliation to Consolidated Amounts

	Total Reportable Segments €000	Eliminations €000	Group €000
Segment revenues- external	7,445	(3,347)	4,098
Finance income	281	(20)	261
Finance costs	(4,890)	3,771	(1,119)
Depreciation	(615)	228	(387)
Capital expenditure	77	(19)	58

	Grand Harbour Marina €000	IC Cesme Marina €000	Total Reportable Segments €000
Reportable segment assets	28,321	14,239	42,560
Reportable segment liabilities	(24,900)	(14,513)	(39,413)

#### Reconciliation to Consolidated Amounts

	Total Reportable Segments €000	Eliminations €000	Group €000
Reportable segment assets	42,560	(15,111)	27,449
Reportable segment liabilities	(39,413)	14,513	(24,900)

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

### 9 Operating segments (continued)

#### 9.1 Information about reportable segments (continued)

Reportable Group segment assets and liabilities for 2020 are reconciled as follows:

	€000
<b>Assets</b>	
Total assets of Grand Harbour Marina p.l.c.	28,321
Share of post-acquisition profit of joint-venture brought forward	266
Share of post-acquisition translation reserve of joint-venture brought forward	(97)
Transfer to equity-accounted investee	(48)
Share of loss of joint venture for the year	(862)
Foreign exchange currency translation differences for the year	(131)
<b>Consolidated assets</b>	<b>27,449</b>
<b>Liabilities</b>	
Total liabilities of Grand Harbour Marina p.l.c.	(24,900)
<b>Consolidated liabilities</b>	<b>(24,900)</b>

	Grand Harbour Marina €000	IC Cesme Marina €000	Total Reportable Segments €000
Reportable profit/ (loss) before tax	806	(2,366)	(1,560)
<b>Reconciliation to Consolidated Amounts</b>			
	Total Reportable Segments €000	Eliminations €000	Group €000
Reportable loss before tax	(1,560)	1,504	(56)

Reportable Group segment loss before tax for 2020 is reconciled as follows:

	€000
<b>Loss before tax</b>	
Total profit before tax of Grand Harbour Marina	806
Share of loss of IC Cesme Marina for the year	(862)
<b>Consolidated loss before tax</b>	<b>(56)</b>

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

### 9 Operating segments (continued)

#### 9.1 Information about reportable segments (continued)

The restated comparative figures are analysed as follows:

31 December 2019	Grand Harbour Marina €000	IC Cesme Marina €000	Total Reportable Segments €000
Segment revenues- external	4,116	4,326	8,442
Finance income	200	65	265
Finance costs	(1,096)	(1,049)	(2,145)
Depreciation	(396)	(305)	(701)
Capital expenditure	195	70	265
Reconciliation to Consolidated Amounts			
	Total Reportable Segments €000	Eliminations €000	Group €000
Segment revenues- external	8,442	(4,326)	4,116
Finance income	265	(65)	200
Finance costs	(2,145)	1,049	(1,096)
Depreciation	(701)	305	(396)
Capital expenditure	265	(70)	195
Reconciliation to Consolidated Amounts			
	Grand Harbour Marina €000	IC Cesme Marina €000	Total Reportable Segments €000
Reportable segment assets	27,993	16,898	44,891
Reportable segment liabilities	(24,949)	(14,887)	(39,836)
Reconciliation to Consolidated Amounts			
	Total Reportable Segments €000	Eliminations €000	Group €000
Reportable segment assets	44,891	(16,729)	28,162
Reportable segment liabilities	(39,836)	14,887	(24,949)

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

### 9 Operating segments (continued)

#### 9.1 Information about reportable segments (continued)

Restated reportable Group segment assets and liabilities for 2019 are reconciled as follows:

€000

#### Assets

Total assets of Grand Harbour Marina p.l.c.	27,993
Share of post-acquisition profits of joint-venture brought forward	207
Share of post-acquisition translation reserve of joint-venture brought forward	(107)
Share of profits of joint venture for the year	59
Foreign exchange currency translation differences for the year	10
<b>Consolidated assets</b>	<b>28,162</b>

#### Liabilities

Total liabilities of Grand Harbour Marina p.l.c.	(24,949)
<b>Consolidated liabilities</b>	<b>(24,949)</b>

Restated reportable Group segment profit before tax for 2019 is reconciled as follows:

	Grand Harbour Marina €000	IC Cesme Marina €000	Total Reportable Segments €000
Reportable profit before tax	395	127	522
Reconciliation to Consolidated Amounts			
	Total Reportable Segments €000	Eliminations €000	Group €000
Reportable profit before tax	522	(68)	454
			<b>€000</b>
<b>Profit before tax</b>			
Total profit before tax of Grand Harbour Marina			395
Share of profit of IC Cesme Marina for the year			59
<b>Consolidated profit before tax</b>			<b>454</b>

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

### 10 Revenue

#### 10.1 Revenue streams

The Company generates revenue primarily from berthing income on annual, seasonal and visitor berthing contracts. Other income is generated through annual service charges to berth owners and the provision of other ancillary services to marina customers, such as water and electricity. During 2020 and 2019, the Company did not affect any berth sale.

	2020	2019
	€000	€000
<b>Group and Company</b>		
Annual service charges to berth owners	445	428
Revenue from short-term berthing	2,671	2,717
Ancillary services	982	971
<b>Total revenues</b>	<b>4,098</b>	<b>4,116</b>

#### 10.2 Disaggregation of revenue from contracts with customers

The following table disaggregates revenue recognised from contracts with customers into appropriate categories, being annual, seasonal and visitor revenue streams for pontoons (i.e. boats under 27.99 metres) and superyachts (i.e. boats over 28 metres) respectively.

	2020	2019
	€000	€000
<b>Revenue from contracts with customers:</b>		
<b>Revenue generated from pontoons:</b>		
Annual contracts	1,537	1,441
Seasonal contracts	111	104
Visitor contracts	142	215
	<b>1,790</b>	<b>1,760</b>
<b>Revenue generated from superyachts:</b>		
Annual service charges to berth owners	444	428
Annual contracts	260	212
Seasonal contracts	378	205
Visitor contracts	244	540
	<b>1,326</b>	<b>1,385</b>
<b>Revenue from contracts with customers</b>	<b>3,116</b>	<b>3,145</b>
<b>Revenue from ancillary services</b>	<b>982</b>	<b>971</b>
<b>Total revenue as reported in note 10.1</b>	<b>4,098</b>	<b>4,116</b>

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

### 10 Revenue (continued)

#### 10.3 Contract balances

The following table provides information about receivables and contract liabilities from contracts with customers.

	2020	2019
Group and Company	€000	€000
Receivables, which are included in 'trade and other receivables' (note 22.1)	721	551
Contract liabilities on trade receivables (note 28)	1,124	1,159

The above receivables mainly relate to trade receivables arising on trading operations, and the contract liabilities relate to consideration received in advance from customers for berthing contracts, for which revenue is recognised over time. The amount of €1,136k recognised in contract liabilities at the beginning of the year has been recognised as revenue for the year ended 31 December 2020. The remaining amount of €23k has been deferred to 2021 as this consideration relates to berthing contracts spanning into the next financial year.

As at reporting date, the Company did not have any contract assets as the Company's rights to consideration for satisfied performance obligations was fully completed and billed in full by the reporting date.

#### 10.4 Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in the contract with a customer, and is recognised when, or as, the Group satisfies a performance obligation by transferring a good or service to a customer. Information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms and the related revenue recognition policies are as follows in note 10.4.1 and 10.4.2.

##### 10.4.1 Licensing of long-term super-yacht berths

The Group recognises revenue at a point in time, and satisfies its performance obligations and transfers control of a good/service at a point in time, if one of the following is met:

- the Group has a present right to payment for the asset i.e. if a customer is presently obliged to pay for an asset;
- the customer has legal title to the asset;
- the Group has transferred physical possession of the asset; or
- the customer has the significant risks and rewards of the ownership of the asset.

All these conditions may indicate that the customer has obtained the ability to direct the use of, and obtain substantially all the remaining benefits from, the asset in exchange.

As per IAS 18, any revenue from the licensing of long-term super-yacht berths was recognised upon the signing of the licensing arrangements with the berth holders, on the basis that such give rise to the sale of the Group's right to the use of such berths. Similarly, under IFRS 15, revenue will continue to be recognised at a point in time i.e. when a berth holder obtains control of the berth space through the execution of a public deed, which is the point in time when real rights are acquired by the berth holder.

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

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### 10 Revenue (continued)

#### 10.4 Performance obligations and revenue recognition policies (continued)

##### 10.4.1 *Licensing of long-term super-yacht berths (continued)*

The Group shall adjust the consideration amount as per the contract for the effects of the time value of money if the timing of payments agreed to by the parties provides the customer with a significant benefit of financing the transfer of goods/services to the customer.

##### 10.4.2 *Short-term berthing*

The Group recognises revenue over time, and satisfies its performance obligations and transfers control of a good/service over time, if one of the following is met:

- the customer simultaneously receives and consumes benefits provided by the Group's performance as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the entity (such assessment should be made at contract inception) and the Group has an enforceable right to payment for performance completed to date.

The Group earns income from services provided in respect of short-term berthing contracts, being annual, seasonal and visitor contracts and includes also the relative service fees charged to berth holders. The customer simultaneously receives and consumes the benefits of the Group's performance as it performs by making the berth available. The customer benefits from its service of making the berth available evenly throughout the year i.e. the customer benefits from having the berth available, regardless of whether the customer uses it or not. In such case, the best measure of progress towards complete satisfaction of the performance obligation over time is a time-based measure and revenue is thus recognised on a straight-line basis throughout the berthing period. Consequently, such services are deemed to comprise a series of distinct services treated as a single performance obligation satisfied over time. Accordingly, revenue is recognised over the service period.

The Group shall adjust the consideration amount as per the contract for the effects of the time value of money if the timing of payments agreed to by the parties provides the customer with a significant benefit of financing the transfer of goods/services to the customer.

As a practical expedient, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if the Group expects, at contract inception, that the period between when the Group transfers a promised good/service to a customer and when the customer pays for that good/service will be one year or less.

Costs an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained (such as sales commission) shall be recognised as an asset if the entity expects to recover those costs. Such asset may then be amortised on a systematic basis that is consistent with the transfer to the customer of the goods/services to which the asset relates.

However, as a practical expedient, the Group will recognise the incremental costs of obtaining a contract as an expense when incurred since the amortisation period of the asset that the Group otherwise would have recognised is one year or less.



# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

### 11 Expenses

#### 11.1 Expenses by nature

	2020 €000	2019 €000
<b>Group and company</b>		
<b>Cost of sales:</b>		
Direct costs	834	808
<b>Operating expenses:</b>		
Directors' remuneration	38	38
Wages and salaries (net of €180k government grant as per note 6)	446	659
Compulsory social security contributions	46	44
Selling and marketing expenses	29	72
Repairs and maintenance	59	113
Variable lease expense (see note 21.1.5)	98	104
Auditors' remuneration (see note 12.1)	49	51
Impairment loss on financial assets (see note 29.5)	6	30
Asset write-off	5	51
Operator fees (see note 31.2)	196	204
Other operating expenses	241	264
<b>Total expenses recognised in statement of profit or loss</b>	<b>2,047</b>	<b>2,438</b>

The average number of persons employed during the year was as follows:

	2020 No.	2019 No.
<b>Group and company</b>		
Operating	21	22
Management and administration	5	5
	<b>26</b>	<b>27</b>

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

### 12 Other operating expenses

#### 12.1 Auditors' remuneration

The following fees were charged by, and became payable to the Company's auditors for services rendered in connection with:

	2020 €000	2019 €000
<b>Group and company</b>		
Audit of the financial statements	39	39
Other audit related services	3	8
Tax advisory services	1	1
Other assurance services	6	3
	<u>49</u>	<u>51</u>

The Maltese Companies Act requires the notes to the consolidated financial statements to show the total remuneration paid to the auditors in respect of all undertakings included in the consolidation. The audit fee of IC Cesme for 2020 amounted to €7k (2019: €7k), with the Group's share of such audit fees being €3k (2019: €3k). No non-audit fees were incurred by IC Cesme during 2020 (2019: €nil).

### 13 Net finance costs

	2020 €000	2019 €000
<b>Group and company</b>		
<b>Finance income:</b>		
Interest income under the effective interest method on:		
Loans to Parent company - measured at amortised cost	90	69
Corporate debt securities - at FVOCI	170	97
Interest income on lease receivable (see note 21.2)	-	26
Corporate debt securities- at FVOCI:		
Gain on derecognition reclassified from OCI	1	8
<b>Finance income</b>	<u>261</u>	<u>200</u>
<b>Finance costs:</b>		
Interest expense on financial liabilities measured at amortised cost	(675)	(675)
Interest expense on lease liabilities (see note 21.2)	(382)	(381)
Reversal of interest income on lease receivable (see note 21.2)	(23)	-
Amortisation of bond issue costs (see note 26.4)	(36)	(34)
Net foreign exchange losses	(2)	(3)
Expected credit losses on investment in debt securities at FVOCI	(1)	(3)
<b>Finance costs</b>	<u>(1,119)</u>	<u>(1,096)</u>
<b>Net finance costs recognised in statement of profit or loss</b>	<u>(858)</u>	<u>(896)</u>

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

### 14 Earnings per share

The calculation of basic earnings per share is based on the following profit attributable to ordinary shareholders and the number of ordinary shares outstanding:

	2020	2020	2019	2019
	Group	Company	Restated Group	Company
	€000	€000	€000	€000
(Loss)/ profit for the year, attributable to the owners of the Company	(390)	472	211	152
Number of ordinary shares of the Company (in thousands)	20,000	20,000	20,000	20,000
Earnings per share (in cents)	<u>(1c9)</u>	<u>2c4</u>	<u>1c0</u>	<u>0c8</u>

### 15 Income taxes

#### 15.1 Amount recognised in profit or loss

Current tax is recognised at the corporate rate of 35% on the taxable income for the year from the Company's marina business activity, excluding that arising from the sale of long-term superyacht berths. During the years ended 31 December 2020 and 2019, the Company did not conclude any such sale. Similarly, deferred tax charges and credits relate only to the marina business activity.

	2020	2019
	€000	€000
<b>Group and company</b>		
<b>Current tax</b>		
Charge during the year	<u>(491)</u>	<u>(263)</u>
	<u>(491)</u>	<u>(263)</u>
<b>Deferred tax</b>		
Movement in temporary differences (see note 15.4)	<u>157</u>	<u>20</u>
	<u>157</u>	<u>20</u>
<b>Income tax expense on continuing operations recognised in statement of profit or loss</b>	<u><u>(334)</u></u>	<u><u>(243)</u></u>

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

### 15 Income taxes (continued)

#### 15.2 Reconciliation of tax expense

The income tax expense and the result of the accounting profit multiplied by the Maltese tax rate are reconciled as follows:

	2020	2020	2019	2019
	Group	Company	Restated	Company
	€000	€000	Group	€000
(Loss)/ profit before income tax	<u>(56)</u>	<u>806</u>	<u>454</u>	<u>395</u>
Tax using the domestic tax rate of 35%	20	(282)	(159)	(138)
Tax effect of:				
• Non-deductible expenses	(208)	(208)	(69)	(69)
• Share of profit of equity-accounted investee	(302)	-	21	-
• Recognition of previously unrecognised deductible temporary differences	-	-	(56)	(56)
• Deferred tax asset movement (Note 15.4)	156	156	20	20
<b>Income tax expense for the year</b>	<u><b>(334)</b></u>	<u><b>(334)</b></u>	<u><b>(243)</b></u>	<u><b>(243)</b></u>

#### 15.3 Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2020	2019	2020	2019	2020	2019
	€000	€000	€000	€000	€000	€000
Plant and equipment	-	-	(1,308)	(1,368)	(1,308)	(1,368)
Expected credit losses	14	11	-	-	14	11
Unrealised changes in fair value of corporate debt securities	33	-	-	-	33	-
Right-of-use asset and net investment receivable	268	208	-	-	268	208
<b>Net deferred tax assets / (liabilities)</b>	<u><b>315</b></u>	<u><b>219</b></u>	<u><b>(1,308)</b></u>	<u><b>(1,368)</b></u>	<u><b>(993)</b></u>	<u><b>(1,149)</b></u>

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

### 15 Income taxes (continued)

#### 15.4 Movement in temporary differences during the year

	Balance 1 January 2020 €000	Recognised in profit or loss €000	Balance 31 December 2020 €000
<b>Group and Company</b>			
Plant and equipment	(1,368)	60	(1,308)
Expected credit losses	11	3	14
Unrealised changes in fair value of corporate debt securities	-	33	33
Right-of-use asset and net investment receivable	208	60	268
	<b>(1,149)</b>	<b>156</b>	<b>(993)</b>

	Balance 1 January 2019 €000	Recognised in profit or loss €000	Balance 31 December 2019 €000
<b>Group and Company</b>			
Plant and equipment	(1,424)	56	(1,368)
Expected credit losses	-	11	11
Unrealised changes in fair value of corporate debt securities	1	(1)	-
Right-of-use asset and net investment receivable	-	208	208
Operating lease charges	158	(158)	-
Unabsorbed tax losses	96	(96)	-
	<b>(1,169)</b>	<b>20</b>	<b>(1,149)</b>

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

### 16 Property, plant and equipment

#### 16.1

Group and Company	Total	Superyacht berths	Pontoon berths	Improvements to leased property, landscaping & switchboards	Motor vehicles, including shipping vessels	Cable infrastructure, marine & office equipment	Assets in the course of construction
Cost	€000	€000	€000	€000	€000	€000	€000
Balance at 1 January 2019	9,468	4,340	3,581	774	47	574	152
Additions	195	-	193	-	-	-	2
Assets written off	(178)	-	(178)	-	-	-	-
Reclassifications	-	(41)	(75)	116	-	-	-
Balance at 31 December 2019	9,485	4,299	3,521	890	47	574	154
Balance at 1 January 2020	9,485	4,299	3,521	890	47	574	154
Additions	58	3	14	2	8	12	19
Assets written off	(15)	-	(15)	-	-	-	-
Balance at 31 December 2020	9,528	4,302	3,520	892	55	586	173

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

### 16 Property, plant and equipment (continued)

#### 16.1 (continued)

	Total	Superyacht berths	Pontoon berths	Improvements to leased property, landscaping & switchboards	Motor vehicles, including shipping vessels	Cable infrastructure, marine & office equipment	Assets in the course of construction
Group and Company							
Accumulated depreciation and impairment	€000	€000	€000	€000	€000	€000	€000
Balance at 1 January 2019	4,253	1,074	2,085	593	37	464	-
Depreciation charged for the year	278	86	141	24	5	22	-
Assets written off	(114)	-	(114)	-	-	-	-
Reclassifications	9	(1)	(3)	13	-	-	-
Balance at 31 December 2019	4,426	1,159	2,109	630	42	486	-
<b>Balance at 1 January 2020</b>	<b>4,426</b>	<b>1,159</b>	<b>2,109</b>	<b>630</b>	<b>42</b>	<b>486</b>	<b>-</b>
<b>Depreciation charged for the year</b>	<b>278</b>	<b>86</b>	<b>141</b>	<b>24</b>	<b>6</b>	<b>21</b>	<b>-</b>
<b>Assets written off</b>	<b>(7)</b>	<b>-</b>	<b>(7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 31 December 2020</b>	<b>4,697</b>	<b>1,245</b>	<b>2,243</b>	<b>654</b>	<b>48</b>	<b>507</b>	<b>-</b>
<b>Carrying amounts</b>							
Balance at 1 January 2019	5,215	3,266	1,496	181	10	110	152
Balance at 31 December 2019	5,059	3,140	1,412	260	5	88	154
<b>Balance at 31 December 2020</b>	<b>4,831</b>	<b>3,057</b>	<b>1,277</b>	<b>238</b>	<b>7</b>	<b>79</b>	<b>173</b>

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

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### 16 Property, plant and equipment (continued)

#### 16.2 Land held under title of temporary sub-emphyteusis

The Company's berths and base improvements are situated on land held under title of temporary emphyteusis. On the 2 June 1999, the Government of Malta entered into a deed of emphyteusis with a consortium, by virtue of which, the consortium was granted rights over parcels of land measuring 1,410 square metres and situated at Cottonera Waterfront Vittoriosa, Malta, for an initial period of 99 years.

On the 4 September 2001, a deed of sub-emphyteusis was entered into between the Company and the consortium, whereby, by virtue of one part of this deed, the Company acquired, by the same title, immovable rights over such property for the unexpired period of the 99 years, subject to the payment of an annual sub-ground rent (see note 21).

This property is subject to a special legal hypothec in favour of the consortium, in respect of the payment of annual and temporary ground rent (for the unexpired period) imposed on the property, arising by virtue of the said deed of sub-emphyteusis.

#### 16.3 Assets in the course of construction

Assets in the course of construction include capital expenditure on fire pumps, the International Ship and Port Facility Security project (ISPS) and the marina reconfiguration project, which as the reporting date were still under construction, and on which no depreciation costs have yet been incurred.

### 17 Investment in subsidiary

On 29 June 2011, the Company acquired from Camper & Nicholsons Marinas International Limited the 100% shareholding in Maris Marine Limited ("MML") for a consideration of €115. This dormant company is incorporated in the United Kingdom and the registered office of this subsidiary is situated at The White Building, 4 Cumberland Place, Southampton, SO15 2NP. The reporting date of this non-trading entity is 31 March.

### 18 Equity-accounted investee

#### 18.1 Cost of acquisition of joint venture

On the 17 March 2011, the Company entered into an agreement with its Parent company, as a result of which the Company initially acquired the ownership of 19% in IC Cesme Marina Yatirim, Turizm ve Isletmeleri Anonim Sirketi ("IC Cesme"), a company registered under the laws of Turkey, which company owns and operates a marina in Turkey, and eventually the beneficial interest of 45% therein through the acquisition of MML (see note 17), which held 26% therein for a total consideration of €1,930k. During that year the Company made an additional shareholder's contribution of €244k, which amount has been capitalised as part of the Company's net investment in the joint venture. The registered address and principal place of business of IC CESME is Musalla Mh. 1016 SK. No.8, Cesme, Izmir, Turkey.



# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

### 18 Equity-accounted investee (continued)

#### 18.2 Carrying amount of investment in joint venture

	2020	2020	2019	2019
	Group	Company	Restated*	
	€000	€000	Group	Company
	€000	€000	€000	€000
Fair value of net identifiable assets at date of acquisition	1,082	1,082	1,082	1,082
Goodwill inherent in the cost of investment	848	848	848	848
Consideration paid upon acquisition	1,930	1,930	1,930	1,930
Cumulative capital contributions	244	244	244	244
<b>Cost of investment as at 1 January and 31 December</b>	<b>2,174</b>	<b>2,174</b>	2,174	2,174
Share of opening post-acquisition profits	266		207	
Transfer to equity-accounted investee	(48)		-	
Share of (loss)/ profit for the year	(862)		59	
Share of opening exchange translation reserve	(97)		(218)	
Foreign currency translation difference arising during the year	(131)		121	
<b>Equity accounted investee as at 31 December</b>	<b>1,302</b>		2,343	

\*The comparative information is restated on account of correction of errors (see note 5.3).

IC Cesme, the only joint arrangement in which the Group participates, is principally engaged in the operation of a marina in Turkey. IC Cesme is an unlisted joint arrangement and is structured as a separate vehicle and the Group has a residual interest in its net assets. Accordingly, the Group has classified the investment in IC Cesme as a joint venture which is equity accounted.

In accordance with the agreement under which IC Cesme is established, the Group and the other investors to the joint venture agree to make additional contributions in proportion to their interests, if required.

#### 18.3 Summary of financial information of joint venture

The Group's share of loss in its equity accounted investee for the year amounted to €862k (2019: profit of €59k). This investee is not listed and consequently no published price quotations are available. The reporting date of this entity is 31 December. The entity is exposed to the country risks relating to Turkey and other risks associated with the trends and future outlook of the marina industry as a whole.

The following table summarises the financial information of IC Cesme based on its financial information prepared in accordance with IFRS as adopted by the EU. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in IC Cesme, which is accounted for using the equity method of accounting.

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

### 18 Equity-accounted investee (continued)

#### 18.3 Summary of financial information of joint venture (continued)

	2020	2019
	€000	Restated €000
Non-current assets	10,881	14,019
Current assets (including cash and cash equivalent of €3,161k, 2019: €2,207k)	3,358	2,879
Non-current liabilities	(7,727)	(5,127)
Current liabilities	(6,786)	(9,760)
Cesme net assets (100%) at 31 December	(274)	2,011
<b>Group's share of net (liabilities)/ assets (45%)</b>	<b>(123)</b>	906
Fair value uplift on date of acquisition (less deferred tax impact)	907	907
Cumulative depreciation on fair value uplift, adjusted on consolidation	(330)	(318)
Goodwill	848	848
<b>Carrying amount of interest in joint venture, as per Statement of financial position (see note 18.2)</b>	<b>1,302</b>	2,343
Revenue	3,347	4,326
Operating expenses	(1,735)	(2,845)
Depreciation	(228)	(305)
Results from operating activities	1,384	1,176
Net finance costs	(3,750)	(1,049)
<b>Profit before tax for the period</b>	<b>(2,366)</b>	127
Taxation	478	31
<b>Profit and total comprehensive income for the year (100%)</b>	<b>(1,888)</b>	158
Group's share of total comprehensive income (45%)	(850)	71
Depreciation on fair value uplift of depreciable assets (adjusted on consolidation)	(12)	(12)
<b>Share of (loss)/ profit of equity-accounted investee, net of tax, as per statement of profit or loss and OCI</b>	<b>(862)</b>	59
Foreign currency translation difference arising during the year	(131)	10
<b>Change in carrying amount of interest in joint venture, before adjustment</b>	<b>(993)</b>	69
Transfer to equity-accounted investee	(48)	-
<b>Change in carrying amount of interest in joint venture</b>	<b>(1,041)</b>	69

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

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### 18 Equity-accounted investee (continued)

#### 18.4 Impairment assessment of investment in joint venture

As explained in note 18.1 the Company acquired its investment in IC Cesme Marina Yatırım Turizm ve İşletmeleri A.S. ("IC Cesme"), a joint venture, in 2011. IC Cesme operates a marina with associated landside property in the Izmir region of Turkey, held in terms of a Build-Operate-Transfer agreement expiring in 2067.

In view of the geo-political status of the investee's jurisdiction, the directors have estimated the recoverable amount of the investment in IC Cesme in order to determine whether it exceeds the carrying amount. The directors have included in their estimate of the recoverable amount analysis, the value of the IC Cesme marina prepared by CBRE UK Limited, who are appointed throughout the CNMIL Group to value the properties held.

The recoverable amount was estimated based on its fair value less costs of disposal. The fair value measurement falls within Level 3 of the fair value hierarchy. The fair value of the property has been arrived at by reference to its trading potential using a market comparison / income capitalisation valuation technique, whereby EBITDA for a reasonably efficient operator ("REO") is multiplied by a capitalisation multiple, and adjusted for other non-operating assets, net debt and a discount for joint control.

EBITDA has been based on the 2021 budgeted performance for IC Cesme, adjusted for any normalisations applicable to REO. This EBITDA has been capitalised at a rate of 7.69% for the remainder of the term of 47 years for the BOT contract giving a capitalisation multiple of 12.60. The capitalisation rate was estimated on the basis of market information on transactions involving marinas.

The estimated recoverable amount of the Company's investment in IC Cesme's net assets at Group and Company level, exceeds its' carrying amount.

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

### 19 Investment in debt securities

#### 19.1

	2020	2019
Group and Company	€000	€000
<b>Non-current corporate debt securities</b>		
Opening fair value	5,651	494
Acquisitions	474	5,507
Disposals	(136)	(355)
Net (decrease)/ increase in fair value, recognised in OCI	(95)	5
<b>Closing fair value</b>	<b>5,894</b>	<b>5,651</b>
<b>Impairment loss on corporate debt securities, recognised in OCI</b>	<b>(1)</b>	<b>(3)</b>

During 2020, the Company acquired investments in local listed bonds for €474k (2019: €5,507k).

During the year, €136k of the debt securities held within the company's investment portfolio matured, realising a fair value gain of €1k, which was recycled from OCI to profit or loss. The unrealised fair value loss of €95k (2019: unrealised fair value gain of €5k) on the investment in debt securities held as at 31 December 2020 has been presented in OCI and included in the fair value reserve.

As at 31 December 2020, the value of such investments, by reference to quoted market prices on the Malta Stock Exchange, amounted to €5,894k (2019: €5,651k). Such a value was classified as a Level 2 investment by reference to the fair value hierarchy.

Corporate debt securities at FVOCI have stated interest rates ranging from 3.25% to 6%, with maturity dates ranging from 2023 to 2029.

**19.2** The investments are considered to be held within a held to collect and sell business model consistent with the Group's continuing measurement of such investments (note 7.8.2).

**19.3** Information about the Group's exposure to credit and market risks for debt investments is disclosed in notes 29.5 and 29.7 respectively.

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

### 20 Loans to Parent company

#### 20.1

	2020 €000	2019 €000
<b>Group and Company</b>		
At 1 January	3,922	3,950
Net increase in loans advanced (see notes 20.2 and 20.3)	2,254	-
Increase in expected credit losses	(4)	(28)
<b>Total</b>	<b>6,172</b>	<b>3,922</b>
<b>Non-current</b>	<b>4,242</b>	<b>1,235</b>
<b>Current</b>	<b>1,930</b>	<b>2,687</b>

#### 20.2 Related terms and conditions on cash pledged in favour of IC Cesme's bankers, Isbank

The Company's joint venture, IC Cesme has a loan with Isbank in the form of a Term Facility Agreement which as at 31 December 2020 amounts to €2.69 million (2019: €3.23 million), repayable in semi-annual instalments subject to a nominal interest rate of six month Euribor plus 4.5%. Following the repayment of €1.08 million on 5 February 2021, the balance payable on this loan as at 31 March 2021 amounts to €1.61 million, with the remaining semi-annual instalments of €538k planned to be repaid on 20 July 2021, 20 January 2022 and 20 July 2022.

In addition to the Term Facility referred to above, Isbank provides other sub-loans to IC Cesme in the form of a General Cash and Non-Cash Credit Agreement ("Subordinated Loans") which as at 31 December 2020 amounts to €6.52 million (2019: €6.52 million), subject to nominal rates of interest ranging from 1% to 1.85%, with the various drawdowns maturing at different dates (see note 20.2).

The Subordinated Loans are secured by cash pledges by the shareholders of IC Cesme. The cash pledge continues to be held in the name of the Company's parent ("CNMIL"), but in terms of the sale agreement, the Company has lodged an equivalent sum with CNMIL in anticipation of Isbank agreeing to complete the legal formalities relating to this substitution, which has not yet been completed. Accordingly, CNMIL acts as a guarantor and sponsor of IC Cesme's repayment obligations under the Term Facility and the Subordinated Loans to the extent of 45% (reflective of the Company's beneficial interest in IC Cesme) for any failure by IC Cesme to honour repayments.

In the meantime, the Company indemnified CNMIL in the event that Isbank enforces any of its rights under the Term Facility and has irrevocably instructed and authorized the Company's Parent company to hold and apply the cash pledge in conformity with all the obligations under the Isbank documents.

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

### 20 Loans to Parent company (continued)

#### 20.2 Related terms and conditions on cash pledged in favour of IC Cesme's bankers, Isbank (continued)

As a result, the Company's loan receivable from its Parent company, pledged in favour of Isbank for the Subordinated Loans taken out, amounts to €2,954k (2019: €2,950k). The details of these subloans as at 31 December 2020 are as follows:

	Amount (€000)	Interest p.a.	Maturity date
Subloan 1	183	0.05%	21/06/2021
Subloan 2	236	1.00%	21/06/2021
Subloan 3	521	0.05%	12/11/2021
Subloan 4	551	0.15%	03/02/2022
Subloan 5	765	0.05%	13/07/2022
Subloan 6	180	0.05%	20/07/2022
Subloan 7	518	0.05%	10/08/2022
Total cash pledged in favour of Isbank	<u>2,954</u>		

Albeit an expected credit loss of €30k has been recognised (2019: €27k), as explained in note 29.5.3, based on the cash projections prepared, the directors expect that IC Cesme will be able to generate sufficient cash flow to be able repay its other existing loan commitments under the term facility and will also be in a position to roll forward and agree new repayment terms, in respect of any outstanding balance due on the sub-loans, to a period beyond 2022 in such a way which will not necessitate the bank to make recourse to the cash pledge.

#### 20.3 Related terms and conditions on other loans to Parent company

In addition to the above pledged loan between the Company and its parent company, additional upstream loans to the Parent company amount to €3,250k (2019: €1,000k). The details of these loans are as follows:

	2020			2019		
	Amount €000	Interest p.a.	Maturity date	Amount €000	Interest p.a.	Maturity date
Loan Note 1	400	4.00%	31/12/2021	400	4.00%	31/12/2021
Loan Note 2	600	4.00%	31/12/2021	600	4.00%	31/12/2021
Loan Note 3	2,250	4.50%	30/09/2022	-		
	<u>3,250</u>			<u>1,000</u>		

All loans to the parent company are unsecured. Related expected credit losses arising on these loans are set out in note 29.5.3.

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

### 21 Leases

#### 21.1 As a lessee

The Group leases water space under a deed of sub-emphyteusis (note 16.2) together with other properties including offices and warehouses. Information about leases for which the Group is a lessee is presented below.

##### 21.1.1 Right-of-use asset

	Water space		Other Properties		Total	
	2020	2019	2020	2019	2020	2019
	€000	€000	€000	€000	€000	€000
<b>Group and company</b>						
Balance at 1 January	4,706	5,218	444	922	5,150	6,140
Recognition/ (derecognition) of right-of-use asset	-	-	358	(429)	358	(429)
Adjustment for inflation	-	-	4	-	4	-
Accrued lease payments under IAS 17	-	(452)	-	-	-	(452)
Depreciation on right-of-use asset	(59)	(60)	(50)	(49)	(109)	(109)
<b>Balance at 31 December</b>	<b>4,647</b>	<b>4,706</b>	<b>756</b>	<b>444</b>	<b>5,403</b>	<b>5,150</b>

There were no additions to the right-of-use assets during 2020. Recognition and derecognition of right-of-use asset is a result of entering or terminating a finance sub-lease (note 21.2).

##### 21.1.2 Lease liability

	2020	2019
	€000	€000
<b>Maturity analysis- contractual undiscounted cash flows</b>		
Less than one year	(370)	(369)
One to five years	(1,527)	(1,513)
More than five years	(36,237)	(36,617)
<b>Total undiscounted lease liabilities at 31 December</b>	<b>(38,134)</b>	<b>(38,499)</b>

Lease liabilities included in the statement of financial position at 31 December are analysed as follows:

	2020	2019
	€000	€000
<b>Current</b>	<b>153</b>	<b>65</b>
<b>Non-current</b>	<b>6,020</b>	<b>6,090</b>
	<b>6,173</b>	<b>6,155</b>

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

### 21 Leases (continued)

#### 21.1 As a lessee (continued)

##### 21.1.2 Lease liability (continued)

	Water space		Other Properties		Total	
	2020	2019	2020	2019	2020	2019
	€000	€000	€000	€000	€000	€000
<b>Group and company</b>						
Balance at 1 January	5,292	5,218	863	922	6,155	6,140
Adjustment for inflation	-	-	3	-	3	-
Interest expense on lease liabilities (see note 13)	332	328	50	53	382	381
Lease payments related to the year (see note 21.1.5)	(254)	(254)	(113)	(112)	(367)	(366)
<b>Balance at 31 December</b>	<b>5,370</b>	<b>5,292</b>	<b>803</b>	<b>863</b>	<b>6,173</b>	<b>6,155</b>

##### 21.1.3 Water space lease

On the 2 June 1999, the Government of Malta entered into a deed of emphyteusis with a consortium, by virtue of which, the consortium was granted rights over parcels of land measuring 1,410 square metres and situated at Cottonera Waterfront Vittoriosa, Malta, for an initial period of 99 years. On the 4 September 2001, a deed of sub-emphyteusis was entered into between the Company and the consortium, whereby, by virtue of one part of this deed, the Company acquired, by the same title, immovable rights over such property for the unexpired period of the 99 years, subject to the payment of an annual sub-ground rent.

##### 21.1.4 Property lease

The Group leases other properties, comprising two offices and four warehouses, with lease terms of sixteen to twenty-five years.

By virtue of the other part of the deed of sub-emphyteusis referred to in note 21.1.3, the Company was assigned the right to develop, construct and install, own, operate, manage, control and promote a marina and ancillary facilities, including the right to grant mooring and berthing rights to third parties under such terms and conditions as it deems fit.



# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

### 21 Leases (continued)

#### 21.1 As a lessee (continued)

##### 21.1.5 Variable lease payments based on sales

Under the terms of a Development and Operations Agreement dated 30 June 2000 entered into with the consortium, the Company is required to pay the consortium a yearly fee equivalent to 10% per annum of adjusted revenue, subject to minimum and maximum limits. While the minimum lease payments of the lease are included in the lease liability and the right-of-use asset, the variable lease payments depending on sales are recognised in profit or loss in the period in which such sales are recognised.

	2020 €000	2019 €000
<b>Leases with lease payments based on sales</b>		
Fixed payments (see note 21.1.2)	254	254
Variable payments (see note 11.1)	98	104
<b>Total payments</b>	<b>352</b>	<b>358</b>

##### 21.1.6 Extension options

With respect to water space lease, the Company has the option to terminate the Development and Operations Agreement during the 29<sup>th</sup> year from the date of the publication of the deed of sub-emphyteusis (being the year 2030) by giving the consortium at least 12 months' prior written notice. The extension options are exercisable only by the Group and not by the lessor.

The Group is reasonably certain not to exercise this option and as such the full term was taken in the calculation of the lease liability.

#### 21.2 As a lessor

The Group also sub-leases an office building and a warehouse. Both sub-lease agreements are classified as finance leases under IFRS 16 and presented as "Net investment lease receivable" in the statement of financial position, as both agreements are for the whole of the remaining term of the head lease.

During June 2020, as disclosed in note 6, the sub-lease agreement on the office building was terminated and an amount of €358k was re-classified under "right-of-use asset". Given that such office building has been idle since July 2020, the directors have estimated the recoverable amount of the right-of-use asset specific to this office building in order to determine whether it exceeds the carrying amount. The recoverable amount has been determined on the basis of a value-in-use calculation. The directors are of the opinion that the Company will manage to sub-lease the property again as from 2022, at a lease rental income which is comparable to that earned on the latest sub-lease agreement, now terminated. On this basis, the estimated recoverable amount of the asset exceeds its' carrying amount. The directors are optimistic that given the efforts by management in actively marketing such office, and the unique location of the office itself being situated in a heritage site with views of the Grand Harbour Marina, the assumptions noted above are reasonable.

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

### 21 Leases (continued)

#### 21.2 As a lessor (continued)

Lease income from lease contracts in which the Group acts as a lessor is as below.

	2020 €000	2019 €000
<b>Net investment lease receivable</b>		
<b>Group and Company</b>		
Balance at 1 January	410	429
Derecognition of net investment lease receivable	(358)	-
Adjustment for inflation	(2)	-
Lease receipts related to the year	(24)	(45)
(Reversal of)/ unearned interest income on lease receivable (see note 13)	(23)	26
<b>Balance at 31 December</b>	<b>3</b>	<b>410</b>

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	2020 €000	2019 €000
<b>Maturity analysis- contractual undiscounted cash flows</b>		
Less than one year	3	45
One to five years	1	185
More than five years	-	338
<b>Total undiscounted lease payments receivable at 31 December</b>	<b>4</b>	<b>568</b>
Unearned finance income to be recognized in profit or loss during the lease period	(1)	(158)
<b>Balance at 31 December</b>	<b>3</b>	<b>410</b>

### 22 Trade and other receivables

#### 22.1

	2020 €000	2019 €000
<b>Group and Company</b>		
Trade receivables, excluding related parties	721	551
Amounts due from related parties (see notes 22.2 and 31.2)	633	251
Prepayments and other receivables (see note 22.4)	480	289
	<b>1,834</b>	<b>1,091</b>

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

### 22 Trade and other receivables (continued)

- 22.2** Amounts due from related parties includes €500k advanced by the Company to its sister company 'Camper & Nicholsons Marinas International Limited during 2020 (2019: €nil), to financially assist the latter in its working capital requirements. This amount, together with the interest receivable of €133k from the Parent company (2019: €251k), is unsecured, interest free and repayable on demand. For further details, see note 31.2.
- 22.3** Receivables are considered to be held within held-to-collect business model consistent with the Group's continuing measurement of such receivables (note 7.8.2).
- 22.4** Information about the Group's exposure to credit, market risks and impairment losses for trade and other receivables are disclosed in notes 29.5 and 29.7 respectively.

### 23 Cash and cash equivalents

	2020 €000	2019 €000
<b>Group and Company</b>		
Cash in hand	3	3
Bank balances	1,526	4,053
	<b>1,529</b>	4,056
Expected credit loss on cash and cash equivalents (see note 29.5)	(1)	(2)
<b>Cash and cash equivalents in the statement of financial position</b>	<b>1,528</b>	4,054
Bank overdraft used for cash management purposes (see note 26.3)	-	(1)
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>1,528</b>	4,053

### 24 Capital and reserves

#### 24.1 Share capital

	2020 €000	2019 €000
<b>Authorised share capital</b>		
20,000,000 ordinary shares of €0.12 each	2,400	2,400
<b>Issued share capital</b>		
20,000,000 ordinary shares of €0.12 each	2,400	2,400

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

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### 24 Capital and reserves (continued)

#### 24.2 Shareholders' rights

Ordinary shareholders are entitled to dividends as declared from time to time and rank *pari passu* with respect to any distribution, whether of dividends or capital, in a winding up or otherwise, and are entitled to one vote per share at general meetings of the Company.

#### 24.3 Exchange translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial results of the joint arrangement from Turkish Lira into Euro. This reserve is not distributable.

#### 24.4 Fair value reserve

The fair value reserve comprises the cumulative net change in fair value of corporate debt securities at FVOCI until the assets are derecognised or reclassified. This amount is adjusted by the amount of loss allowance. This reserve is not distributable.

#### 24.5 Dividends

No dividends were declared by the Company for the year ended 31 December 2020 (2019: €nil)

### 25 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to ordinary shareholders.

There were no changes in the Group's approach to capital management during the year. The Company is required to hold regulatory capital for its public limited company status in accordance with Article 104(1) and 104(3) of the Companies Act, 1995 (Chapter 386, Laws of Malta). The minimum capital requirement must be maintained at all times throughout the period. As at 31 December 2020, the Company's net asset was more than half of its called-up share capital. The Company was deemed to be in compliance with the requirements of the Companies Act. The subsidiary and the joint venture are not subject to externally imposed capital requirements.

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

### 26 Loans and borrowings

**26.1** This note provides information about the contractual terms of the Group's interest-bearing borrowings which are measured at amortised cost. For more information about the Company's exposures to liquidity and interest rate risks, see notes 29.6 and 29.7.2 respectively.

	2020 €000	2019 €000
<b>Non-current</b>		
Debt securities in issue (see note 26.4)	<u>14,713</u>	<u>14,677</u>
<b>Current</b>		
Bank overdraft (see note 26.3)	<u>-</u>	<u>1</u>

### 26.2 Terms and repayment schedule

The terms and conditions of outstanding loans are as follows:

	Nominal int rate	Year of maturity	2020		2019	
			Face value €000	Carrying amount €000	Face value €000	Carrying amount €000
Bank overdraft	4.85%	Repayable on demand	-	-	1	1
Unsecured bond	4.50%	2027	15,000	14,713	15,000	14,677
<b>Total interest-bearing liabilities</b>			<u>15,000</u>	<u>14,713</u>	<u>15,001</u>	<u>14,678</u>

### 26.3 Bank overdraft

The bank overdraft represents the credit on the Company's credit card as at 31 December, which is repaid on a monthly basis. This overdraft is secured by a pledge of €7k over cash balances held by the Company with HSBC Malta plc. An additional €35k is pledged in favour of a guarantee with MEPA.

### 26.4 Debt securities in issue

By virtue of the Prospectus dated 26 June 2018, the Company announced the early redemption of the 7% unsecured €12 million bond issued in 2010, from the proceeds of a new unsecured bond for an amount of €15 million, to which the existing bondholders and shareholders were given the option to subscribe. The bond had a nominal value of €100 per bond and was issued at par. The bond is subject to a fixed interest rate of 4.5% per annum payable semi-annually in arrears on 22 February and 22 August of each year. All bonds are redeemable at par (€100 for each bond) on the 23 August 2027.

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

### 26 Loans and borrowings (continued)

#### 26.4 Debt securities in issue (continued)

The proceeds from the bond issue, net of bond issue expenses of €0.4m, amounting to €14.6 million will be used by the Company for the following purposes:

1. €11 million already used for the redemption of the 7% unsecured bond;
2. €3.5 million for further waterside investment within the Marina which is envisaged to take place in two separate stages; and
3. €50k for general corporate and operational purposes.

The bonds are measured at the amount of net proceeds adjusted for the amortisation of the difference between net proceeds and the redemption value of the bonds using the effective interest method as follows:

	2020 €000	2019 €000
Original face value of bonds issued	15,000	15,000
Gross amount of bond issue costs	(402)	(402)
Cumulative amortisation of gross amount of bond issue costs as at 1 January	79	45
Amortisation charge for the year (see note 13)	36	34
Unamortised bond issue costs as at 31 December	(287)	(323)
<b>Amortised cost and closing carrying amount of the bond liability</b>	<b>14,713</b>	<b>14,677</b>

The bonds have been admitted to the Official List of the Malta Stock Exchange. The quoted market price of the bonds at 31 December 2020 was €101.50 (2019: €104.60), which in the opinion of the directors represented the fair value of these financial liabilities.

### 27 Trade and other payables

#### 27.1

	2020 €000	2019 €000
<b>Group and Company</b>		
Trade payables, excluding related parties	440	442
Amounts due to related parties (see notes 27.2 and 31.2)	87	142
Accrued expenses	661	740
Other trade payables (see note 27.4)	218	203
	<b>1,406</b>	<b>1,527</b>

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

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### 27 Trade and other payables (continued)

27.2 The amounts owed to the related parties are unsecured, interest free and repayable on demand.

27.3 Information about the Group's exposures to liquidity and currency risks related to trade and other payables is disclosed in notes 29.6 and 29.7.1 respectively.

27.4 Other trade payables relates to VAT payable by the Group as at 31 December 2020.

### 28 Contract liabilities

28.1

	2020 €000	2019 €000
<b>Group and Company</b>		
Customer advances on berthing contracts (see note 28.2)	1,124	1,159
Deferred income on lease receivable (see note 28.3)	-	18
	<u>1,124</u>	<u>1,177</u>

28.2 The contract liabilities relate to the consideration received in advance from customers for berthing contracts, for which revenue is recognised over time.

28.3 The deferred income on lease receivable relates to income received on subleased properties which relates to period after 31 December 2020. Such sub-lease was terminated in June 2020 (see note 21.2).

### 29 Financial instruments – fair values and risk management

#### 29.1 Accounting classification and fair values

At 31 December 2020 and 2019, the carrying amount of financial assets and financial liabilities approximated their fair values (note 7.16). The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

### 29 Financial instruments – fair values and risk management (continued)

#### 29.1 Accounting classification and fair values (continued)

31 December

	Carrying amount							
	Financial assets at FVOCI		Financial assets at amortised cost		Other financial liabilities		Total	
	2020 €000	2019 €000	2020 €000	2019 €000	2020 €000	2019 €000	2020 €000	2019 €000
Investment in corporate debt securities	5,894	5,651	-	-	-	-	5,894	5,651
Loans to Parent company	-	-	6,172	3,922	-	-	6,172	3,922
Trade and other receivables*	-	-	854	802	-	-	1,334	1,091
Cash and cash equivalents	-	-	1,528	4,054	-	-	1,528	4,054
Unsecured debt securities in issue	-	-	-	-	(14,713)	(14,677)	(14,713)	(14,677)
Bank overdraft	-	-	-	-	-	(1)	-	(1)
Trade and other payables*	-	-	-	-	(526)	(584)	(526)	(584)

\*Other receivables and other payables that are not financial instruments are not included



# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

### 29 Financial instruments – fair values and risk management (continued)

#### 29.2 Measurement of fair values

##### *Valuation techniques and significant unobservable inputs*

At 31 December 2020, corporate debt securities at FVOCI with a carrying amount of €5,894k (2019: €5,651k) were measured using level 2 of the fair value hierarchy, by referring to their respective quoted prices in the local market.

At 31 December 2020, unsecured debt securities in issue were measured at amortised cost with a carrying amount of €14,713k (2019: €14,677k). The fair value of this financial liability as at 31 December 2020 amount to €15,225k (2019: €15,690k) were measured using level 2 of the fair value hierarchy, by referring to their respective quoted prices in the local market.

#### 29.3 Financial risk management

The Group, from its use of financial instruments, has exposure to credit, liquidity, and market risks.

#### 29.4 Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's audit committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

#### 29.5 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's bank balances, receivables from customers, loans receivable from the Parent company and investments in debt securities. The carrying amounts of financial assets represent the maximum credit exposure. Impairment losses on financial assets recognised in the statement of profit or loss were as follows (see note 11.1):

	2020 €000	2019 €000
Impairment loss on corporate debt securities at FVOCI (see note 29.5.2)	1	3
Impairment loss on cash pledged in favour of Isbank (see note 29.5.3)	3	27
Impairment loss on loans to Parent company (see note 29.5.3)	1	1
Impairment loss on cash and cash equivalents (see note 29.5.4)	(1)	2
Impairment loss on trade receivables (see note 29.5.1)	3	-
	<u>7</u>	<u>33</u>

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

### 29 Financial instruments – fair values and risk management (continued)

#### 29.5 Credit risk (continued)

##### 29.5.1 Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry. Details of concentration of revenue are included in note 10.2. The Group's revenue is not concentrated in a small number of customers but is rather dispersed on a large client base made up of local and foreign clients coming from all over the world. Moreover, the Group limits its exposure to credit risk by entering into agreement with clients requiring full payment in advance of their berthing period and having the right to exercise a general lien in case of payment default.

The majority of the Group's customers have been transacting with the Group for over five years, and only 0.11% of these customers' balances have been written off or credit-impaired at the reporting date. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, industry, trading history with the Group and existence of previous financial difficulties.

At 31 December 2020, the exposure to credit risk for trade receivables by type of counterparty was as follows:

	2020 €000	2019 €000
Individuals	119	159
Legal entities	438	300
Agents	164	92
	<u>721</u>	<u>551</u>

The following table provides information about the ageing of trade receivables as at 31 December:

	2020 €000	2019 €000
<b>Past due but not impaired</b>		
Current (not past due)	110	143
1–30 days past due	234	201
31–60 days past due	85	57
61–90 days past due	69	60
More than 90 days past due	223	90
	<u>721</u>	<u>551</u>

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

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### 29 Financial instruments – fair values and risk management (continued)

#### 29.5 Credit risk (continued)

##### 29.5.1.1 *ECL assessment for corporate and individual customers as at 1 January and 31 December 2020*

With regards to corporate customers, the Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default.

With regards to individual customers, the Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances.

Since loss rates are based on actual credit loss experience over the past five years, the Group's weighted average loss rate for its receivables is less than 0.11% (2019: 0.12%), and therefore no expected credit losses for trade receivables are registered as at 31 December 2020 (2019: €nil). Moreover, the loss given default of only 1% (due to the general lien which the Company can exercise) is a reflection of the low exposure to credit risk. The impairment loss of €3k related to a debtor which went bankrupt, and therefore the balance receivable was written-off.

##### 29.5.2 *Investment in corporate debt securities*

The Group limits its exposure to credit risk on corporate debt securities by investing only in liquid debt securities that have the healthiest interest coverage ratios and gearing ratios, such as the net debt to EBITDA ratio. The Group then monitors changes in credit risk by tracking published annual financial statements of the companies in which the Group holds its debt securities, together with any significant changes in prices of such debt securities on the local stock exchange.

The Group concluded there was no significant change in credit risk on these financial assets due to the COVID-19 pandemic, and therefore calculated loss allowance equal to 12-month ECLs. In the absence of individual investment grades to local corporate debt issuers, in calculating the probability of default, the Group looked at the credit rating enjoyed by the jurisdiction in which these corporate debt issuers operate, being Malta. The rating of A, despite remaining unchanged from the previous year, was lowered to BBB for the purpose of this assessment to reflect the uncertainty brought about by the COVID situation, hence increasing the probability of default used in calculating the ECLs to 0.06% (December 2019: 0.04%)

The Company measured loss allowance on the investment in corporate debt securities at an amount equal to 12-month ECLs, which amounted to €4k (2019: €3k). The loss allowance is charged to profit or loss under administrative expenses and is recognised in OCI.

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

### 29 Financial instruments – fair values and risk management (continued)

#### 29.5 Credit risk (continued)

##### 29.5.2 Investment in corporate debt securities(continued)

The exposure to credit risk for debt securities at FVOCI, net of expected credit losses, at the reporting date by geographic region was as follows:

	2020 €000	2019 €000
<b>Country</b>		
Malta (see note 19)	<b>5,894</b>	5,651

##### 29.5.3 Loans to Parent company

In the opinion of the directors, the credit risk on the loans to the Parent company of €2,954k pledged in favour of Isbank's subordinated loan to Cesme has experienced a significant increase due to the political uncertainty in Turkey, the COVID-19 pandemic and the devaluation of the functional currency of IC Cesme.

The Group has therefore measured loss allowance equal to lifetime ECLs, through a probability-weighted calculation based on the following scenarios:

- Base case- 50% weighting (2019: 50%)- the probability of default on such loan would be equivalent to the current credit rating of Turkey, being BB emerging, resulting in a lifetime ECL of €7k (2019: €8k);
- Best case- 25% weighting (2019: 30%)- the probability of default on such loan would be equivalent to one higher scale than the current credit rating of Turkey, being BBB emerging, resulting in a lifetime ECL of €1k (2019: €1k); and
- Worst case- 25% weighting (2019: 20%)- the probability of default on such loan would be equivalent to one lower scale than the current credit rating of Turkey, being B emerging, resulting in a lifetime ECL of €22k (€17k).

This totalled to a lifetime ECL of €30k (December 2019: €27k). The difference in loss allowance is deducted from the gross carrying amount of the asset and presented separately in the statement of profit or loss under "Impairment loss on financial assets".

The loss allowance on the other loans to Parent company of €3,250k has been measured at 12-month ECL, which amounted to €2k (December 2019: charge of €1k) and has been included in that financial statement caption. The COVID-19 pandemic did not affect the ECLs on this loan due to the healthy asset value, cash flow and jurisdiction in which the Parent company operates. The exposure to credit risk for the loan to Parent company at amortised cost, net of expected credit losses, at the reporting date by geographic region was as follows:

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

### 29 Financial instruments – fair values and risk management (continued)

#### 29.5 Credit risk (continued)

##### 29.5.3 Loans to Parent company (continued)

	2020 €000	2019 €000
<b>Country</b>		
Turkey (see note 20.2)	2,924	2,923
Guernsey (see note 20.3)	3,248	999
	<u>6,172</u>	<u>3,922</u>

##### 29.5.4 Cash and cash equivalents

The Group held cash and cash equivalents of €1,528k at 31 December 2020 (2019: €4,045k). The cash and cash equivalents are held with HSBC, which has a short-term rating of A-2 as per Standard and Poor's (S&P's) (2019: A-2).

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external ratings of S&P's. The loss allowance amounted to €1k (December 2019: €2k), the decrease of which is attributable to the lower cash balance held by the Company, and recognized under "Impairment loss on financial asset" in the statement of profit or loss.

##### 29.5.5 Guarantees and letters of financial support

As explained in note 20.2, the Company has pledged the amount due by the Company's parent as security for funds borrowed.

#### 29.6 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

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### **29 Financial instruments – fair values and risk management (continued)**

#### **29.6 Liquidity risk (continued)**

The Group monitors its cash flow requirements on a weekly basis and ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

The Company mitigated losses emanating from the COVID-19 pandemic by focusing on alternative targets and strategies, such as retaining seasonal superyachts for a big part of the Spring season, where it was usual practice for such segment to depart at the end of the Winter season, and identifying cost-cutting opportunities, such as local marketing events which used to be held on a weekly basis, and which were halted to prevent local transmission of the pandemic. Apart from the internal change in strategies, the Company also availed and benefitted from Government intervention in the form of wage subsidy programs (see notes 6 and 11.1).

The Company has produced forecasts that have also been sensitised to reflect plausible downside scenarios as a result of the COVID-19 pandemic, and its impact on the global economy. The directors considered the impact of the current COVID-19 environment up until 30 April 2022, whereby a scenario of a 50% reduction in the forecasted sales and sales-related costs as at 30 April 2022, although considered to be very unlikely, was considered. Throughout this severe downside scenario, the Group would continue to have significant liquidity headroom to meet all the obligations associated with financial liabilities, including but not limited to salaries, annual bond interest payments and the full bond redemption in 2027.

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

### 29 Financial instruments – fair values and risk management (continued)

#### 29.6 Liquidity risk (continued)

The following are the contractual maturities of financial liabilities at the reporting date. The amounts are gross, undiscounted and include contractual interest payments.

	Carrying amount €000	Contractual cash flows €000	6 months or less €000	6 - 12 months €000	1 - 5 years €000	Over 5 years €000
<b>31 December 2020</b>						
<b>Financial liabilities</b>						
Debt securities in issue (see note 26.4)	14,713	(19,725)	(340)	(335)	(2,700)	(16,350)
Trade and other payables (see note 27)	526	(526)	(526)	-	-	-
Lease liabilities (see note 21.1.2)	6,173	(38,133)	(254)	(115)	(1,527)	(36,237)
	<b>21,413</b>	<b>(58,385)</b>	<b>(1,121)</b>	<b>(450)</b>	<b>(4,227)</b>	<b>(52,587)</b>
<b>31 December 2019</b>						
<b>Financial liabilities</b>						
Debt securities in issue (see note 26.4)	14,677	(20,400)	(340)	(335)	(2,700)	(17,025)
Bank overdraft (see note 26.3)	1	(1)	(1)	-	-	-
Trade and other payables (see note 27)	584	(584)	(584)	-	-	-
Lease liabilities (see note 21.1.2)	6,155	(38,499)	(254)	(115)	(1,513)	(36,617)
	<b>22,360</b>	<b>(60,427)</b>	<b>(2,122)</b>	<b>(450)</b>	<b>(4,213)</b>	<b>(53,642)</b>

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

### 29 Financial instruments – fair values and risk management (continued)

#### 29.7 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

##### 29.7.1 Currency risk

The Group's exposure to currency risk is limited to expenses that are denominated in a currency other than the Company's functional currency, primarily the British Pound (GBP), on intra-group balances. The Group is not exposed to exchange rate movements on the Turkish Lira other than in respect of the Group's share in the post-acquisition reserves of its equity-accounted investee. The Group does not hedge against exchange gains or losses which may arise on the realisation of amounts receivable and the settlement of amounts payable in foreign currencies.

##### 29.7.1.1 Exposure to currency risk and sensitivity analysis

The EUR/GBP spot-rate as at 31 December 2020 is 0.8990 (2019: 0.8508). A reasonably possible strengthening (weakening) of the euro against the GBP at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
	€000	€000	€000	€000
<b>31 December 2020</b>				
EUR (10% movement)	(6)	7	(6)	7
<b>31 December 2019</b>				
EUR (10% movement)	(2)	2	(2)	2

##### 29.7.2 Interest rate risk

The Group adopts a policy of ensuring that the majority of its interest rate risk exposure is at a fixed rate. This is achieved by entering into financial arrangements subject to fixed interest rates.

During the year ended 31 December 2017, the Company issued bonds at a fixed rate of 4.50%, while between 2018 and 2020 the Company has invested in corporate debt securities, all at fixed rates ranging from 3.25% to 6% (see note 19). In addition, the loans to the Parent company range between 4% and 4.50%, with the rates on the cash pledged in favour of Isbank ranging from 0.05% to 1%. These are, therefore, not subject to interest rate fluctuations.



# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

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### 29 Financial instruments – fair values and risk management (continued)

#### 29.7 Market risk (continued)

##### 29.7.2 Interest rate risk (continued)

##### 29.7.2.1 Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities, at FVTPL, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

A decrease/ (increase) of 100 basis points in interest rates would have increased/ (decreased) equity by €243k/ (€225k) after tax (2019: €261k/ (€240k) after tax). This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

#### 29.8 Market price risk

The Group's exposure to market price risk relates mainly to changes in the value of property, plant and equipment ("marina assets"). Marinas and marina related real estate are inherently difficult to value due to the individual nature and particular characteristics of each property. As a result, professional valuations are subject to uncertainty and there can be no assurance that estimates resulting from the valuation process will reflect the actual sale price achievable in the marketplace.

The market value of the marina assets, including that which is held through the Company's investment in the joint venture (IC Cesme), may be affected by general economic conditions, including changes in interest rates, inflation, and changes in the political and the economic climate.

Operating income and capital values may also be affected by other factors specific to the marina industry such as competition from other marina owners, the perceptions of berth holders (and prospective berth holders) of the attractiveness, convenience and safety of marinas, and increases in operating costs such as labour, maintenance and insurance etc. The Directors monitor market value by having annual valuations carried out by CBRE UK Ltd.

### 30 Commitments

No capital commitments were authorised and contracted for, or yet to be contracted for, at the reporting date and at the end of the comparative period.

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

### 31 Related parties

#### 31.1 Parent and ultimate controlling party

The Company is a subsidiary of Camper & Nicholsons Marina Investments Limited ("CNMIL"), the registered office of which is situated at Bordage House, Le Bordage, St Peter Port Guernsey GY1 1BU. The ultimate controlling party is Mr Victor Chu, the Chairman and principal shareholder of First Eastern (Holdings) Limited, which together with its wholly owned subsidiary, FE Marina Investments Limited, owns 99.57% of CNMIL's issued share capital. On 21 February 2020, CNMIL acquired HSBC Bank Malta p.l.c.'s (as custodian/trustee) entire issued share capital in the Company equivalent to 1,397,216 shares. As of 31 March 2021, CNMIL holds 17,393,590 shares, equivalent to 86.97% of the Company's total issued share capital.

CNMIL prepares consolidated financial statements of the Group of which Grand Harbour Marina p.l.c. forms part.

#### 31.2 Related party relationships, transactions and balances

Companies forming part of the CNMIL Group are considered by the directors to be related parties as these companies are ultimately owned by CNMIL. The transactions and balances with such parties were as follows:

	2020 €000	2019 €000
<b>Camper &amp; Nicholsons Marinas Limited</b>		
Balance payable at 1 January	(88)	(106)
As per Marina Services Agreement:		
Recruitment, operational service fees (2.5% of revenue subject to a minimum fee of GBP18k per annum)	(101)	(105)
Sales and marketing fees (fixed fee of GBP3.2k per month)	(43)	(44)
Management, finance and other related services and expenses	(10)	(34)
Cash movements	208	201
<b>Balance payable at 31 December (see note 27.1)</b>	<b>(34)</b>	<b>(88)</b>
<b>Camper &amp; Nicholsons Marinas International Limited</b>		
Balance payable at 1 January	(54)	(60)
Royalty fees (1.5% of revenue excluding direct costs of utilities) as per Trade Mark License Agreement	(53)	(54)
Cash movements	54	60
<b>Balance payable at 31 December (see note 27.1)</b>	<b>(53)</b>	<b>(54)</b>
Cash movements (see note 22.1)	500	-
<b>Balance receivable at 31 December</b>	<b>500</b>	<b>-</b>

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

### 31 Related parties (continued)

#### 31.2 Related party relationships, transactions and balances (continued)

	2020 €000	2019 €000
<b>Camper &amp; Nicholsons Marinas Investments Limited</b>		
Principal in respect of Cesme Cash Collateral (see note 20.2)	2,950	2,950
Principal advanced during the year	4	-
Interest accrued at beginning of the year	251	222
Interest Accrued during the year	23	29
Interest received during the year	(141)	-
<b>Subtotal</b>	<b>3,087</b>	<b>3,201</b>
Principal in respect of Loan Note 1 (see note 20.3)	400	400
Interest accrued at beginning of the year	-	2
Interest during the year	16	16
Interest received during the year	(16)	(18)
<b>Subtotal</b>	<b>400</b>	<b>400</b>
Principal in respect of Loan Note 2 (see note 20.3)	600	600
Interest accrued at beginning of the year	-	43
Interest during the year	24	24
Interest received during the year	(24)	(67)
<b>Subtotal</b>	<b>600</b>	<b>600</b>
Principal in respect of Loan Note 3 (see note 20.3)	-	-
Principal advanced during the year	2,250	-
Interest accrued at beginning of the year	-	-
Interest during the year	28	-
Interest received during the year	(28)	-
<b>Subtotal</b>	<b>2,250</b>	<b>-</b>
Costs recharged to CNMIL	-	1
Cash movements	-	(1)
<b>Subtotal</b>	<b>-</b>	<b>-</b>
<b>Balance receivable at 31 December</b>	<b>6,337</b>	<b>4,201</b>
<b>Balance receivable, excluding principal of €6,204k (2019: €3,950k) at 31 December (see note 22.1)</b>	<b>133</b>	<b>251</b>

# Grand Harbour Marina p.l.c.

## Notes to the financial statements

For the Year Ended 31 December 2020

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### 31 Related parties (continued)

#### 31.3 Transactions with key management personnel

Other than the remuneration payable to the directors, there were no other transactions with key management personnel.

### 32 Subsequent events

From 1 January 2021 to 31 March 2021, the Group recognised an additional €20k of government grants to wage subsidy programs related to January to March 2021 payroll expenses.

### 33 Litigation and claims

The Company's joint venture, IC Cesme, is disputing the following claim:

- i) IC Cesme is disputing a claim and lawsuit by a former tenant of Cesme Marina, Bolluca Turizm Gida San. ve Dis Tic.Ltd.Sti., which started a legal case against IC Cesme after its contract was terminated in 2011 due to the lack of rental payments. The Board of Directors of IC Cesme, having consulted the company's Attorney, consider that the claim is not valid. The Izmir 3<sup>rd</sup> Basic Commercial Court dismissed the case and the claimant made an appeal to the Izmir Regional Court of Justice which was also rejected. A further case from the same claimant was rejected by the Izmir 3<sup>rd</sup> Basic Commercial Court on 16<sup>th</sup> October 2020 and a decision of non-jurisdiction is expected for the combined cases. Based on the advice received, the probability of an outflow of resources embodying economic resources to settle the obligation is highly improbable. Nevertheless, in the unlikely event that IC Cesme lost the lawsuit, it would result in a liability of €730k (2019: €988k) with the Group's share being €329k (2019: €445k).

IC Cesme was disputing a claim and lawsuit by the Izmir Tax Inspection Board that it had incorrectly calculated the useful lives of certain assets and therefore the depreciation charge for the years between 2010 and 2013 resulting in a claim for payment of €99k tax, including a €60k penalty. The decision of Izmir 4th Tax Court was annulled in favour of the Company. The Council of State also approved the court's annulment decision, and the decision was finalized in favour of IC Cesme, which freed it of the total risk of €100k. The case was closed in May 2020.



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## Independent Auditors' Report

To the Shareholders of Grand Harbour Marina p.l.c.

### 1 Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Grand Harbour Marina p.l.c. (the "Company") and of the Group of which the Company is the parent, which comprise the statements of financial position as at 31 December 2020, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

- (a) give a true and fair view of the financial position of the Company and of the Group as at 31 December 2020, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU; and
- (b) have been properly prepared in accordance with the provisions of the Companies Act, 1995 (Chapter 386, Laws of Malta) (the "Act") and, additionally, specifically in relation to those of the Group, with the requirements of article 4 of the Regulation on the application of IFRS as adopted by the EU.

#### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the *Accountancy Profession (Code of Ethics for Warrant Holders) Directive* issued in terms of the Accountancy Profession Act (Chapter 281, Laws of Malta), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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## Independent Auditors' Report

To the Shareholders of Grand Harbour Marina p.l.c.

### 1 Report on the Audit of the Financial Statements

#### *Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period (selected from those communicated to the audit committee), and include a description of the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We summarise below the key audit matters, together with our response by way of the audit procedures we performed to address that matter in our audit, and key observations arising with respect to such risks of material misstatement.

#### **Recognition of short- term berthing revenue**

*Note 10 to the financial statements for the relevant accounting policy and further disclosures*

Revenue from short-term berthing (the “berthing revenue”) (€2,671 thousand) included in ‘Revenue’.

The Company’s berthing revenue is derived from contracts concluded with customers for either annual, seasonal or visitor berthing arrangements. Relevant auditing standards specify that there is a rebuttable presumption that a risk of fraud underlying the recognition of revenue exists. That risk may result from premature revenue recognition and the recording of unsubstantiated revenues. Manual intervention, volume of transactions, and transactions that are recognised over multiple periods underlie such risk, specific to the Company.



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## Independent Auditors' Report

To the Shareholders of Grand Harbour Marina p.l.c.

### 1 Report on the Audit of the Financial Statements

#### *Key audit matters (continued)*

##### *Our response*

As part of our procedures on the berthing revenue, for a sample of berthing revenue transactions in the general ledger:

- we agreed those transactions to signed contracts with berth-holders and the related receipt in the bank statement to assess the existence and accuracy of such revenue; and
- we assessed whether the related invoices have been issued accurately and recognised in the correct accounting period, taking into consideration the period of stay and size of the vessel.

We have no key observations to report, specific to this matter.

#### **Assumptions underlying the recoverability of the Investment in Joint Venture**

*Accounting policy notes 7.1.5 and 7.12.3 to the financial statements and note 18 for further disclosures*

Equity-accounted investee (the “investment in joint venture”) (€1,302 thousand)

Due to geo-political risks associated with the jurisdiction where the joint venture is established, the directors have tested the investment to determine whether the recoverable amount is at least equal to its carrying amount. Significant judgement is involved in determining the recoverable amount, primarily as that evaluation includes the assessment of key assumptions underlying the recoverable amount (namely, in relation to the budgeted EBITDA and yield multiple applied, as explained in note 18.4), and, therefore, subject to estimation uncertainty.



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## Independent Auditors' Report

To the Shareholders of Grand Harbour Marina p.l.c.

### 1 Report on the Audit of the Financial Statements

#### *Key audit matters (continued)*

##### *Our response*

As part of our procedures:

- we have evaluated the reasonableness of the estimation methods, the key and other assumptions and the data used by management to make their accounting estimate, involving our valuation specialist as appropriate;
- specifically, in relation to EBITDA, we:
  - considered a retrospective review analysis, comparing budgeted information prepared by management in prior periods to actual performance, in order to evaluate the appropriateness and accuracy of management's budgetary process; and
  - performed a reasonableness assessment of the assumptions adopted by management in their estimation of budgeted EBITDA for 2021, such as growth rates applied; and
- we have assessed the sensitiveness of the excess of the recoverable amount (over its carrying amount) to variation in the key assumptions, through a sensitivity analysis.

We have no key observations to report, specific to this matter.





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## Independent Auditors' Report (continued)

To the Shareholders of Grand Harbour Marina p.l.c.

### *Other information*

The directors are responsible for the other information. The other information comprises:

- the 'Chairman's Statement';
- the 'Directors' Report';
- the 'Statement by the Directors on the Financial Statements and Other Information included in the Annual Report';
- the 'Directors' Statement of Compliance with the Code of Principles of Good Corporate Governance'; and
- the 'Other Disclosures in terms of the Listing Rules',

but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and, other than in the case of the Directors' Report on which we report separately below in our 'Opinion on the Directors' Report', we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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## **Independent Auditors' Report (continued)**

**To the Shareholders of Grand Harbour Marina p.l.c.**

### ***Responsibilities of the directors for the financial statements***

The directors are responsible for the preparation of financial statements that (a) give a true and fair view in accordance with IFRS as adopted by the EU, and (b) are properly prepared in accordance with the provisions of the Act, and, additionally, specifically in relation to those of the Group, with the requirements of article 4 if the Regulation on the application of IFRS as adopted by the EU. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company and/or the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the financial reporting process.

### ***Auditors' responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 'Reasonable assurance' is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit.



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## Independent Auditors' Report (continued)

To the Shareholders of Grand Harbour Marina p.l.c.

### *Auditors' responsibilities for the audit of the financial statements (continued)*

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Consider the extent of compliance with those laws and regulations that directly affect the financial statements, as part of our procedures on the related financial statement items. For the remaining laws and regulations, we make enquiries of directors and other management, and inspect correspondence with the regulatory authority, as well as legal correspondence. As with fraud, there remains a higher risk of non-detection of other irregularities (whether or not these relate to an area of law directly related to the financial statements), as these may likewise involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



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## **Independent Auditors' Report (continued)**

**To the Shareholders of Grand Harbour Marina p.l.c.**

### ***Auditors' responsibilities for the audit of the financial statements (continued)***

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and/or the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



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## **Independent Auditors' Report (continued)**

**To the Shareholders of Grand Harbour Marina p.l.c.**

### ***Auditors' responsibilities for the audit of the financial statements (continued)***

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



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## **Independent Auditors' Report (continued)**

**To the Shareholders of Grand Harbour Marina p.l.c.**

### **2 Report on Other Legal and Regulatory Requirements**

#### ***Opinion on the directors' report***

The directors are responsible for preparing a directors' report in accordance with the provisions of article 177 of the Act and other applicable legal requirements, and is to include a statement that the Company is a going concern with supporting assumptions or qualifications as necessary, as required by Listing Rule 5.62 issued by the Listing Authority in Malta.

We are required to consider whether the information given in the directors' report for the accounting period for which the financial statements are prepared is consistent with those financial statements; and, if we are of the opinion that it is not, we shall state that fact in our report. We have nothing to report in this regard.

Pursuant to article 179(3) of the Act, we are also required to:

- express an opinion on whether the directors' report has been prepared in accordance with the applicable legal requirements; and
- state whether, in the light of the knowledge and understanding of the entity and its environment obtained in the course of our audit of the financial statements, we have identified material misstatements in the directors' report, giving an indication of the nature of any such misstatements.

Pursuant to Listing Rule 5.62 of the Listing Rules issued by the Listing Authority in Malta, we are required to review the directors' statement in relation to going concern.

In such regards:

- in our opinion, the directors' report has been prepared in accordance with the applicable legal requirements;
- we have not identified material misstatements in the directors' report; and
- we have nothing to report in relation to the statement on going concern.



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## Independent Auditors' Report (continued)

### To the Shareholders of Grand Harbour Marina p.l.c.

#### *Matters on which we are required to report by the Act, specific to public-interest entities*

Pursuant to article 179B(1) of the Act, we report as under matters not already reported upon in our 'Report on the Audit of the Financial Statements':

- we were first appointed as auditors by the board of directors on 24 May 2006, and subsequently reappointed by the shareholders at the Company's general meetings for each financial year thereafter. Following the listing of the Company's shares on the Malta Stock Exchange, and excluding the initial period during which those shares were listed (that is, financial year ending 31 December 2007), the period of total uninterrupted engagement is thirteen years;
- our opinion on our audit of the financial statements is consistent with the additional report to the audit committee required to be issued by the Audit Regulation (as referred to in the Act); and
- we have not provided any of the prohibited services as set out in the APA.

#### *Matters on which we are required to report by exception by the Act*

Pursuant to articles 179(10) and 179(11) of the Act, we have nothing to report to you with respect to the following matters:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations which, to the best of our knowledge and belief, we require for the purpose of our audit.

The Principal authorised to sign on behalf of KPMG on the audit resulting in this independent auditors' report is Hilary Galea-Lauri.

**KPMG**  
Registered Auditors

31 March 2021



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## **Independent Assurance Report**

### **To the Shareholders of Grand Harbour Marina p.l.c.**

#### ***Report required by Listing Rules 5.98 and 12.26N issued by the Listing Authority in Malta***

We were engaged by the Directors to report on specific disclosures in the Corporate Governance Statement and the Remuneration Report (the “Disclosures”) of Grand Harbour Marina p.l.c. (the “Company”) as at 31 December 2020 as to whether these are in compliance with corporate governance regulations and information to be provided in the remuneration report set out in the Listing Rules issued by the Listing Authority, the Malta Financial Services Authority (the “Listing Rules”). We are required to report in the form of an independent reasonable assurance conclusion as to whether:

- (a) in light of our knowledge and understanding of the Company and its environment obtained during the course of the statutory audit, we have identified material misstatements with respect to the information requirements referred to in Listing Rule 5.97.4, and for issuers of securities that carry voting rights that are subject to the requirements of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids, the information referred to in Listing Rule 5.97.5. Where material misstatements are identified in relation to the requirements of Listing Rules 5.97.4 and 5.97.5, as applicable, we shall, in addition to our opinion, provide an indication of the nature of such misstatements;
- (b) the Disclosures include the other information required by Listing Rule 5.97, insofar as it is applicable to the Company; and
- (c) the Disclosures include the information required by Appendix 12.1 under Chapter 12 of the Listing Rules, insofar as it is applicable to the Company.

#### ***Responsibilities of the Directors***

The Directors are responsible for the compliance of the Company, and of the Disclosures, with the Listing Rules.

The Directors are also responsible for preparing and presenting the Disclosures that are free from material misstatement and for the information contained therein.





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## **Independent Assurance Report (continued)**

### **To the Shareholders of Grand Harbour Marina p.l.c.**

#### ***Responsibilities of the Directors (continued)***

This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Disclosures that is free from material misstatement whether due to fraud or error. It also includes ensuring that the Company complies with the Listing Rules, selecting and applying policies and procedures in relation to both financial and non-financial information, making estimates and judgement that are reasonable in the circumstances and for maintaining adequate records in relation to the Disclosures.

The Directors are also responsible for preventing and detecting fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities.

The Directors are also responsible for ensuring that staff involved with the preparation and presentation of the Disclosures are properly trained, information systems are properly updated and that any changes in reporting encompass all significant reporting units relevant to the Disclosures encompass all significant business units. This responsibility also includes informing us of any changes in the Company's operations since the date of the Disclosures and since the date of our most recent assurance report on the Disclosures.

#### ***Our Responsibilities***

Our responsibility is to examine the Disclosures and to report thereon in the form of a reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements 3000, *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board.

That standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the Disclosures are properly prepared and presented, in all material respects, in accordance with the requirements set out in the relevant Listing Rules.



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## Independent Assurance Report (continued)

### To the Shareholders of Grand Harbour Marina p.l.c.

#### *Our Responsibilities (continued)*

The firm applies International Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements* and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), together with the ethical requirements that are relevant to our assurance engagement in accordance with the *Accountancy Profession (Code of Ethics for Warrant Holders) Directive* issued in terms of the Accountancy Profession Act (Chapter 281, Laws of Malta), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the Disclosures whether due to fraud or error.

In making those risk assessments, we have considered internal control relevant to the preparation and presentation of the Disclosures in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of Company's internal control over the preparation and presentation of the Disclosures. Our engagement also included assessing the appropriateness of the Disclosures, the suitability of the criteria, being the relevant Listing Rules, in preparing and presenting the Disclosures in the circumstances of the engagement and evaluating the appropriateness of the method used in the preparation and the overall presentation of the Disclosures. Reasonable assurance is less than absolute assurance.



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## **Independent Assurance Report (continued)**

### **To the Shareholders of Grand Harbour Marina p.l.c.**

#### ***Our Responsibilities (continued)***

We are not required to, and we do not, consider whether the directors' statements on internal control and risk management systems cover all the risks and controls in relation to the financial reporting process or form an opinion on the effectiveness of the Company's corporate governance procedures or its risks and control procedures, nor on the ability of the Company to continue in operational existence. Our opinion in relation to the disclosures pursuant to Listing Rules 5.97.4 and 5.97.5 is based solely on our knowledge and understanding of the Company and its environment obtained in forming our opinion on the audit of the financial statements. We have not performed any procedures by way of audit, verification or review on the underlying information from which the other disclosures required by Listing Rule 5.97 is derived.

We also read the other information included in the Annual Report in order to identify any material inconsistencies with the Disclosures.

#### ***Conclusion***

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.



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## **Independent Assurance Report (continued)**

### **To the Shareholders of Grand Harbour Marina p.l.c.**

#### ***Conclusion (continued)***

In our opinion:

- (a) in light of the knowledge and understanding of the Company and its environment obtained during the course of our statutory audit, we have not identified material misstatements with respect to the information requirements referred to in Listing Rule 5.97.4, and for issuers of securities that carry voting rights that are subject to the requirements of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids, the information referred to in Listing Rule 5.97.5;
- (b) the Disclosures include the other information required by Listing Rule 5.97 insofar as it is applicable to the Company; and,
- (c) the Disclosures include the information required by Appendix 12.1 under Chapter 12 of the Listing Rules, insofar as it is applicable to the Company.

The Principal authorised to sign on behalf of KPMG on the work resulting in this assurance report is Hilary Galea-Lauri.

**KPMG**  
Registered Auditors

31 March 2021