Annex IV -
Financial Analysis Summary

GRAND HARBOUR MARINA P.L.C.

FINANCIAL ANALYSIS SUMMARY

26 June 2017

RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS

RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS

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

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

26th June 2017

Dear Sirs,

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

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

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

a) Historical financial data for the three years ended 31 December 2014 to 2016 has been extracted from the Issuer's audited statutory financial statements for the three years in question, as and when appropriate.

b) The forecast data for the financial year ending 31 December 2017 has been provided by management of the Issuer.

c) Our commentary on the results of the Issuer and on the respective financial position is based on the explanations provided by the Issuer.

d) The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions as set out and defined within the Analysis.

e) Relevant financial data in respect of competitors as analysed in section 9 has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies.

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

Yours sincerely,

Vincent E Rizzo
Director

RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS

Table of Contents

LIST OF ABBREVIATIONS

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

RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS

Important Information

Purpose of the Document

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

Sources of Information

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

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

Forecasts

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

RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS

PART 1

1. KEY ACTIVITIES AND PRINCIPAL MARKETS

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

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

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

1. **Annual and seasonal berth licences of foreign and Maltese owned sail and power yachts of less than 25 metres.** The market for this type of customer is well catered for, with GHM's principal competitors being the other existing marinas within Malta and Gozo (being listed in the table below);

2. **Visiting sail and power yachts over 25 metres principally foreign-owned.** With respect to this segment, other than the Grand Harbour Marina itself, only the Manoel Island marina, the Ta' Xbiex marina and the Mgarr Harbour marina offer the requisite capacity to cater for these larger sized yachts; and

3. **Long-term licence holding sail and power yachts over 25 metres principally foreign-owned.** Regarding this segment, the Issuer is not aware of any local marinas offering such berthing facilities. Accordingly, the Issuer only competes with other Mediterranean superyacht marinas which include those located on the Spanish East coast and Balearics, the South of France, Italy, Greece, and Montenegro, together with certain Tunisian marinas.

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

Note (1): Marina di Valletta has welcomed its first yachts in June 2017.
Source: Yachting in Malta, 12th Edition 2017-2018

RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS

1.1 Grand Harbour Marina

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

The Marina was valued, as at 31 December 2016 (the **"Valuation Date"**), at *circa* €23.2 million. In terms of configuration, as at the Valuation Date, the Marina comprised of *circa* 1,200 square metres of land area and *circa* 45,000 square metres of water area with a total capacity of 218 pontoon berths for vessels of up to 25 metres in length, and 39 berths for super-yachts ranging from 30 to 100 metres in length. The pontoon berths are concrete-based, offering wide fairways and are equipped with water and electricity connections, which are directly linked to the marina management software system. The Marina is operated from a "Capitanerie", which includes professional boardroom facilities for berth holders, and other amenities, including modern bathrooms and showers.

The Issuer strives to provide a safe environment for its customers and the Marina is, therefore, manned by security guards outside marina office hours, aided by a network of CCTV cameras. The Issuer also provides its customers with various berthing utilities and related services, including, but not limited to, the provision of water, electricity, fuel, internet access, parking facilities, storage, concierge services, as well as the repair, refit and servicing of vessels and related equipment.

1.2 IC Cesme in Turkey

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

1.3 Relationship of the Issuer with CNML

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

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

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

2. DIRECTORS AND KEY EMPLOYEES

2.1 The Board of Directors of the Issuer

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

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

2.2 Executive Management of the Issuer and Group Employees

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

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

The Chief Executive Officer is responsible for leading the Issuer's management team and ensures that the Issuer is being managed in line with the strategies and policies set by the Board of Directors. The Chief Financial Officer's role is to manage and control all operations of the Finance Department of the Issuer, pursuant to and within the parameters of the Issuer's objectives and performance targets. The Chief Operating Officer liaises with the Board and the Finance Division of CNMIL on detailed project financing initiatives, in particular, by driving the latter in accordance with the business plan developed by the Board. The General Manager has a team of specialists which include berthing masters, maintenance engineers, front desk staff and an accountant. He is responsible for the planning, organisation, direction and control of the daily operation of the Marina whilst supporting the Board in the implementation of the Issuer's strategy and objectives.

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

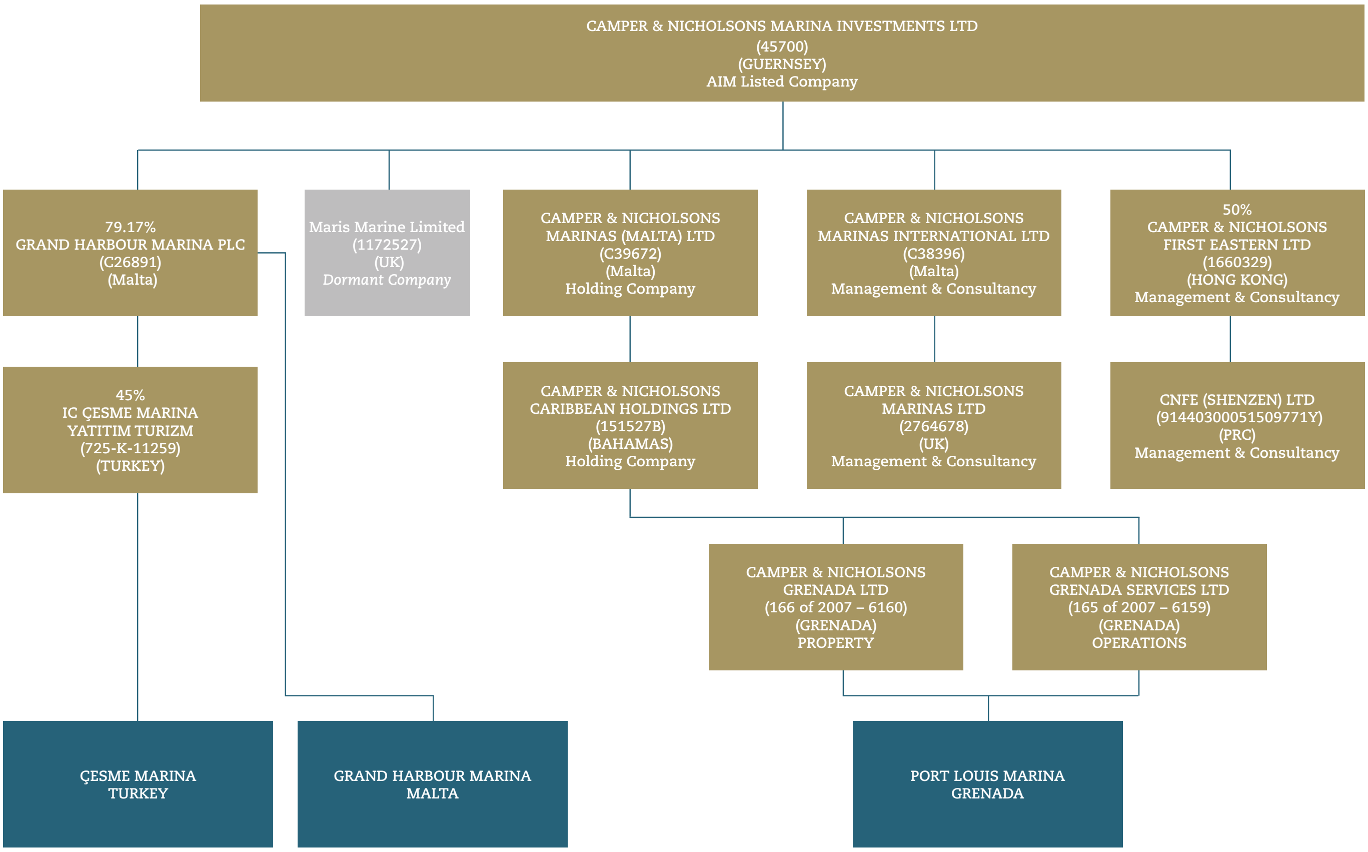
3. ORGANISATIONAL STRUCTURE AND OPERATIONAL DEVELOPMENT

3.1 Organisational Structure

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

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

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



Unless otherwise stated, ownership is 100%

GHM and its Ultimate Shareholders

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

CNMIL

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

GHM and its Associate Company (the "Group")

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

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

3.2 Key Historical Events of the Group

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

3.3 Material Developments in the Past 3 Years

3.3.1 GHM

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

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

3.3.2 IC Cesme

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

3.4 Bond Issues

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

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

RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS

4. MATERIAL CONTRACTS

4.1 Deed of Emphyteusis and Sub-Emphyteusis

On 2 June 1999, the Government of Malta entered into a deed of emphyteusis with Port Cottonera Ltd, Cottonera Waterfront Group plc, Malta Maritime Authority and the National Tourism Organisation of Malta. By virtue of the said deed, the Government of Malta granted various portions of immovable property situated at Vittoriosa. Pursuant to the same, the Malta Maritime Authority also granted to Cottonera Waterfront Group plc, the exclusive right to construct and install, own, operate, develop, control and promote a yacht marina in the sea area in the Dockyard Creek, limits of Senglea, Cospicua and Vittoriosa, including amongst others, the right to grant mooring and berthing rights to third parties under such terms and conditions as it deems fit. The said exclusive right was granted subject to certain terms and conditions, namely, 150 spaces, or such larger amount as agreed between the parties, must be made available for free to 'frejgatini'.

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

4.2 Marina Services Management Agreement[1]

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

4.3 Marina Development and Operations Agreement

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

[1] *Through this agreement, CNML holds a key role in the management and operation of IC Cesme.*

5. OVERVIEW OF THE MAJOR ASSETS OF THE ISSUER

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

5.1 PPE

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

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

5.2 Equity Interest in IC Cesme

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

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

5.3 Loans Receivable from CNMIL

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

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

6. MARKET OVERVIEW

6.1 The Maritime Industry in Malta

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

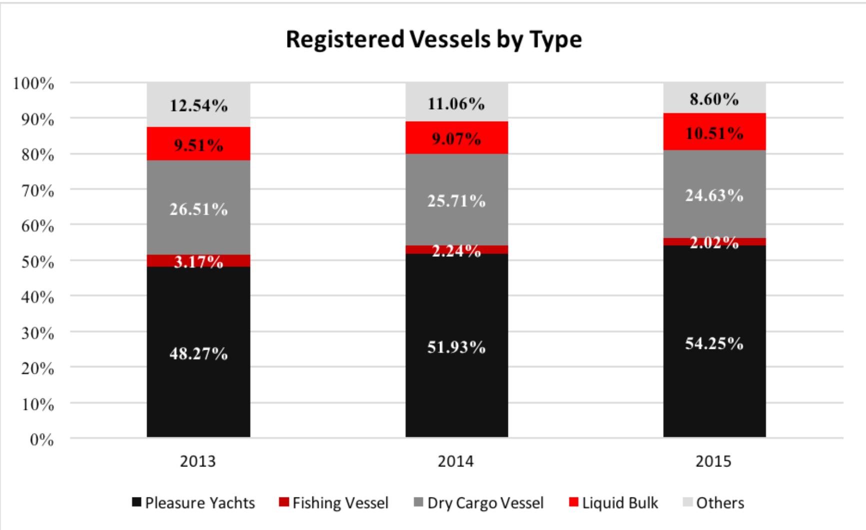
Malta as a maritime nation has in recent years transformed into a highly sought yachting location and has been hailed as a superb berthing place especially for the winter months due to the country's mild climate all year round. Malta's competitive cost structure has helped the island to compete with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

6.2 The Yacht and Superyacht Industry

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

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

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



Source: NSO

[2] *Malta Chamber of Commerce*
http://www.maltachamber.org.mt/en/malta-is-currently-the-largest-flag-in-europe-and-the-sixth-largest-in-the-world
[3] *Superyacht Industry Network - Malta*
https://issuu.com/superyachtindustrynetworkmalta/docs/syinm_catalogue_2016-usb_spreads

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

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

[4] *Transport Malta*
https://news.transport.gov.mt/new-marina-in-sa-maison/
[5] *Times of Malta*
https://www.timesofmalta.com/articles/view/20170606/local/new-pieta-creek-marina-welcomes-its-first-yachts.650099

RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS

PART 2

7. ISSUER'S HISTORIC FINANCIAL PERFORMANCE

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

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

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

7.1 Statement of Comprehensive Income

	ACTUAL	ACTUAL	ACTUAL
for the year ended 31 December	**2014**	**2015**	**2016**
	€'000	***€'000***	***€'000***
Revenue	3,405	3,727	4,231
Cost of Sales	(795)	(855)	(987)
Gross Profit	**2,610**	**2,872**	**3,244**
Personnel expenses	(360)	(391)	(425)
Directors' emoluments	(49)	(49)	(49)
Other operating expenses	(1,121)	(1,078)	(1,224)
EBITDA	**1,080**	**1,354**	**1,546**
Depreciation and amortisation	(314)	(309)	(309)
Results from operating activities	**766**	**1,045**	**1,237**
Finance income	128	50	45
Finance costs	(906)	(903)	(819)
Net finance costs	(778)	(853)	(774)
Share of Profit of equity-accounted investees, net of tax	355	271	290
Profit before tax	**342**	**463**	**753**
Tax income / (expense)	(172)	(262)	(378)
Profit after tax	**170**	**201**	**375**

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

EBITDA has increased by a CAGR of 19.6% over the three financial years 2014 to 2016, largely impacted by an improvement in the EBITDA margin, which has increased from 31.7% of total revenue in FY2014 to 36.5% of total revenue in FY2016. This reflects an operating cost structure that is predominantly fixed in nature, as a result of which a high proportion of the increase in revenue has been reflected within the Issuer's EBITDA.

Over the three financial years 2014 to 2016, finance costs have decreased from €0.91 million in FY2014 to €0.82 million in FY2016, which decrease largely reflects the buyback by the Issuer of a portion of its 2010 bonds from bondholders, wherein bonds with a cumulative nominal value of €1.03 million were bought back and subsequently cancelled by the Issuer since FY2014. Similarly, finance income has declined from €0.13 million in FY2014 to €0.05 million in FY2016, principally reflecting the disposal during FY2014 of fixed-income available-for-sale investments held by the Issuer.

The share of profit from equity accounted investees, namely the 45% shareholding in IC Cesme, which owns and operates the marina in Turkey, decreased by 23.7% to €0.27 million in FY2015, while increasing by 7.0% to €0.29 million in FY2016. The reduction in FY2015 is attributable to the fact that operator fees payable to CNMIL for FY2014 had not been accrued for in FY2014 as the terms of the agreement with the operator had not yet been concluded. The said operator fees for FY2014 were then subsequently accounted for and reflected in FY2015.

The Issuer's profit after tax has increased by a CAGR of 48.5% over the three financial years 2014 to 2016, with €0.38 million achieved in FY2016 when compared to €0.17 million in FY2014. These include the share of profits from the 45% equity interest held in IC Cesme, and reflect the Issuer's transition from a business model which was dependent on long-term berth sales to an operation that may be sustained through the operation of short-term berths (annual, seasonal and/or visitor berths).

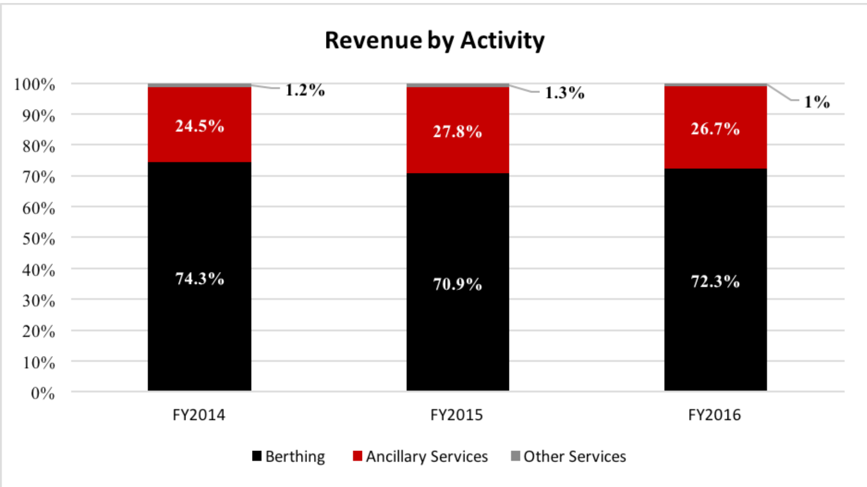
As a marina operator, GHM's revenue is mainly derived from the following operating segments: (a) the provision of berthing facilities to customers opting to dock their vessels at the Marina, either on an annual, seasonal or visitor basis; and (b) ancillary services including water and electricity, fuel,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

7.1.1 Performance of the Issuer

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

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

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



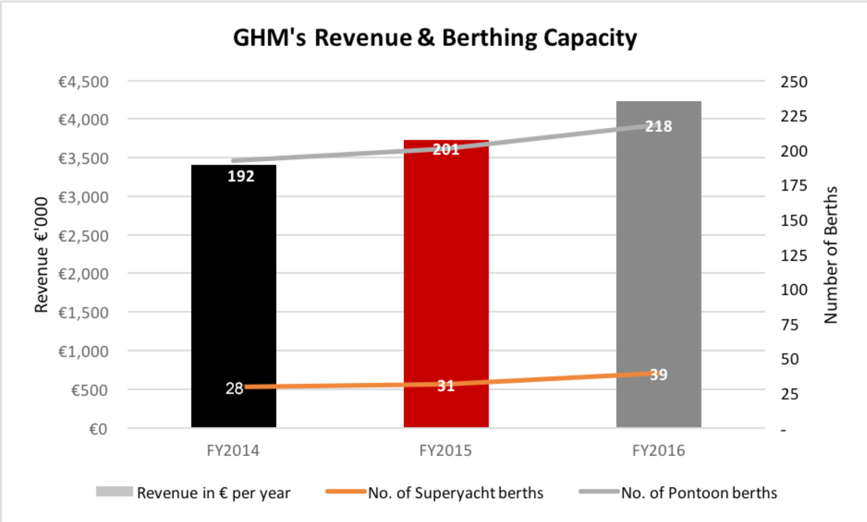
Source: Management information

Revenue from Berthing (Pontoons and Superyachts)

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

Pontoon berths have increased from 192 berths at the start of FY2014 to 218 berths during FY2016. As a result, the available pontoon berth nights increased from *circa* 70k in FY2014 to *circa* 79k in FY2016, with occupancy levels (based on berth nights) in excess of 100% in each of the said years. This additional occupancy represents berthing income generated by the Issuer during periods where annual berth subscribers have vacated the said berth.

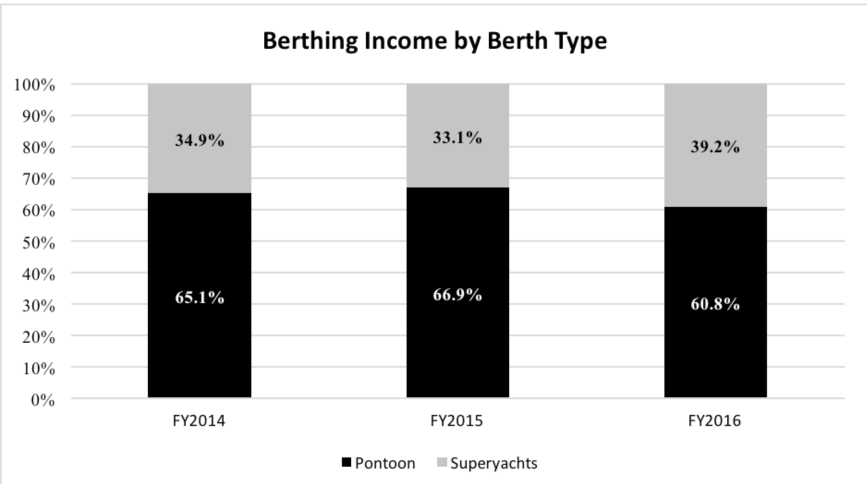
During the past three financial years, the Issuer also invested in 11 new superyacht berths resulting in an increase in the superyacht capacity from 28 berths at the start of FY2014 to 39 berths by FY2016. Consequently, the available superyacht berth nights have increased from circa 10k in FY2014 to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



Source: Management information

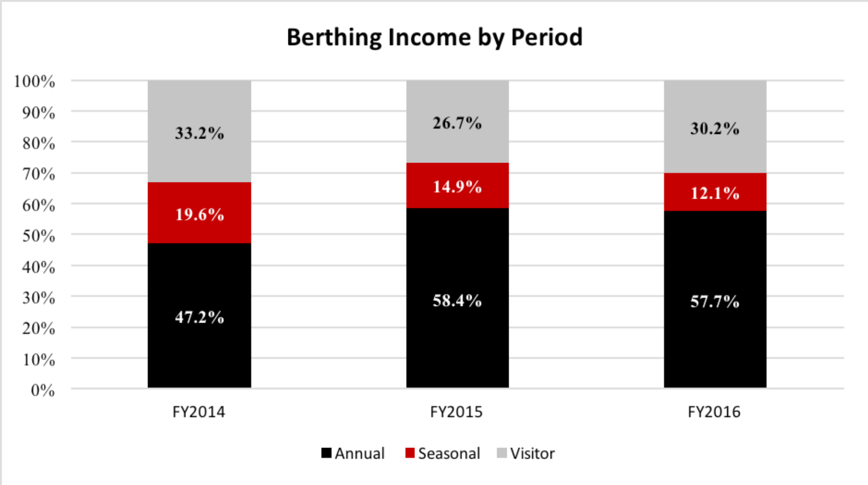
Berthing income is also underpinned by a number of factors, ranging from subscription type (annual, seasonal, visitors), berth type (pontoon, superyacht) and vessel size. Total berthing income has increased by 20.9% in FY2016 when compared to FY2014. The most notable shift in sales mix over the historical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

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



Source: Management information

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

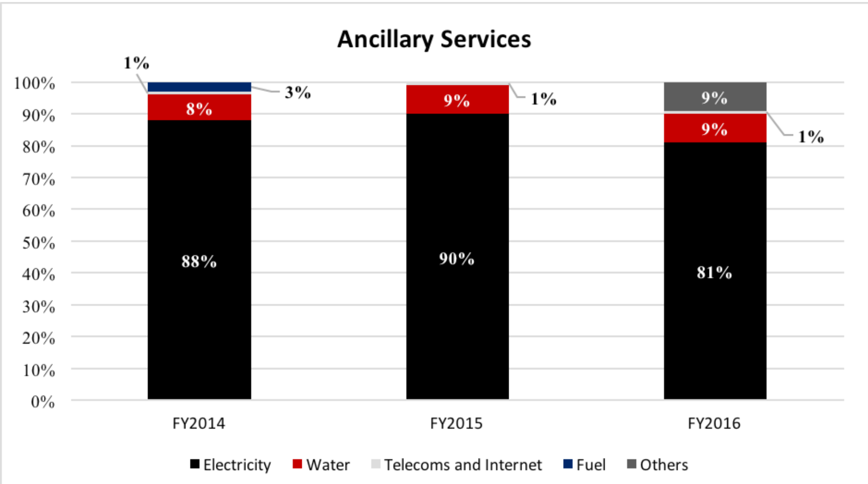


Source: Management information

Revenue from Ancillary Services

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

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



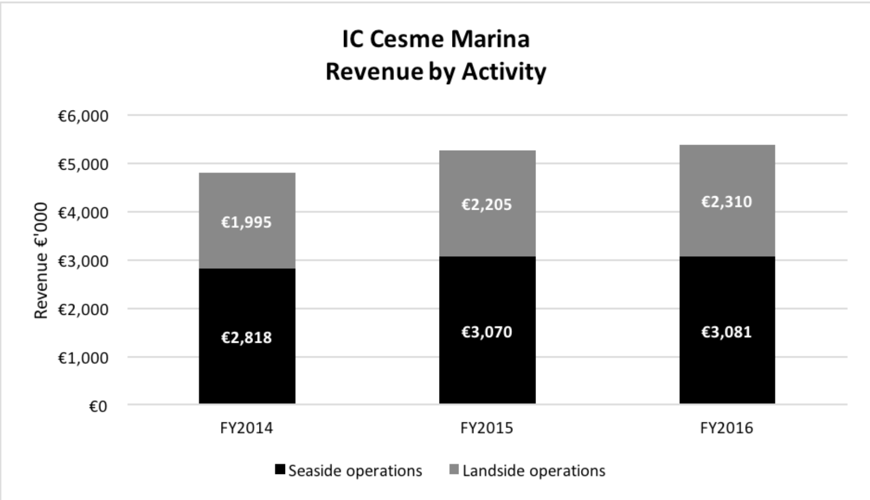
Source: Management information

7.1.2 Performance of IC Cesme Marina

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

45% Share of IC Cesme			
	ACTUAL	**ACTUAL**	**ACTUAL**
for the year ended 31 December	**2014**	**2015**	**2016**
	€'000	***€'000***	***€'000***
Revenue	2,170	2,370	2,430
EBITDA	980	930	970
Profit before tax	350	340	460
Profit / (Loss) after tax	355	271	290

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

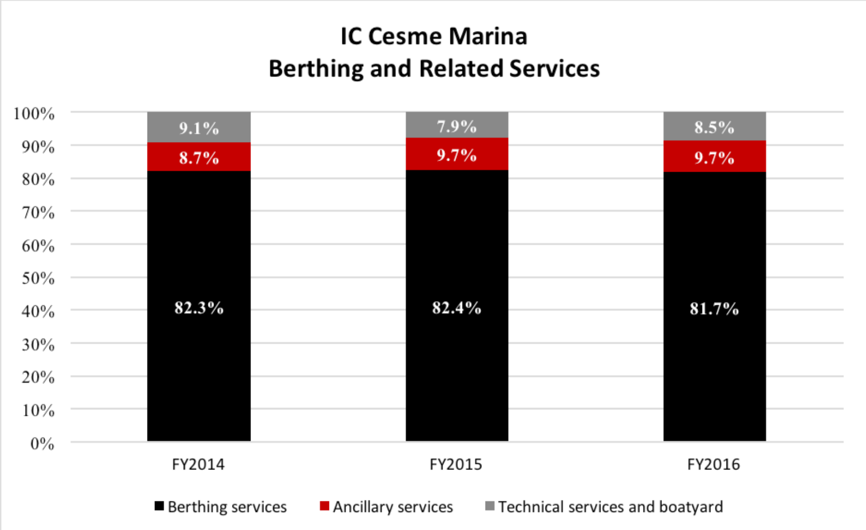


Source: Management information

Over the three years under review, the Turkish marina registered a steady annual increase in both its seaside operations (CAGR: 13.5%) as the marina improved the utilisation of its water area, as well as its landside operations (CAGR: 16.4%), as the retail properties remained fully occupied and the marina benefitted from an increase in rents which came into effect during FY2015. The marina operated at full occupancy during FY2016, notwithstanding the increase in berthing capacity to 394 berths. However, whilst the marina has exhibited a significant growth in its local currency (Turkish lira), this has been mitigated by the political and economic pressures in Turkey, coupled with the ongoing Syrian refugee crisis, which has had the impact of curtailing the said growth when translating the performance into Euro, with this being more pronounced in FY2016. In this respect, whilst revenue increased by a CAGR of 14.7% between FY2014 and FY2016 when stated in Turkish Lira, the marina reported a CAGR in revenue levels of just 5.8% over the same period when stated in Euro terms. Management confirmed that IC Cesme does not currently have any capital commitments nor any significant upcoming capital needs.

Revenue from Seaside Operations

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

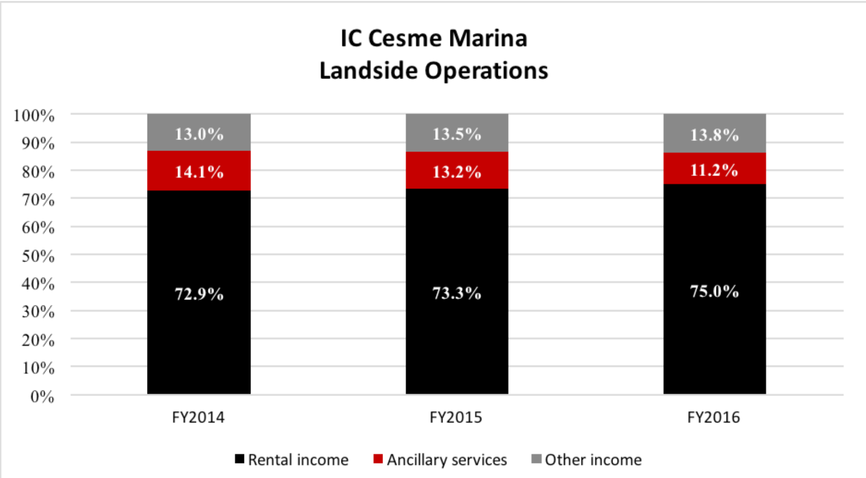


Source: Management information

Revenue from Landside Operations

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

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



Source: Management information

RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS

The below are the key profitability ratios of the Issuer:

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

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

7.2 Cash Flow Statement

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

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

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

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

	ACTUAL	ACTUAL	ACTUAL
for the year ended 31 December	**2014**	**2015**	**2016**
Current Ratio	1.27x	1.19x	0.82x
(Current Assets / Current Liabilities)			
Cash Ratio	0.98x	0.81x	0.41x
(Cash & Cash Equivalents / Current Liabilities)			

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

7.3 Statement of Financial Position

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

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

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

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

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

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

Total liabilities amounted to €14 million in FY2016, representing an increase of 5.7% on prior year levels (FY2015: €13.2 million). The outstanding bond liability of €10.81 million relating to the 2010 Bond represented the Issuer's most significant liability as at 31 December 2016, equivalent to 77.5% of total liabilities. The growth in total liabilities principally relates to an increase of €0.38 million in the Issuer's deferred tax liability mainly attributable to a reduction in the Issuer's unabsorbed tax losses and unutilised capital allowances, and an increase of €0.28 million in trade and other payables largely underpinned by an increase in deferred income and accruals.

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

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

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

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

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

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

PART 3

8. FORECASTS OF THE ISSUER

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

8.1 Key Assumptions

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

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

8.2 Marina Reconfiguration Exercise

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

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

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

8.3 Operating Segments Forecasts

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

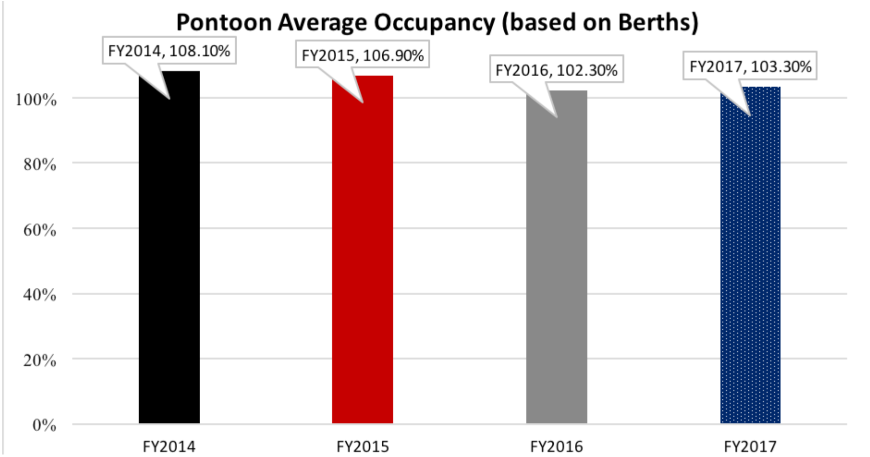
8.3.1 *Berthing Income – Pontoons*

Capacity of Pontoon Berths

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

Occupancy Levels

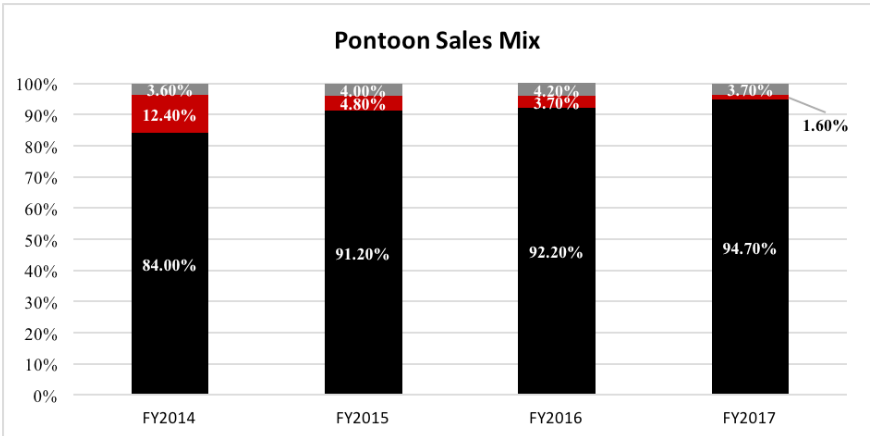
As depicted in the graph below, over the historical period, GHM has enjoyed occupancy levels in excess of 100.0% as the Issuer has the right to rent out berths during periods where annual berth subscribers have vacated their berth. Furthermore, Management explained that it has a waiting list of customers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



Source: Management information

Sales Mix

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



Source: Management information

Revenue per Occupied Square Metre

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

8.3.2 Berthing Income – Superyachts

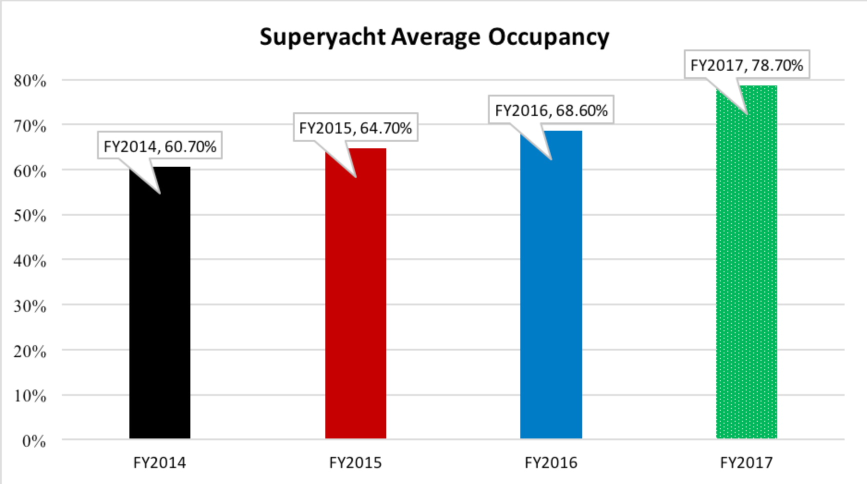
Capacity of Superyacht Berths

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

Occupancy Levels

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

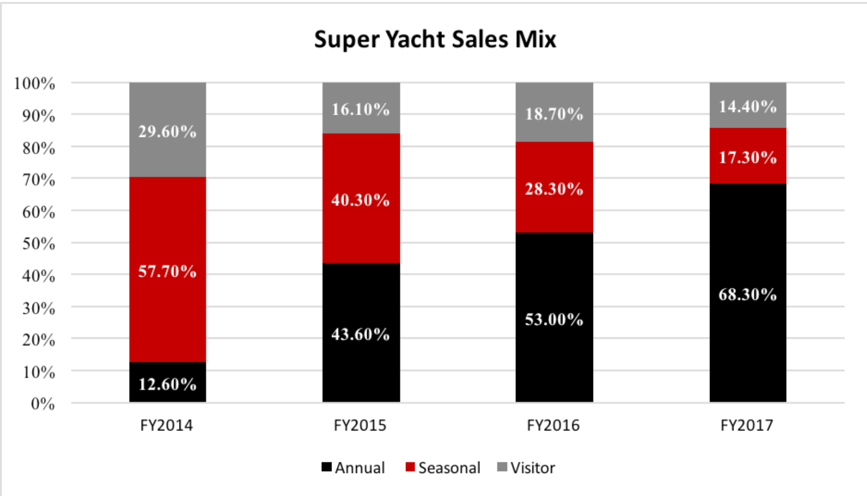
RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS



Source: Management information

Sales Mix

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



Source: Management information

Revenue per Occupied Square Metre

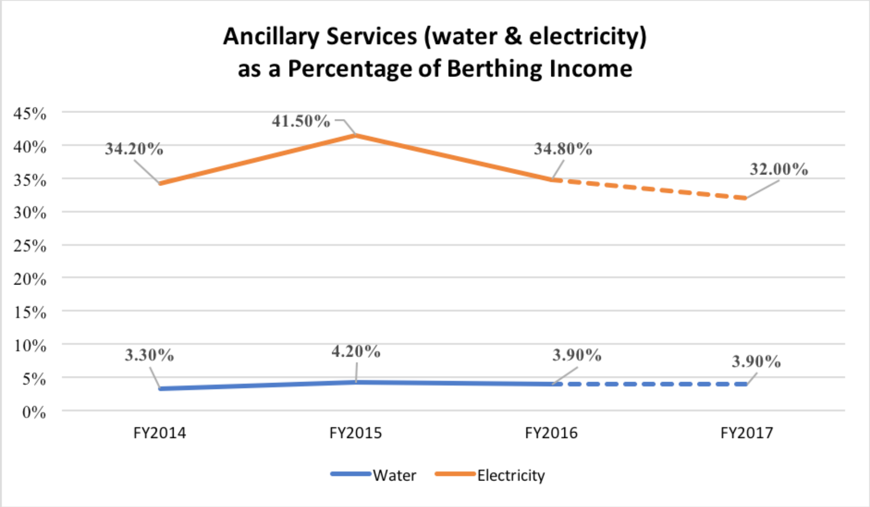
Revenue is determined on the basis of applying a rate to the number of occupied superyacht square metres. The forecast for FY2017 has been based on the revenue per occupied square metre in line with the rates achieved over the historical period. Similar to the pontoon berths, a separate rate has been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

8.3.3 Berthing Income – Long-Term Berth Sales

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

8.3.4 *Revenue from Ancillary Services*

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



Source: Management information

8.3.5 *Other Revenue*

Other income comprises rental income to be earned from the sub-lease of part of the "Capitanerie" to third parties, which sub-lease is projected to commence in FY2017 and concurrent with the move of the Company to new office premises in the vicinity.[7]

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

8.4 Share of Profits from IC Cesme

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

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

8.5 GHM's Financial Forecasts

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

8.5.1 Statement of Comprehensive Income

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

Source: Management information

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

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

Source: Management information

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

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

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

RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS

8.5.2 *Cash Flow Statement*

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

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

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

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

8.5.3 *Statement of Financial Position*

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

Source: Management information

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

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

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

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

RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS

8.6 Key Accounting Ratios

8.6.1 Profitability Ratios

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

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

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

8.6.2 Liquidity Ratios

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

RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS

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

8.6.3 Solvency Ratios

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

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

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

RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS

9. COMPARISON TO OTHER ISSUERS

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

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

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

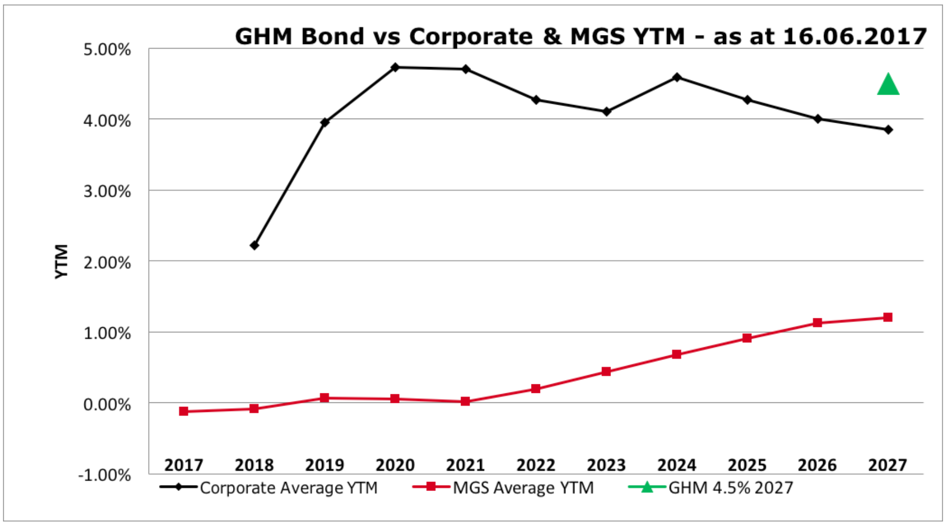
*Gearing: This refers to the fundamental analysis ratio of a company's level of long-term debt compared to its equity capital. In the above table this is computed as follows: Total Debt / [Total Debt + Equity].
**Net Debt to EBITDA: This is the measurement of leverage calculated by dividing a company's interest-bearing borrowings net of any cash or cash equivalents by its EBITDA.
***Interest Cover: The interest coverage ratio is calculated by dividing a company's EBITDA of one period by the company's net finance costs of the same period.
^Yield to Maturity (YTM) from rizzofarrugia.com, based on bond prices of 16 June 2017. YTM is the rate of return expected on a bond which is held till maturity. It is essentially the internal rate of return on a bond and it equates the present value of bond future cash flows to its current market price.

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

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

RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS

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



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

Glossary

Statement of Comprehensive Income Explanatory Definitions

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

Cash Flow Statement Explanatory Definitions

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

Statement of Financial Position Explanatory Definitions

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