

# Summary Note

## 26 June 2017

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This Summary Note is issued in accordance with the provisions of Chapter 4 of the Listing Rules issued by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements as amended by Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012, Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012, Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013, Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015.

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

*GRAND HARBOUR MARINA*  
VITTORIOSA \* MALTA

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

ISIN: MT0000321225

Sponsor, Manager & Registrar

Financial Adviser

Legal Counsel



CAMILLERI PREZIOSI  
ADVOCATES

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

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

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

APPROVED BY THE DIRECTORS

Lawrence Zammit

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

# IMPORTANT INFORMATION

THIS SUMMARY NOTE CONSTITUTES PART OF A PROSPECTUS AND CONTAINS INFORMATION IN RELATION TO GRAND HARBOUR MARINA P.L.C. IN ITS CAPACITY AS ISSUER. THIS SUMMARY NOTE INCLUDES INFORMATION GIVEN IN COMPLIANCE WITH: (A) THE COMPANIES ACT, (CAP. 386 OF THE LAWS OF MALTA) AND COMMISSION REGULATION (EC) NO. 809/2004 OF 29 APRIL 2004 IMPLEMENTING DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AS REGARDS INFORMATION CONTAINED IN PROSPECTUSES AS WELL AS THE FORMAT, INCORPORATION BY REFERENCE AND PUBLICATION OF SUCH PROSPECTUSES AND DISSEMINATION OF ADVERTISEMENTS (AS AMENDED BY COMMISSION DELEGATED REGULATION (EU) NO. 486/2012 OF 30 MARCH 2012, COMMISSION DELEGATED REGULATION (EU) NO. 862/2012 OF 4 JUNE 2012, COMMISSION DELEGATED REGULATION (EU) NO. 759/2013 OF 30 APRIL 2013, COMMISSION DELEGATED REGULATION (EU) NO. 382/2014 OF 7 MARCH 2014 AND COMMISSION DELEGATED REGULATION (EU) NO. 2016/301 OF 30 NOVEMBER 2015) (THE "**PROSPECTUS REGULATION**"); AND (B) THE RULES AND REGULATIONS APPLICABLE TO THE ADMISSION OF SECURITIES ON THE OFFICIAL LIST OF THE MSE.

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

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IT IS THE RESPONSIBILITY OF ANY PERSON IN POSSESSION OF THIS SUMMARY NOTE AND ANY PERSON WISHING TO APPLY FOR ANY BONDS ISSUED BY THE ISSUER TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE INVESTORS FOR ANY BONDS THAT MAY BE ISSUED BY THE ISSUER SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF APPLYING FOR ANY SUCH BONDS AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

A COPY OF THIS SUMMARY NOTE HAS BEEN SUBMITTED TO THE LISTING AUTHORITY AND THE MSE, AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES. APPLICATION HAS BEEN MADE TO THE MSE, FOR THE BONDS TO BE ADMITTED TO THE OFFICIAL LIST OF THE MSE. **A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT FINANCIAL ADVISER.**

THIS SUMMARY NOTE AND ALL AGREEMENTS, ACCEPTANCES AND CONTRACTS RESULTING THEREFROM SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF MALTA, AND ANY PERSON ACQUIRING ANY BONDS PURSUANT TO THE PROSPECTUS SHALL SUBMIT TO THE JURISDICTION OF THE MALTESE COURTS, WITHOUT LIMITING IN ANY MANNER THE RIGHT OF THE ISSUER TO BRING ANY ACTION, SUIT OR PROCEEDING, IN ANY OTHER COMPETENT JURISDICTION, ARISING OUT OF OR IN CONNECTION WITH ANY PURCHASE OF BONDS, OR AGREEMENT, ACCEPTANCE OR CONTRACT RESULTING HEREFROM, OR THE PROSPECTUS AS A WHOLE.

**STATEMENTS MADE IN THIS SUMMARY NOTE ARE, EXCEPT WHERE OTHERWISE STATED, BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THERETO.**

ALL THE ADVISERS TO THE ISSUER HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THIS PUBLIC OFFER AND PROSPECTUS AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION OR RESPONSIBILITY TOWARDS ANY OTHER PERSON. NONE OF THE ADVISERS ACCEPT ANY RESPONSIBILITY TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE CONTENTS OF, ANY INFORMATION CONTAINED IN AND THE TRANSACTIONS PROPOSED IN THE PROSPECTUS, ITS COMPLETENESS OR ACCURACY OR ANY OTHER STATEMENT MADE IN CONNECTION THEREWITH.

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

THE DIRECTORS OF THE ISSUER CONFIRM THAT WHERE INFORMATION INCLUDED IN THIS PROSPECTUS HAS BEEN SOURCED FROM A THIRD PARTY, SUCH INFORMATION HAS BEEN ACCURATELY REPRODUCED, AND AS FAR AS THE DIRECTORS OF THE ISSUER ARE AWARE AND ARE ABLE TO ASCERTAIN FROM INFORMATION PUBLISHED BY THAT THIRD PARTY, NO FACTS HAVE BEEN OMITTED WHICH WOULD RENDER THE REPRODUCED INFORMATION INACCURATE OR MISLEADING.

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

## Summary Note

This Summary Note is prepared in accordance with the requirements of the Prospectus Regulation.

Summaries are made up of disclosure requirements known as 'Elements'. These elements are numbered in sections A – E (A.1– E.7). This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'. Except as the context otherwise requires the capitalised words and expressions used in the summary note shall bear meanings assigned to them in the Registration Document and the Securities Note, as the case may be.

## Section A Introduction and Warnings

### A.1 Prospective investors are hereby warned that:

- i. this summary is being provided to convey the essential characteristics and risks associated with the Issuer and the securities being offered pursuant to this Summary Note. This part is merely a summary and therefore should only be read as an introduction to the Prospectus. It is not and does not purport to be exhaustive and investors are warned that they should not rely on the information contained in this summary in making a decision as to whether to invest in the securities described in this Summary Note. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor;
- ii. where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of Malta, have to bear the costs of translating the Prospectus before the legal proceedings are initiated; and
- iii. civil liability attaches only to those persons who have tabled the summary including any translation thereof, and who applied for its notification, but only if the summary, when read together with the other parts of the Prospectus: is misleading, inaccurate or inconsistent; or does not provide key information in order to aid investors when considering whether to invest in such securities.

### A.2 Consent required in connection with the use of the Prospectus by the Selected Authorised Financial Intermediaries:

Prospective investors are hereby informed that:

- i. for the purposes of any subscription for Bonds through any of the Authorised Financial Intermediaries listed in Annex I of the Securities Note and any subsequent resale, placement or other offering of Bonds by such Selected Authorised Financial Intermediaries in circumstances where there is no exemption from the requirement to publish a prospectus under the Prospectus Directive, the Issuer consents to the use of this Prospectus (and accepts responsibility for the information contained therein) with respect to any such subsequent resale or placement or other offering of Bonds, provided this is limited only:
  - a. in respect of Bonds subscribed for through Authorised Financial Intermediaries listed in Annex I of the Securities Note, during the Issue Period and by the Selected Authorised Financial Intermediaries listed in Annex II of the Securities Note through an Intermediaries Offer;
  - b. to any resale or placement of Bonds subscribed for as aforesaid, taking place in Malta;
  - c. to any resale or placement of Bonds subscribed for as aforesaid, taking place within the period of 60 days from the date of the Prospectus.
- ii. **in the event of a resale, placement or other offering of Bonds by Selected Authorised Financial Intermediary, the Selected Authorised Financial Intermediary shall be responsible to provide information to investors on the terms and conditions of the resale, placement or other offering at the time such is made.**

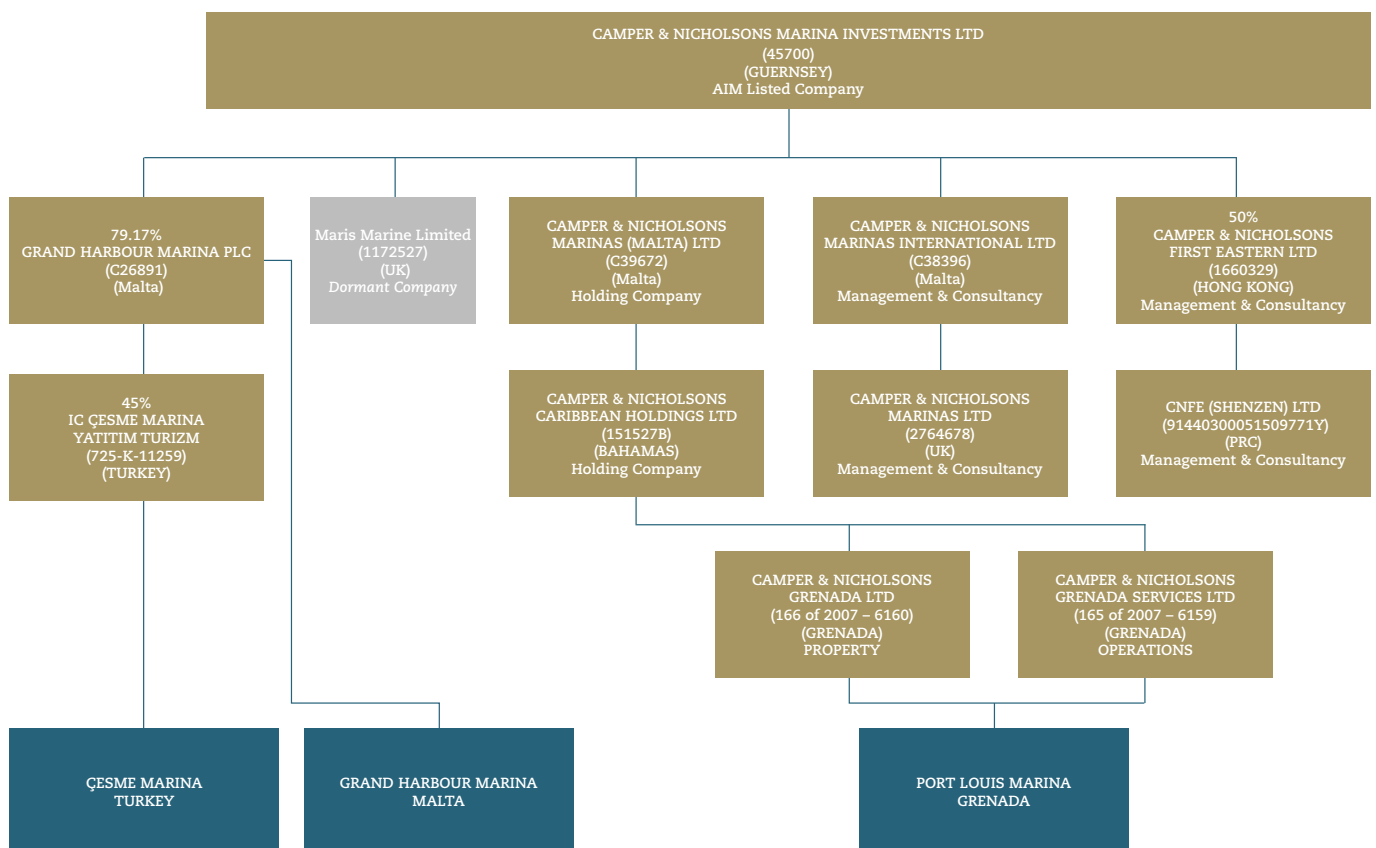
## Section B Issuer

- B.1 The legal and commercial name of the Issuer is Grand Harbour Marina p.l.c.
- B.2 The Issuer was registered in Malta in terms of the Companies Act (Cap 386 of the laws of Malta) on 31 August 2000, as Grand Harbour Marina Limited, a private limited liability company, and was subsequently converted to a public limited liability company, with effect from 24 January 2007. The Issuer is domiciled in Malta.
- B.4b The following is an overview of the most significant recent trends affecting the Issuer and the markets in which it operates:

At the time of publication of the Prospectus, the Issuer considers that generally it shall be subject to the normal business risks associated with the business in which it operates, and, barring unforeseen circumstances, does not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be considered likely to have a material effect on the upcoming prospects of the Issuer and its business, at least with respect to the current financial year. However, investors are strongly advised to carefully read the risk factors in the Prospectus.

At present, the Issuer's main line of business is the day-to-day operation of the Marina, in respect of which it has built and continues to enjoy a respectable reputation for its know-how, skills and expertise. In this regard, the Issuer aims to continue to operate the Marina efficiently and profitably. The Issuer's management, however, also believes that there is significant market potential to further develop the short-term rental and long-term superyacht lease berth markets in Malta. The belief of the former's potential is based on the persisting imbalance in the Maltese market between the high demand for berths and their lower supply; the latter's potential is based on the ongoing global growth of the superyacht fleet as well as Malta's competitive pricing, lease term and facilities when compared with marinas elsewhere in the Mediterranean.

- B.5 The Issuer forms part of a group of companies, the parent company of which is CNMI. The following chart describes the position of the Issuer within the said group of companies:



Unless otherwise stated, ownership is 100%

- B.9 *Not Applicable*: no profit forecasts or estimates have been included in the Prospectus.
- B.10 *Not Applicable*: the audit reports on the audited financial statements for the years ended 31 December 2014, 2015 and 2016 of the Issuer do not contain any material qualifications.
- B.12 The historical consolidated financial information of the Issuer set out in the Registration Document, and consisting of the audited financial statements for each of the financial years ended 31 December 2014 to 2016, has been audited by KPMG.

There has been no significant change in the financial or trading position of the Issuer since the end of the financial period to which its last audited financial statements relate. Similarly, there has been no material adverse change in the prospects of the Issuer since 31 December 2016, being the date up to which the audited financial information has been prepared.

Extracts of the historical annual financial information of the Issuer are set out below.

<b>Grand Harbour Marina plc – Condensed Consolidated Statements of Comprehensive Income</b>			
<b>For the year ended 31 December</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Revenue	3,405	3,727	4,231
Operating profit	766	1,045	1,237
Profit before tax	342	463	753
<b>Profit for the year</b>	<b>170</b>	<b>201</b>	<b>375</b>
<b>Grand Harbour Marina plc – Condensed Consolidated Statements of Financial Position</b>			
<b>As at 31 December</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
<b>Total assets</b>	<b>16,562</b>	<b>16,210</b>	<b>16,782</b>
Total equity	2,776	2,964	2,830
Total liabilities	13,786	13,246	13,952
<b>Total equity and liabilities</b>	<b>16,562</b>	<b>16,210</b>	<b>16,782</b>
<b>Grand Harbour Marina plc – Consolidated Statements of Cash Flows Extracts</b>			
<b>For the year ended 31 December</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Net cash from operating activities	1,390*	1,213	1,673
Net cash from / (used in) investing activities	498	(68)	(1,273)
Net cash (used in) financing activities	(2,057)*	(1,551)	(1,250)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(169)</b>	<b>(406)</b>	<b>(850)</b>
Cash and cash equivalents as at 1 January	2,511	2,342	1,936
<b>Cash and cash equivalents as at 31 December</b>	<b>2,342</b>	<b>1,936</b>	<b>1,086</b>

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

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

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

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

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

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



Total assets as at 31 December 2016 stood at €16,782,000 (2015: €16,210,000), which represented a growth of three-point-five per cent (3.5%) on prior year levels. The Issuer's most significant assets as at 31 December 2016 comprised of property, plant and equipment (€5,435,000), a loan receivable from its parent company (€4,237,000), the 45% equity interest in IC Çeşme (€2,518,000) and assets held in trust (€1,926,000). Total liabilities amounted to €13,952,000 as at 31 December 2016, representing an increase of five-point-three per cent (5.3%) on prior year levels (2015: €13,246,000). The outstanding bond liability of *circa* €10,810,000\* relating to the seven per cent (7%) bonds 2017-2020 (ISIN: MT0000321217) redeemable on any day falling between and including 25 February 2017 and 25 February 2020, amounting as at the date of the Prospectus to €10,969,400, issued by the Issuer pursuant to a prospectus dated 25 January 2010 (the “**Exchangeable Bonds**”), represented the Issuer's most significant liability as at 31 December 2016, equivalent to 77.5% of total liabilities

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

- B.13 *Not Applicable*: the Issuer is not aware of any recent events which are to a material extent relevant to the evaluation of its solvency.
- B.14 The Issuer is owned as to 79.17% of its shares by its parent, CNMI, which acts as a holding company for the various subsidiaries of the group indicated in the organisational structure diagram in Element B.5 of this Summary Note. The Issuer regularly benefits from the sales generated by, and the know-how of Camper & Nicholson's, a limited liability company incorporated under the laws of the United Kingdom with company registration number 02764678 and with registered office situated at The White Building, 4 Cumberland Place, Southampton, SO15 2NP, (“Camper & Nicholson's”), which is the marina consultant and marina manager for the Issuer and the main sales agent for long-term berths. The Issuer also depends on Camper & Nicholson's' ability to identify, analyse, invest in projects, operate and dispose of projects and secure finance for those projects that meet the Issuer's investment criteria.
- B.15 The principal objects of the Issuer's activities are set out in Article 3 of its Memorandum of Association and include, but are not limited to carrying out the construction, development, operations and management of marinas and to provide all relative services, ancillary to marina related activities including, but not limited to, the berthing, mooring and anchoring of craft, the brokerage of new and used crafts, the operation of sea school or similar training facility, the storage of yacht and other crafts, including related marine equipment ashore, the operation of a capitainerie and yacht club, the raising, slipping and launching of craft, the sale of fuels and lubricants, and the holding of yachting, boating and shipping exhibitions and events, and the repair, refit and servicing of craft and equipment.
- B.16 On the basis of the information available to the Issuer as at the 31 December 2016, CNMI holds 15,834,418 shares in the Issuer, equivalent to 79.17% of its total issued share capital. In addition, the Issuer is informed that HSBC Bank Malta plc (as custodian/trustee) holds in aggregate 1,767,160 shares in the Issuer, representing 8.84% of the total issued share capital of the Issuer. As far as the Issuer is aware, no persons hold any indirect shareholding in excess of five per cent (5%) of its total issued share capital.
- B.17 *Not Applicable*: the Issuer has not sought the credit rating of an independent rating agency, and there has been no assessment by any independent rating agency of the Bonds issued by the Issuer.

## Section C Securities

- C.1 The Issuer shall issue a maximum of €15,000,000 in Bonds having a face value of €100 per bond. The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the Central Securities Depository of the Malta Stock Exchange (“CSD”). On admission to trading the Bonds will have the following ISIN: MT0000321225. The Bonds shall bear interest at the rate of 4.50% per annum.
- C.2 The Bonds are denominated in Euro (€).
- C.5 The Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time.
- C.8 There are no special rights attached to the Bonds other than the right of the Bondholders to:
- i. the payment of capital;
  - ii. the payment of interest;
  - iii. ranking with respect to other indebtedness of the Issuer in accordance with the status of the Bonds, as

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

follows: the Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank pari passu, without any priority or preference among themselves and with other unsecured debt, if any;

- iv. attend, participate in and vote at meetings of Bondholders in accordance with the terms and conditions of the Bond; and
- v. enjoy all such other rights attached to the Bonds emanating from the Prospectus.

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

- C.9 The Bonds shall bear interest from and including 22 August 2017 at the rate of 4.50% per annum on the nominal value thereof, payable semi-annually in arrears on 22 February and 22 August of each year between and including each of the years 2017 and the year 2027, (the “**Interest Payment Date**”). The nominal value of the Bonds will be repayable in full upon maturity on the 23 August 2017 (the “**Redemption Date**”) unless they are previously re-purchased and cancelled. Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds at Redemption Date is 4.50%.

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

The remaining component of Element C.9 is Not Applicable, given that no representative of debt security holders has been appointed.

- C.10 *Not Applicable*: there is no derivative component in the interest payments on the Bonds.

- C.11 The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 26 June 2017. Application has been made to the MSE for the Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List. The Bonds are expected to be admitted to the MSE with effect from 22 August 2017 and trading is expected to commence on 23 August 2017.

## Section D Risks

### D.2 Key information on the key risks specific to the Issuer:

Holding of a Bond involves certain risks including those described below. Prospective investors should carefully consider, with their own independent financial and other professional advisers, the following risk factors and other investment considerations, as well as all the other information contained in the Prospectus, before deciding to acquire Bonds. Prospective Investors are warned that by investing in the Bonds they may be exposing themselves to significant risks that may have the consequence of losing a substantial part or all of their investment.

This Summary Note contains statements that are, or may be deemed to be, “forward-looking statements”, which relate to matters that are not historical facts and which may involve projections of future circumstances. They appear in a number of places throughout the Prospectus and include statements regarding the intentions, beliefs or current expectations of the Issuer and/or its Directors. These forward looking statements are subject to a number of risks, uncertainties and assumptions and important factors that could cause actual risks to differ materially from the expectations of the Issuer’s Directors. No assurance is given that the future results or expectations will be achieved.

Prospective investors are advised to read the Prospectus in its entirety and, in particular, the sections entitled “Risk Factors” in the Registration Document and Securities Note, for an assessment of the factors that could affect the Issuer’s future performance. The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds will be repayable in full upon maturity, unless the Bonds are previously re-purchased and cancelled. An investment in the Issuer and the Bonds may not be suitable for all recipients of the Prospectus and prospective investors are urged to consult an independent investment adviser licensed under the Investment Services Act (Cap 370 of the laws of Malta) as to the suitability or otherwise of an investment in the Bonds before making an investment decision.

The risk factors set out below are a summary of the principal risks associated with an investment in the Issuer and the Bonds – there may be other risks which are not mentioned in this summary.

#### *The principal risks relating to the Issuer and its Business*

- i. The Issuer is highly susceptible to the economic trends that may from time to time be felt in Malta and internationally, including fluctuations in consumer demand, financial market volatility, inflation, the



- property market, interest rates, exchange rates, direct and indirect taxation, wage rates, utility costs, government spending and budget priorities and other general market, economic, political and social factors. Any future expansion of the Issuer's operations into other markets would further increase its susceptibility to adverse economic developments and trends affecting such other markets. Negative economic factors impacting both local and foreign markets, particularly those having an effect on consumer demand, could have a material impact on the business of the Issuer generally, and may adversely affect its financial condition, the results of its operations and the ability of the Issuer to meet its obligations under the Bonds.
- ii. The Issuer believes that its growth is partially attributable to the efforts and abilities of the members of its senior management team and other key personnel. If one or more of the members of this team were unable or unwilling to continue in their present position, the Issuer might not be able to replace them within the short term, which could have a material adverse effect on the Issuer's business, financial condition and results of operations. Although no single person is solely instrumental in fulfilling the Issuer's business objectives, there is no guarantee that these objectives will be achieved to the degree expected following the loss of key members of its senior management team or other key personnel.
  - iii. CNMI is considered important to the success of the Issuer and any dilution of its influence over the Issuer and its business could have a material adverse effect on the Issuer. There can be no assurance that the Parent will not at any time during the term of the Bonds dispose of any interest in the Company.
  - iv. The integration and operation of acquired businesses may disrupt the Issuer's business and create additional expenses, and the Issuer may not achieve the anticipated benefits of the acquisitions. Integration of an acquired business involves numerous challenges and risks, including assimilation of operations of the acquired business and difficulties in the convergence of IT systems, the diversion of management's attention from other business concerns, risks of entering markets in which the Issuer has had no or only limited direct experience, assumption of unknown or unquantifiable liabilities, the potential loss of key personnel and/or clients, difficulties in completing strategic initiatives already underway in the acquired companies, and unfamiliarity with partners and clients of the acquired company, each of which could have a material adverse effect on the Issuer's business, results of operations and financial condition. The success of integration of acquired businesses typically assumes certain synergies and other benefits. There is no assurance that these risks or other unforeseen factors will not offset the intended benefits of the acquisitions, in whole or in part.
  - v. The Issuer may not be able to secure sufficient financing for its future operations and investments. No assurance can be given that sufficient financing will be available on commercially reasonable terms or within the timeframes required by the Issuer. Failure to obtain, or delays in obtaining the capital required to complete current or future developments and investments on commercially reasonable terms, including increases in borrowing costs or decreases in loan availability, may limit the Issuer's growth and materially and adversely affect its business, financial condition, results of operations and prospects. In addition, the Issuer may be exposed to a variety of financial risks associated with the unpredictability inherent in financial markets, including market risk (such as the risk associated with fluctuations in interest rates and fair values of investments), credit risk (the risk of loss by the Issuer due to its debtors not respecting their commitments), foreign exchange rate risk, and interest rate risk (such as the risk of potential changes in the value of financial assets and liabilities in response to changes in the level of market interest rates and their impact on cash flows).
  - vi. There can be no guarantee that the investment objectives of the Issuer will be met. The ability of the Issuer to implement its strategy in an effective and efficient manner may be limited by its ability to source appropriate opportunities in which to invest, inside and outside of Malta. The assets in which the Issuer invests may not reach occupancy levels or pricing as intended in a timely fashion or at all which may have a materially adverse effect on the financial returns to the Issuer. Furthermore, the Issuer's investments may be held through joint arrangements with third parties, meaning that the ownership and control of such assets is shared with such third parties. As a result, certain decisions relating to the assets and operation, including the making of distributions and right to dispose of investments, may depend upon the consent or approval of such third parties. Disputes may arise between the Issuer and third party partners, which could mean that the Issuer may not be able to manage or deal with a particular investment in the way it would wish and this may adversely affect the Issuer's results of operations.
  - vii. Forecasts are inherently subject to the risks of adverse unexpected events, which may affect the revenue streams, and profitability of the Issuer. The forecasts set out in the Registration Document are dependent on a number of assumptions and future expectations that may or may not occur. The non-occurrence of those future expectations could have material effects on the financial position and results of the Issuer. The said forecasts are therefore merely an illustration of a possible future outcome, which may or may not occur and the Issuer, its directors, officers and advisers make no representation as to their accuracy or likelihood of occurrence.
  - viii. Historically, the Issuer has maintained insurance at levels determined by the Issuer to be appropriate in light of the cost of cover and the risk profiles of the business in which the Issuer operates. With respect to losses for which the Issuer is covered by its policies, it may be difficult and may take time to recover such losses from insurers.  
In addition, the Issuer may not be able to recover the full loss incurred from the insurer. No assurance can be given that the Issuer's current insurance coverage would be sufficient to cover all potential losses, regardless of the cause, nor can any assurance be given that an appropriate coverage would always be available at acceptable commercial rates. Furthermore, changes in the cost or availability of insurance or acts of God

could expose the Issuer to uninsured losses which may result in the value of the Issuer's property assets being reduced by the amount of that uninsured loss.

- ix. To varying degrees, the Issuer is reliant upon technologies and operating systems (including IT systems) developed by third parties for the running of its business, and is exposed to the risk of failures in such systems. Whilst the Issuer has service level agreements and disaster recovery plans to ensure continuity and stability of these systems, there can be no assurance that the service or systems will not be disrupted. Disruption to those technologies or systems and/or lack of resilience in operational availability could adversely affect the efficiency of the Issuer's business, financial condition and/or operating performance.
- x. The Issuer may enter into transactions which would expose the Issuer to the credit risk of third parties and their ability to satisfy the terms of such contract. In the event of a bankruptcy or insolvency of such third parties, the Issuer could experience significant losses.
- xi. An increase in interest rates on the Issuer's existing or future borrowings may increase the costs of the Issuer's borrowings and have an adverse effect on the profitability of the Issuer.
- xii. A portion of the Issuer's costs are fixed and the Issuer's operating results are vulnerable to short-term changes in its revenues. The Issuer's fixed operating expenses are not easily reduced to react to changes in its revenue by reducing its operating expenses, which could have a material adverse effect on its business, financial condition and the results of operations. In addition, the Issuer's operating and other expenses could increase without a corresponding increase in turnover or revenue. The factors which could materially increase operating and other expenses include:
  - a) increases in the rate of inflation; b) increases in payroll expenses; c) increases in property taxes and other statutory charges; d) changes in laws, regulations or government policies; e) increases in insurance premiums; f) unforeseen increases in the costs of maintaining properties; g) increases in utilities, including water and electricity; and h) unforeseen capital expenditure.
 Such increases could have a material adverse effect on the Issuer's financial performance and position and its ability to fulfil its obligations under the Bonds.
- xiii. The Issuer is exposed to currency risk due to changes in the rates of exchange between the currency of IC Çeşme (the Turkish Lira) and its own (Euro). In addition, the Issuer may make other investments in currencies other than the Euro (the base and reporting currency of the Issuer). Changes in rates of exchange may have an adverse effect on the value, price or income of such investments from year to year to the extent that the Issuer does not hedge against such exchange movements. In addition, the Issuer may be impacted by transaction risk, which is the risk that the currency of its revenues, costs, assets and liabilities fluctuates in relation to the Euro as its reporting currency. Fluctuations in exchange rates are beyond the control of the Issuer.
- xiv. The Issuer is subject to a variety of laws and regulations, including taxation, environmental and health and safety regulations. The Issuer is at risk in relation to changes in the laws and regulations and the timing and effects of changes in the laws and regulations to which it is subject, including changes in the interpretation thereof which cannot be predicted. No assurance can be given as to the impact of any possible judicial or administrative decision or change in law or regulation or administrative practice after the date of this Prospectus upon the business and operations of the Issuer. In addition, the Issuer's activities are subject to licensing and regulation by a number of governmental authorities, which may include health and safety measures, disability access requirements, fire safety requirements, smoking laws and alcoholic beverage laws. Difficulties in obtaining or maintaining the required licenses or approvals, or the loss thereof, could adversely affect the Issuer's business and results of its operations, and accordingly there can be no assurance that the Issuer will be able to acquire, maintain and renew all necessary licenses, certificates, approvals and permits for its operations.
- xv. Since the Issuer operates in industries which involve the continuous provision of services to customers, and such operations necessarily require continuous interaction with employees, regulatory authorities and other stakeholders or interested persons, the Issuer is exposed to the risk of litigation from its customers, actual and potential partners, suppliers, employees, regulatory authorities, and other stakeholders or interested persons. Adverse publicity from such allegations may materially adversely affect the business of the Issuer and the results of its operations, regardless of whether such allegations are true or whether the Issuer is ultimately held liable. All litigation is expensive, time consuming and may divert management's attention away from the operation of the business. In addition, the Issuer cannot be certain that its insurance coverage will be sufficient to cover one or more substantial claims. Furthermore, it is possible that if complaints, claims or legal proceedings such as the aforementioned were to be brought against a direct competitor of the Issuer, the latter could also be affected due to the adverse publicity brought against, and concerns raised in respect of the industry in general. The Issuer is not involved in any governmental, legal or arbitration proceedings, so far as the Directors are aware, which may have, or have had during the 12 months preceding the date of the Registration Document, a significant effect on the Issuer's financial condition or operational performance, no assurance can be given that disputes which could have such effect would not arise in the future. Exposure to litigation or fines imposed by regulatory authorities may affect the Issuer's reputation even though the monetary consequences may not be significant.
- xvi. The Issuer seeks prospective customers to berth their vessels within its facilities at Grand Harbour Marina, and aims to provide ancillary services such as the sale of fuels, lubricants and other utilities, the repair, refit and servicing of vessels and equipment, sea schools or similar training facilities, and storage, parking and concierge services. Accordingly, the Issuer's Marina operations revenue is generated principally from three areas:

- a) the rental of short-term and long-term berths; b) the sale of long-term superyacht berth licenses (typically for periods of 25 years); and c) the sale of utilities and other ancillary services.
- The Issuer is, therefore, exposed to the risks associated with the trends and future outlook of the yacht and superyacht industry as a whole. The ability of the Issuer to continue its relationship with existing berth holders and superyacht berth licensees on existing or more favourable terms, and its ability to attract new berth holders and superyacht berth licensees on favourable terms, could thus have a material impact on the financial condition of the Issuer, the results of its Marina operations and its ability to meet its obligations under the Bonds. In particular, in recent years the Issuer has shifted its focus from the sale of long-term berths to short-term berth rental. Although this is intended to place the Issuer in a better position to adapt to the changing circumstances and exigencies of the yachting industry, this shift carries the additional risk of greater volatility in the Issuer's revenue stream from the rental of its berths, as the Issuer must be successful in renewing existing short-term berth rentals and in securing new customers for its short-term berths on a more frequent basis, and on existing or more favourable terms.
- xvii. Camper & Nicholsons is the marina consultant and marina manager for the Issuer and a sales agent for long-term berth licences. The sale of long-term berth licences constitutes one of the Issuer's revenue streams. Camper & Nicholsons' know-how adds significant value to the Issuer with respect to its long-term berth sales.
- The Issuer also depends on Camper & Nicholsons' ability to identify, analyse, invest in projects, operate and dispose of projects and secure finance for those projects that meet the Issuer's investment criteria. Failure by Camper & Nicholsons to timely identify and undertake projects that meet the Issuer's investment objectives and to manage investments effectively could have a material adverse effect on the Issuer's business, financial condition and results of its operations.
- xviii. The Issuer holds and may in the future hold investments in its portfolio under the terms of lease agreements, build-operate-transfer ("BOT") agreements or like concessions. Such leases, BOT Agreements or concessions may contain terms and conditions which, if breached, may expose the Issuer to the cost of damages and/or termination of the concession without compensation.
- xix. The activities relating to the operation and management of the Marina, and its ancillary activities, subject the Issuer, and other third-parties with whom the Issuer deals, to a variety of laws and regulations, whether in Malta or in other jurisdictions, relating to the environment, marine conservation, air and water pollution, health and safety, employment, planning, land use and development standards which may be subject to change from time to time and which impose liability including liability for personal injury, environmental damage and other damages. In particular, the Issuer may become liable for the costs of removal, investigation or remediation of certain materials or substances which are deemed to be unlawful, including hazardous or toxic substances that may be located on or in the Marina, or which may have migrated from property owned or occupied by it, which costs may be substantial. In addition to environmental constraints, and in connection with any prospective development project the Issuer undertakes in, or in connection with, the Marina will further subject the Issuer to extensive regulation, including national and local regulation and administrative requirements and policies which relate to, among other things, planning, developing, land use, local and regeneration plans, and others. These regulations often empower the relevant authorities with broad powers, including the power to suspend operations or impose administrative sanctions or other measures. A breach by the Issuer of any of such laws and regulations, to which it is subject, or its failure to adapt in a timely manner to changes thereof, could materially adversely affect the financial condition of the Issuer, the results of its operations, and its ability to meet its obligations under the Bonds.
- xx. As at the date of this Prospectus, the Issuer owns the Marina and owns 45% of IC Çeşme, which itself owns the Çeşme Marina. The Bondholders have no assurance as to the degree of diversification, if any, that the Issuer may be able to hold in its investments, whether by asset type or by geographic location.
- Investments in marinas and marina related real estate are considered to be relatively illiquid. The Issuer will, therefore, be susceptible to the general risks incidental to the ownership and operation of marinas and marina related real estate, including those associated with the general economic climate, local marina and marina related real estate conditions, the level of the supply of or demand for marinas in an area, various uninsurable and insurable risks, for which the Issuer may not be adequately insured and which can be material. The marketability and value of investments held by the Issuer will, therefore, depend on many factors beyond the control of the Issuer and there is no assurance that there will be either a ready market for any investments or that such investments will be sold at a profit or will yield positive cash flow.
- xxi. The Marina competes with other marinas in Malta; the Issuer is not the sole and exclusive provider of marina related services in Malta. Furthermore, the Marina competes with other overseas marinas and ancillary service providers, and is susceptible to a variety of competitive factors including location, water depth, berth configurations, landside facilities and storage facilities, pricing, service, quality, availability, variety, availability of utility and other ancillary services, promotional and advertising activity, fluctuations in demand and supply.
- Accordingly, the success of the Marina is dependent on its ability to maintain and enhance its relative competitive strength, and the ability of the Issuer to timely address shifting trends and preferences. Furthermore, some of the Issuer's current and potential competitors may have greater name recognition, a larger customer base, and greater financial and other resources than the Issuer. A decline in the relative competitive strength of the Marina and the Issuer's marina operations could have a materially adverse effect on the financial position of the Issuer and the results of its operations. In particular, the Issuer may be compelled, by the strength of its competitors that are able to supply marina operations and services

at lower prices, to reduce its own prices. The ability of the Issuer to maintain or increase its profitability will therefore be dependent on its ability to offset such decreases in the prices and margins of its marina operations and services.

- xxii. Valuations of marinas and marina related real estate may be complex as there may be no liquid market or pricing mechanisms. As a result, valuations are inherently subject to uncertainty and subjectivity and there can be no assurance that the estimates resulting from the valuation process will reflect the net realisable value, even where such realisations occur shortly after the date of the valuation.
- xxiii. The Issuer may be subject to risks associated with the development of marinas and marina related real estate, including the risk relating to project financing, planning permits, delays, cost over-run, risk of insufficiency of resources, risk of berth rental or licensing transactions not being effected at the prices and timeframes envisaged, higher interest costs, erosion of revenue generation and the possibility of legal disputes. If these risks were to materialise, they could have an adverse and material effect on the Issuer's financial condition and the results of its operations.  
In addition, for the timely completion of development projects, the Issuer may place certain reliance on counterparties such as architects, engineers, contractors and sub-contractors, engaged in demolition, excavation, and construction and finishing of developments. Such counterparties may fail to perform or default on their obligations due to the Issuer, whether due to insolvency, lack of liquidity, economic or market downturn, operational failure or other reasons, all of which are beyond the Issuer's control. Failure of such counterparties to perform their obligations due to the Issuer could, in turn, materially adversely affect the financial condition of the Issuer and its future prospects. In addition, the inability of the Issuer to develop and maintain relationships with highly skilled, competent and reliable counterparties could have a material adverse effect on the Issuer's development projects.
- xxiv. The continuity and profitability of the Marina operations depends in part on the Issuer's ability to anticipate and react to changes in the cost of its suppliers, and on its dependence on the frequent and timely deliveries by its suppliers.  
The Issuer may not be able to acquire suitable supplies in sufficient quantities and/or on terms acceptable to it in the future and any deterioration or change in the Issuer's relationships with its suppliers, including less favourable terms, could have a material adverse effect on the Issuer. Other factors, such as interruptions in supply caused by adverse weather conditions, changes in regulation and other factors, are not within the control of the Issuer or its suppliers, and could have a materially adverse effect on the availability, costs and quality of its supplies.
- xxv. The Grand Harbour Marina is owned by the Issuer under a 99-year sub-emphyteusis. In the event that the rights to terminate this sub-emphyteusis are lawfully exercised as a result of a breach of the conditions contained therein, such termination will have a material adverse effect on the financial condition of the Issuer, the results of its operations, and the ability of the Issuer to meet its obligations under the Bonds.
- xxvi. As at the date of this Prospectus, the Issuer owns 45% of IC Çeşme (Çeşme Marina Yatirim, Turizm ve İşletmeleri Anonim Şirketi, registered under the laws of the Republic of Turkey with company registry number (Ticaret Sicil): 725-K-11259 Musalla Mahallesi 1016. Sokak No: 8 Cesme, Izmir, "IC Çeşme") which itself owns and operates the Çeşme Marina, a marina located in Çeşme Turkey. The risks mentioned above as risks associated with investments in marinas naturally apply to the operation of the Çeşme Marina. In addition, since the Çeşme Marina is located in Turkey, IC Çeşme's business and results of operations are affected by general economic, political and social conditions in Turkey. In recent years the Turkish economy has registered significant growth though it has also experienced severe macro-economic imbalances. Turkey might experience negative changes in the government and political environment and/or significant economic crisis in the future, which could have a material adverse effect on IC Çeşme's business, financial condition, results of operations and/or prospects. A downturn in the financial condition, results of operations and/or prospects of IC Çeşme may in turn have a material adverse effect on the financial condition of the Issuer, the results of its operations.

### D.3 Key information on the key risks specific to the Bonds:

An investment in the Bonds involves certain risks, including those set out below in this section. In deciding whether to make an investment in the Bonds, prospective investors are advised to carefully consider, with their own independent financial and other (including tax, accounting, credit, legal and regulatory) professional advisers, the following risk factors (not listed in order of priority) and other investment considerations, together with all the other information contained in the Prospectus:

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



- iii. Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.
- iv. Investors should also be aware that the price of fixed rate Bonds moves adversely to changes in interest rates. When prevailing market interest rates are rising, the price of fixed rate Bonds decline. Conversely, if market interest rates are declining, the price of fixed rate Bonds rises. This is referred to as market risk since it arises only if a Bondholder decides to sell the Bonds before maturity on the secondary market.
- v. Any Bondholder whose currency of reference is not the Euro will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference.
- vi. No prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time. If such changes take place they could have an adverse effect on the market price for the Bonds.
- vii. The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt, if any. The Bonds will, however, rank subordinate to the present and future secured creditors of the Issuer. Furthermore, subject to a negative pledge clause third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect. In essence, this means that for so long as the Issuer may have secured, privileged or other higher-ranking creditors, in the event of insolvency of the Issuer the Bondholders would rank after such creditors but equally between themselves and with other unsecured creditors (if any) of the Issuer.
- vii. In the event that the Issuer wishes to amend any of the Terms and Conditions of the Bonds or any material terms of issuance of the Bonds it shall call a meeting of Bondholders. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.
- ix. The Terms and Conditions of this Bond Issue are based on the requirements of the Listing Rules of the Listing Authority, the Companies Act and the Commission Regulation EC No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council in effect as at the date of the Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Maltese law or administrative practice after the date of this Prospectus.
- xi. The Issuer may incur further borrowings or indebtedness and may create or permit to subsist security interests upon the whole or any part of its present or future undertakings, assets or revenues (including uncalled capital).
- xii. The Issuer has not sought, nor does it intend to seek, the credit rating of an independent agency and there has been no assessment by any independent rating agency of the Bonds.
- xiii. Even after the Bonds are admitted to trading on the MSE, the Issuer is required to remain in compliance with certain requirements relating *inter alia* to the free transferability, clearance and settlement of the Bonds in order to remain a listed company in good standing. Moreover, the Listing Authority has the authority to suspend trading or listing of the Bonds if, *inter alia*, it comes to believe that such a suspension is required for the protection of investors or the integrity or reputation of the market. The Listing Authority may discontinue the listing of the Bonds on the MSE. Any such trading suspensions or listing revocations/ discontinuations described above could have a material adverse effect on the liquidity and value of the Bonds.

## Section E Offer

- E.2b The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €14,550,000, will be used by the Issuer for the following purposes, in the amounts and order of priority set out below:
- i. a maximum amount of €11,000,000 will be used by the Issuer for the purpose of redeeming any Exchangeable Bonds remaining in issue as at the close of business of 23 June 2017 (the “**Cut-Off Date**”);
  - ii. a maximum amount of €3,500,000 (the “**Waterside Investment Amount**”) for further waterside investment within the Marina which at the time of issue of this Prospectus is envisaged to take place in two separate stages which are independent of each other. A maximum amount of €800,000 of the Waterside Investment Amount will be invested in the first phase of a reconfiguration to be made to the Marina. It is anticipated that the balance, that is a maximum amount of €2,700,000 of the Waterside Investment Amount (the “**Balance**”) will be invested in the second phase of the reconfiguration to be made to the Marina. Prior to implementing the second phase, the Board reserves the right to assess other possible investments in line with its wider investment objectives and to utilise the Balance to finance any investment opportunity which in the Directors' opinion at that stage is calculated to provide the highest yielding project; and
  - iii. the remaining amount of €50,000 will be used by the Issuer for general corporate and operational purposes.

In the event that the Bond Issue is not fully subscribed, the Issuer will proceed with the listing of the amount of Bonds subscribed for, and shall apply the net proceeds received in the manner and order of priority set out above. Any residual amounts required by the Issuer for the purposes of the uses specified in this Element E.2b which shall not have been raised through the Bond Issue shall be financed from the Issuer's general cash flow and/or bank financing.

- E.3 The Bonds are open for subscription to all categories of investors, which may be broadly split as follows:
- i. The Issuer has reserved an aggregate amount of €11,000,000, subject to any cash top-up necessary to bring the minimum application amount per Existing Bondholder (a holder of Exchangeable Bonds as at the Cut-Off date, “**Existing Bondholder**”) to €2,000 (the “**Cash Top-Up**”) as applicable, for subscription by Existing Bondholders by submitting an Application Form ‘A’, which consideration due shall be settled by the transfer to the Issuer of all or part of the Exchangeable Bonds held by such Applicant as at the Cut-Off Date (plus the payment of any Cash Top-Up, if applicable);
  - ii. The Issuer has reserved an aggregate amount of €2,000,000 for subscription by (the Grand Harbour Marina shareholders of the Issuer as at the Cut-off Date, (the “**Grand Harbour Marina Shareholders**”) by submitting an Application Form ‘B’; and
  - iii. The Issuer has reserved: (i) an aggregate amount of €2,000,000; and (ii) any balance of the Bonds not subscribed to by the Preferred Applicants for subscription by Selected Authorised Financial Intermediaries through an Intermediaries’ Offer.

The following is a synopsis of the general terms and conditions applicable to the Bonds. A Bondholder is deemed to have invested only after having received, read and understood the contents of the Prospectus, including the full terms and conditions contained in the annexes thereto:

#### 1. Form, Denomination and Title

The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €100 provided that on subscription the Bonds will be issued for a minimum of €2,000 per individual Bondholder. Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Bond. Title to the Bonds may be transferred as provided in the Securities Note.

#### 2. Interest

Details of interest payable on the Bonds is provided in Element C.9 of this Summary Note.

#### 3. Status of the Bonds and Security

The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer, and shall at all times rank *pari passu* without any priority or preference with all other present and future unsecured obligations of the Issuer.

#### 4. Payments

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

#### 5. Redemption

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

#### 6. Events of Default

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

- i. the Issuer shall fail to pay any interest on any Bond when due and such failure shall continue for 30 days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- ii. the Issuer shall fail to duly perform or shall otherwise be in breach of any other material obligation contained in the Terms and Conditions of the Bonds and such failure shall continue for 60 days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- iii. an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer; or
- iv. the Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or ceases or threatens to cease to carry on its business or a substantial part of its business; or
- v. the Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or
- vi. there shall have been entered against the Issuer a final judgment by a court of competent jurisdiction from which no appeal may be or is made for the payment of money in excess of €5,000,000 or its equivalent and 90 days shall have passed since the date of entry of such judgment without it having been satisfied or stayed; or
- vii. any default occurs and continues for 90 days under any contract or document relating to any Financial Indebtedness of the Issuer in excess of €5,000,000 or its equivalent at any time.



*7. Transferability of the Bonds*

The Bonds are freely transferable and, once admitted to the Official List shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time. All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations. The cost and expenses of effecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Issuer shall so require, the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the Issuer. The Issuer will not register the transfer or transmission of Bonds for a period of fifteen (15) days preceding the due date for any payment of interest on the Bonds.

*8. Register of Bondholders*

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

*9. Further Issues*

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

*10. Meetings of Bondholders*

The Terms and Conditions of the Bonds may be amended or waived with the approval of the Bondholders at a meeting called for that purpose by the Issuer.

*11. Governing Law and Jurisdiction*

The Bonds are governed by and shall be construed in accordance with Maltese law. Any legal action, suit or proceedings against the Issuer arising out of or in connection with the Bonds and/or the Prospectus shall be brought exclusively before the Maltese courts.

- E.4 Save for the possible subscription for Bonds by Selected Authorised Financial Intermediaries (which includes Rizzo, Farrugia & Co (Stockbrokers) Ltd and Finco Treasury Management Limited), and any fees payable in connection with the Bond Issue to Rizzo, Farrugia & Co (Stockbrokers) Ltd as Sponsor, Manager and Registrar and Finco Treasury Management Limited as Financial Adviser, so far as the Issuer is aware, no person involved in the Issue has an interest material to the Issue.
- E.7 *Not applicable:* No expenses will be charged to investors by the Issuer.

## Time-Table

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

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



# Registration Document

## 26 June 2017

This Registration Document is issued in accordance with the provisions of Chapter 4 of the Listing Rules issued by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements as amended by Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012, Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012, Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013, Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015. This Registration Document is issued pursuant to the requirements of Listing Rule 4.13 of the Listing Rules and contains information about the Bonds being issued by Grand Harbour Marina P.L.C. An application has been made for the admission to listing and trading of the Bonds on the Official List of the Malta Stock Exchange.

*GRAND HARBOUR MARINA*  
VITTORIOSA ✶ MALTA

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

Sponsor, Manager & Registrar

Financial Adviser

Legal Counsel



CAMILLERI PREZIOSI  
ADVOCATES

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

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

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

APPROVED BY THE DIRECTORS

Lawrence Zammit

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

# Table of Contents

IMPORTANT INFORMATION	20
1. DEFINITIONS	22
2. RISK FACTORS	24
2.1. Forward-looking Statements	24
2.2. Risks Relating to the Issuer and its Business	24
2.3. Risks Relating to the Operation and Management of the Marina and the Marina Industry	27
2.4. Risks relating to IC Çesme	29
3. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT, ADVISERS AND AUDITORS	30
3.1. Directors	30
3.2. Advisers	30
3.3. Auditors	30
4. INFORMATION ABOUT THE ISSUER	31
4.1. Historical Development	31
4.2. Principal Objects of the Issuer	31
4.3. Principal Activities and Markets	31
4.4. Principal Markets of the Issuer	32
4.5. Investment Objectives	33
4.6. Organisational Structure	34
5. TREND INFORMATION AND FINANCIAL PERFORMANCE	35
5.1. Trend Information	35
5.2. Key Financial Review	38
6. MANAGEMENT	41
6.1. The Board of Directors	41
6.2. Directors' Service Contracts	42
6.3. Aggregate Emoluments of Directors	42
6.4. Loans to Directors	42
6.5. Removal of Directors	42
6.6. Powers of Directors	43
6.7. Employees of the Issuer	43

7.	MANAGEMENT STRUCTURE	43
7.1.	Management Team	43
7.2.	Conflict of Interest	43
8.	RELATED PARTY TRANSACTIONS	44
8.1.	Loan to Parent	44
8.2.	Notes issued by the Parent	44
9.	AUDIT COMMITTEE PRACTICES	44
9.1.	Audit Committee	44
9.2.	Remuneration Committee	44
10.	COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS	45
11.	HISTORICAL INFORMATION	45
12.	LITIGATION	45
13.	ADDITIONAL INFORMATION	46
13.1.	Major Shareholders	46
13.2.	Memorandum and Articles of Association	46
14.	MATERIAL CONTRACTS	48
14.1.	Deed of Emphyteusis and Sub-Emphyteusis	48
14.2.	Development and Operations Agreement	48
14.3.	Marina Services Agreement	48
14.4.	Trade Mark Licence	49
15.	INTEREST OF EXPERTS AND ADVISERS	49
16.	DOCUMENTS AVAILABLE FOR INSPECTION	49

# IMPORTANT INFORMATION

THIS REGISTRATION DOCUMENT CONTAINS INFORMATION ON GRAND HARBOUR MARINA P.L.C. IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES OF THE LISTING AUTHORITY, THE ACT AND COMMISSION REGULATION (EC) NO. 809/2004 OF 29 APRIL 2004 IMPLEMENTING DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AS REGARDS INFORMATION CONTAINED IN PROSPECTUSES AS WELL AS THE FORMAT, INCORPORATION BY REFERENCE AND PUBLICATION OF SUCH PROSPECTUSES AND DISSEMINATION OF ADVERTISEMENTS AS AMENDED BY COMMISSION DELEGATED REGULATION (EU) NO. 486/2012 OF 30 MARCH 2012, COMMISSION DELEGATED REGULATION (EU) NO. 862/2012 OF 4 JUNE 2012, COMMISSION DELEGATED REGULATION (EU) NO. 759/2013 OF 30 APRIL 2013, COMMISSION DELEGATED REGULATION (EU) NO. 382/2014 OF 7 MARCH 2014 AND COMMISSION DELEGATED REGULATION (EU) NO. 2016/301 OF 30 NOVEMBER 2015 (THE "**PROSPECTUS DIRECTIVE**")

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

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

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

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

IT IS THE RESPONSIBILITY OF ANY PERSONS IN POSSESSION OF THIS REGISTRATION DOCUMENT AND ANY PERSONS WISHING TO APPLY FOR ANY BONDS ISSUED BY THE ISSUER TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE INVESTORS FOR ANY BONDS THAT MAY BE ISSUED BY THE ISSUER SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF APPLYING FOR ANY SUCH BONDS AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

SAVE FOR THE OFFERING IN MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE BONDS DESCRIBED IN THE SECURITIES NOTE OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED.

IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (OTHER THAN MALTA) WHICH HAS IMPLEMENTED DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 4 NOVEMBER 2003 ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING OR WHICH, PENDING SUCH IMPLEMENTATION, APPLIES ARTICLE 3.2 OF SAID DIRECTIVE, THE SECURITIES CAN ONLY BE OFFERED TO "QUALIFIED INVESTORS" (AS DEFINED IN SAID DIRECTIVE) AS WELL AS IN ANY OTHER CIRCUMSTANCES WHICH DO NOT REQUIRE THE PUBLICATION BY THE ISSUER OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF SAID DIRECTIVE.



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

A COPY OF THIS REGISTRATION DOCUMENT HAS BEEN SUBMITTED: (I) TO THE LISTING AUTHORITY IN SATISFACTION OF THE LISTING RULES; (II) THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS; AND (III) HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES, IN ACCORDANCE WITH THE ACT.

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

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

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

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

# 1. DEFINITIONS

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

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

<b>Regulation</b>	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus and dissemination of advertisements, as amended by: Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 amending Regulation (EC) No. 809/2004 as regards information on the consent to use of the prospectus, information on underlying indexes and the requirement for a report prepared by independent accountants or auditors; Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities; Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of supplements to the prospectus; and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of the prospectus and dissemination of advertisements;
<b>Securities Note</b>	the securities note issued by the Issuer dated 26 June 2017, forming part of the Prospectus;
<b>Sponsor</b>	Rizzo, Farrugia & Co (Stockbrokers) Ltd, an authorized financial intermediary licensed by the MFSA and a member of the MSE;
<b>Subsidiary</b>	an entity over which the Parent has control. In terms of the International Financial Reporting Standards adopted by the European Union, a group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The term ‘ <b>Subsidiaries</b> ’ shall collectively refer to the said entities;
<b>Summary Note</b>	the summary note issued by the Issuer dated 26 June 2017, forming part of the Prospectus; and
<b>Turkish Lira</b>	the lawful currency of the Republic of Turkey.

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

Unless it appears otherwise from context:

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

## 2 RISK FACTORS

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

THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS NOT INTENDED TO BE INDICATIVE OF ANY ORDER OF PRIORITY OR OF THE EXTENT OF THEIR CONSEQUENCES.

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

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

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

### 2.1 Forward-looking Statements

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

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

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

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

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

#### 2.2.1 Exposure to general economic conditions

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

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

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

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

#### **2.2.3 Shareholding**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **2.2.8 Insurance**

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

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

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

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

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

### **2.2.10 Counterparty risk**

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

### **2.2.11 Interest rate risk**

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

### **2.2.12 Operating expenses**

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

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

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

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



### 2.2.13 Currency risk

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

### 2.2.14 Legal and regulatory compliance

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

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

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

### 2.2.15 Risk of litigation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **2.3.6.3 Valuation risk**

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

#### **2.3.6.4 Development risk**

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

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

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

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

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

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

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

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

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

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

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

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

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

#### 3.1 Directors

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

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

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

#### 3.2 Advisers

##### Legal Counsel to the Issuer

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

##### Sponsor, Manager & Registrar

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

##### Adviser to the Issuer

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

#### 3.3 Auditors

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

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

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

## 4. INFORMATION ABOUT THE ISSUER

### 4.1 Historical Development

#### 4.1.1 Introduction

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

### 4.2 Principal Objects of the Issuer

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

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

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

### 4.3 Principal Activities and Markets

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

#### 4.3.1 Grand Harbour Marina

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

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

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

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

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

### 4.3.2 Relationship with Camper & Nicholsons

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

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

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

### 4.3.3 Clients

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

### 4.3.4 Industry Events

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

### 4.3.5 Revenue and Costs of the Marina

The Marina's revenues derive from three principal areas:

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

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

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

## 4.4 Principal Markets of the Issuer

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

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



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

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

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

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

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

## 4.5 Investment Objectives

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

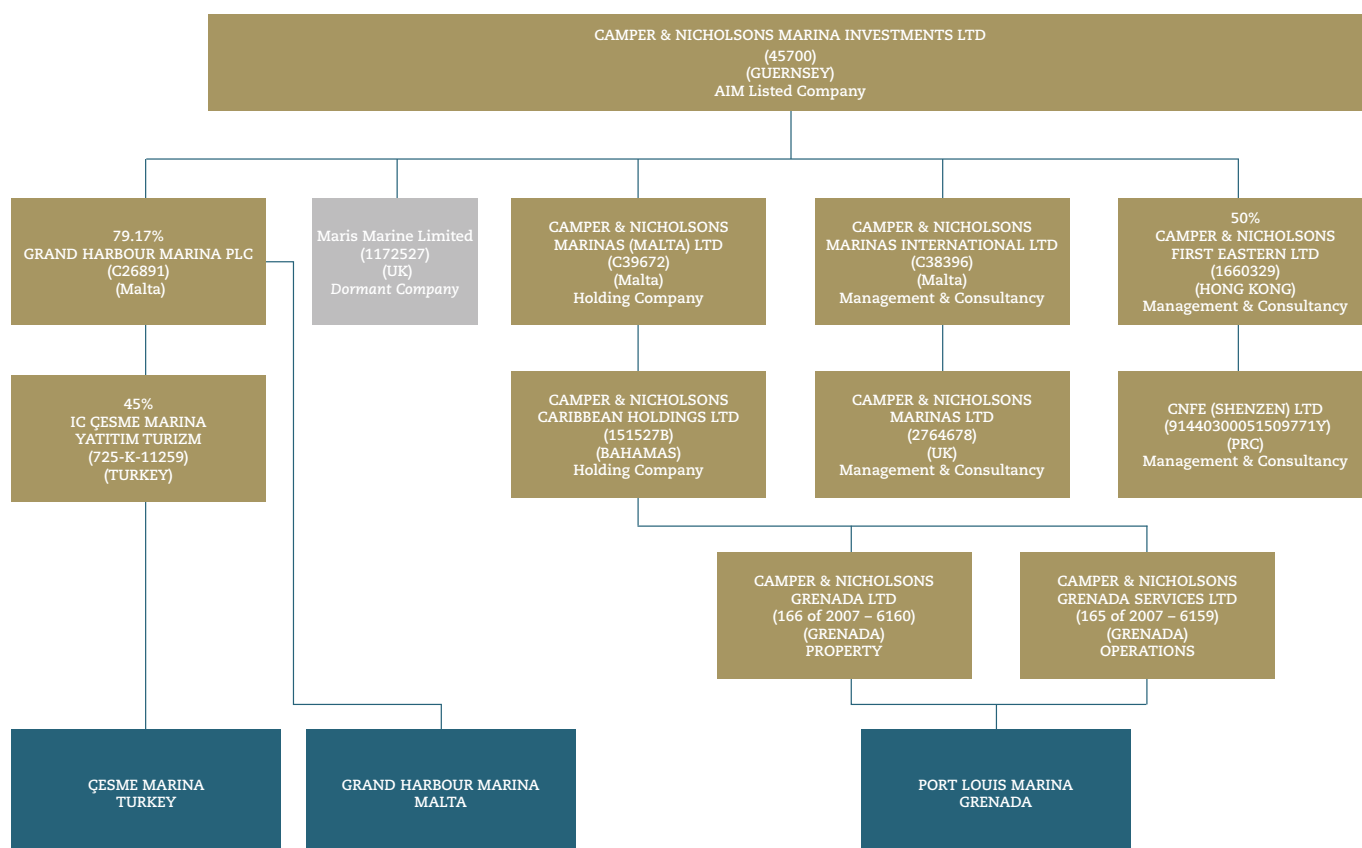
The Issuer however is also mindful of the ever increasing demand for berths and the difficulty in meeting such demands as indicated in section 5 (*Trend Information and Financial Performance*). In this respect, the Issuer's main objective is that of reconfiguring the layout of the Marina, with the intention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

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

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

## 4.6 Organisational Structure

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



Unless otherwise stated, ownership is 100%

### 4.6.1 Shareholding in IC Çeşme

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

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

### 4.6.2 Dependence on entities within the Group

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

## 5. TREND INFORMATION AND FINANCIAL PERFORMANCE

### 5.1 Trend Information

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

#### 5.1.1 Sector dynamics

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

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

#### 5.1.2 The Global Yachting Market

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

#### 5.1.3 Basic Market Segmentation

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

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

##### 5.1.3.1 Local Market

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

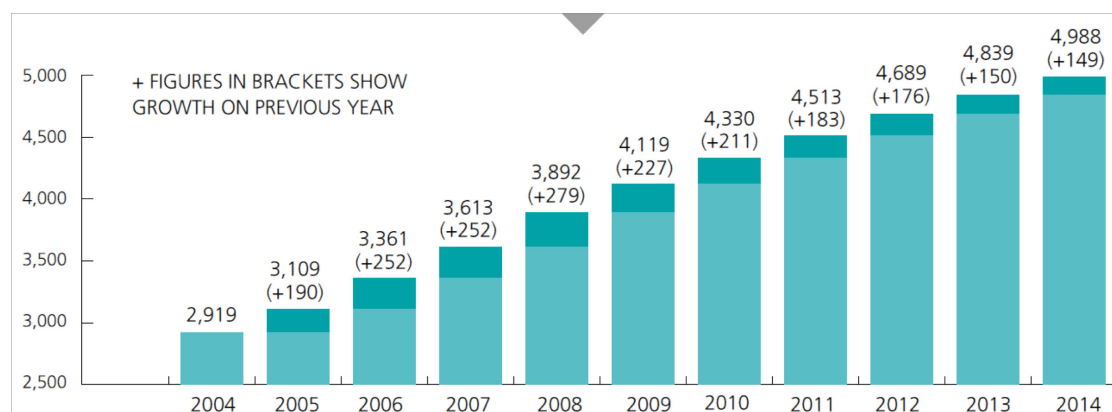
##### 5.1.3.2 The Mid-Market

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

### 5.1.3.3 Superyachts

#### 5.1.3.1 The Superyacht Fleet Size

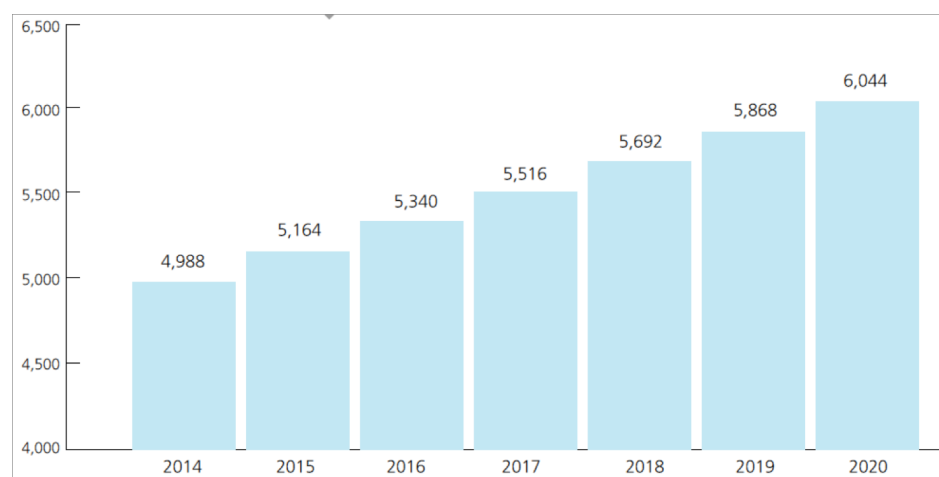
The superyacht market was less affected by the 2008 global downturn in terms of new builds and total fleet numbers, and was much quicker to return to pre-2008 levels. Indeed, the long lead time for delivery has smoothed out much of the hit taken in 2008/9, which makes it largely undetectable in the graph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



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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

## 5.2 Key Financial Review

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## 6. MANAGEMENT

### 6.1 The Board of Directors

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

#### 6.1.1 Executive Directors/s

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

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

#### 6.1.2 Non-Executive Directors

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

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

#### 6.1.3 Curriculum Vitae of Directors

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

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

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

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

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

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

## **Sir Christopher Lewinton**

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

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

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

## **Mr. Clive Peter Whiley**

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

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

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

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

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

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

### **6.4 Loans to Directors**

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

### **6.5 Removal of Directors**

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

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

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

## 6.6 Powers of Directors

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

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

## 6.7 Employees of the Issuer

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

# 7. MANAGEMENT STRUCTURE

## 7.1 Management Team

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

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

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

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

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

## 7.2 Conflict of Interest

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

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

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

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

## 8. RELATED PARTY TRANSACTIONS

### 8.1 Loan to Parent

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

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

### 8.2 Notes issued by the Parent

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

## 9. AUDIT COMMITTEE PRACTICES

### 9.1 Audit Committee

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

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

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

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

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

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

### 9.2 Remuneration Committee

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



## 10. COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

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

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

### (i) Code Provision 4.2.7:

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

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

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

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

### (iii) Code Provision 9.3:

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

## 11. HISTORICAL INFORMATION

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

## 12. LITIGATION

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

## 13. ADDITIONAL INFORMATION

### 13.1 Major Shareholders

#### 13.1.1 Shareholding of the Issuer

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

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

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

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

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

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

### 13.2 Memorandum and Articles of Association

#### 13.2.1 Objects

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

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

#### 13.2.2 Appointment of Directors

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

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

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

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

### 13.2.3 Powers of Directors

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

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

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

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

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

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

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

## 14. MATERIAL CONTRACTS

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

### 14.1 Deed of Emphyteusis and Sub-Emphyteusis

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

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

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

### 14.2 Development and Operations Agreement

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

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

### 14.3 Marina Services Agreement

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

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

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

#### 14.4 Trade Mark Licence

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

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

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

### 15. INTEREST OF EXPERTS AND ADVISERS

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

The financial analysis summary has been included in the form and context in which it appears with the authorisation of Rizzo, Farrugia & Co. (Stockbrokers) Ltd. respectively, which has given and has not withdrawn its consent to the inclusion of such reports herein. Rizzo, Farrugia & Co. (Stockbrokers) Ltd. does not have any material interest in the Issuer. The Issuer confirms that the financial analysis summary has been accurately reproduced in the Prospectus and that there are no facts of which the Issuer is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

### 16. DOCUMENTS AVAILABLE FOR INSPECTION

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

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

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





# Securities Note

## 26 June 2017

This document is a Securities Note issued in accordance with the provisions of Chapter 4 of the Listing Rules published by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended by Commission Delegated Regulation (EU) No 486/2012 of the 30 March 2012, Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012, Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013, Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015. This Securities Note is issued pursuant to the requirements of Listing Rule 4.14 of the Listing Rules and contains information about the Bonds being issued by Grand Harbour Marina P.L.C. An application has been made for the admission to listing and trading of the Bonds on the Official List of the Malta Stock Exchange. This Securities Note should be read in conjunction with the most updated Registration Document issued from time to time containing information about the Issuer.

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

*GRAND HARBOUR MARINA*  
VITTORIOSA ✶ MALTA

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

ISIN: MT0000321225

Sponsor, Manager & Registrar

Financial Adviser

Legal Counsel



CAMILLERI PREZIOSI  
ADVOCATES

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

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

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

APPROVED BY THE DIRECTORS

Lawrence Zammit

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

# Table of Contents

IMPORTANT INFORMATION	54
1. DEFINITIONS	56
2. RISK FACTORS	58
2.1 Forward-looking Statements	58
2.2 Suitability of Investment in the Bond	58
2.3 Risks Relating to the Bonds	58
3. PERSONS RESPONSIBLE	60
4. CONSENT FOR USE OF PROSPECTUS	61
5. ESSENTIAL INFORMATION	62
5.1. Reasons for the Issue and use of proceeds	62
5.2. Expenses	62
5.3. Issue Statistics	62
5.4. Interest of Natural and Legal Persons Involved in the Issue	63
6. INFORMATION CONCERNING THE SECURITIES TO BE ISSUED AND ADMITTED TO TRADING	63
6.1. General	63
6.2. Ranking of the Bonds	64
6.3. Rights attached to the Bonds	64
6.4. Interest	64
6.5. Yield	64
6.6. Registration, Form, Denomination and Title	64
6.7. Negative Pledge	65
6.8. Payments	66
6.9. Redemption and Purchase	66
6.10. Events of Default	66
6.11. Transferability of the Bonds	67
6.12. Further Issues	67
6.13. Meetings of Bondholders	67
6.14. Authorisations and approvals	68
6.15. Notices	68

7.	TAXATION	68
7.1.	General	68
7.2.	Malta tax on interest	68
7.3.	Directive on Administrative Cooperation in the Field of Taxation	69
7.4.	Maltese taxation on capital gains on transfer of the Bonds	69
7.5.	Foreign Account Tax Compliance Act ("FATCA")	69
7.6.	Duty on documents and transfers	69
8.	TERMS AND CONDITIONS OF THE BOND ISSUE	70
8.1.	Expected Timetable of the Bond Issue	70
8.2.	Terms and Conditions of Application	70
8.3.	Intermediaries' Offer	71
8.4.	General Terms and Conditions	71
8.5.	Plan of Distribution and Allotment	73
8.6.	Pricing	74
8.7.	Allocation Policy	74
8.8.	Admission to Trading	74
8.9.	Additional Information	74
	Annex I. Authorised Financial Intermediaries	76
	Annex II. Selected Authorised Financial Intermediaries	77
	Annex III. Specimen Forms	78
	Annex IV. Financial Analysis Summary	82

# IMPORTANT INFORMATION

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

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

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

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

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

IT IS THE RESPONSIBILITY OF ANY PERSONS IN POSSESSION OF THIS SECURITIES NOTE AND ANY PERSONS WISHING TO APPLY FOR ANY BONDS ISSUED BY THE ISSUER TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE APPLICANTS FOR ANY SECURITIES THAT MAY BE ISSUED BY THE ISSUER SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF APPLYING FOR ANY SUCH BONDS AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRY OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

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

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

A COPY OF THIS SECURITIES NOTE HAS BEEN SUBMITTED: (I) TO THE LISTING AUTHORITY IN SATISFACTION OF THE LISTING RULES; (II) THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS; AND (III) HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES IN ACCORDANCE WITH THE ACT.

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

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

ALL THE ADVISERS TO THE ISSUER NAMED IN THE PROSPECTUS UNDER THE HEADING "*IDENTITY OF DIRECTORS, SENIOR MANAGEMENT, ADVISERS AND AUDITORS*," UNDER SECTION 3 OF THE REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THIS ISSUE AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATIONS TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

**THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL UPON MATURITY. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISERS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS.**

# 1. DEFINITIONS

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

<b>Act</b>	the Companies Act (Cap. 386 of the laws of Malta);
<b>Applicant/s</b>	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
<b>Application/s</b>	the application to subscribe for Bonds made by an Applicant/s by completing an Application Form and delivering same to any of the Authorised Financial Intermediaries;
<b>Application Form/s</b>	the forms of application of subscription for Bonds, specimens of which are contained in Annex III of this Securities Note;
<b>Authorised Financial Intermediaries</b>	the licensed stockbrokers and financial intermediaries listed in Annex I of this Securities Note;
<b>Bond(s)</b>	the €15,000,000 unsecured bonds of a nominal value of €100 per bond redeemable at their nominal value on the Redemption Date, bearing interest at the rate of 4.50% per annum;
<b>Bondholder</b>	a holder of Bonds;
<b>Bond Issue</b>	the issue of the Bonds;
<b>Bond Issue Price</b>	the price of €100 per Bond;
<b>Business Day</b>	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
<b>CSD</b>	Central Securities Depository of the Malta Stock Exchange, having its address at Garrison Chapel, Castille Place, Valletta, VLT 1063, Malta;
<b>Cut-Off Date</b>	close of business of 23 June 2017 (trading session of 21 June 2017);
<b>Euro or €</b>	the lawful currency of the Republic of Malta;
<b>Exchange, Malta Stock Exchange or MSE</b>	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Cap. 345 of the laws of Malta), having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, and bearing company registration number C 42525;
<b>Exchangeable Bonds</b>	the seven per cent (7%) bonds 2017-2020 (ISIN: MT0000321217) redeemable on any day falling between and including 25 February 2017 and 25 February 2020, amounting as at the date of the Prospectus to €10,969,400, issued by the Issuer pursuant to a prospectus dated 25 January 2010;
<b>Existing Bondholder/s</b>	a holder of Exchangeable Bonds as at the Cut-Off Date;
<b>Financial Adviser</b>	Finco Treasury Management Limited, licensed by the MFSA;
<b>Grand Harbour Marina Shareholders</b>	the shareholders of the Issuer as at the Cut-Off Date;
<b>Income Tax Act</b>	the Income Tax Act (Cap. 123, of the laws of Malta);
<b>Interest Payment Date</b>	semi-annually on 22 February and 22 August of each year between and including each of the years 2017 and the year 2027, provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day;
<b>Intermediaries' Offer</b>	the offer of Bonds to the Selected Authorised Financial Intermediaries on 11 August 2017 consisting of a maximum aggregate amount of €2,000,000 and an amount equal to any balance of the Bonds not subscribed to by the Preferred Applicants;
<b>Issue Date</b>	expected on 22 August 2017;
<b>Issue Period</b>	i. the period between 14 July 2017 and 2 August 2017 for Existing Bondholders; and ii. the period between 12 July 2017 and 9 August 2017 for Grand Harbour Marina Shareholders;
<b>Issuer or Grand Harbour Marina or Company</b>	Grand Harbour Marina p.l.c., a company registered under the laws of Malta with company registration number C26891 and having its registered office at Vittoriosa Wharf, Vittoriosa, BRG 1721, Malta;
<b>Listing Authority</b>	the MFSA, appointed as Listing Authority for the purposes of the Financial Markets Act (Cap. 345 of the laws of Malta) by virtue of Legal Notice 1 of 2003;
<b>Listing Rules</b>	the listing rules of the Listing Authority as may be amended and/or supplemental from time to time;
<b>Manager</b>	Rizzo, Farrugia & Co (Stockbrokers) Ltd, an authorised financial intermediary licenced by the MFSA and a member of the MSE;



<b>Marina</b>	the Grand Harbour Marina operated and managed by the Issuer, located in the area of the Grand Harbour known as Dockyard Creek, limits of Senglea, Cospicua and Vittoriosa;
<b>MSE Bye-Laws</b>	the bye-laws issued by the MSE as may be amended and/or supplemental from time to time;
<b>Official List</b>	the list prepared and published by the MSE as its official list in accordance with the MSE Bye-Laws;
<b>Preferred Applicants</b>	Existing Bondholders and Grand Harbour Marina Shareholders;
<b>Prospectus</b>	collectively the Registration Document, Summary Note and this Securities Note (each as defined in this Securities Note);
<b>Prospectus Directive</b>	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, as may be amended from time to time;
<b>Redemption Date</b>	23 August 2027;
<b>Redemption Value</b>	the nominal value of each Bond (€100 per Bond);
<b>Registrar</b>	Rizzo, Farrugia & Co (Stockbrokers) Ltd, an authorised financial intermediary licenced by the MFSA and a member of the MSE;
<b>Registration Document</b>	the registration document issued by the Issuer dated 26 June 2017, forming part of the Prospectus;
<b>Regulation</b>	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus and dissemination of advertisements, as amended by: Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 amending Regulation (EC) No. 809/2004 as regards information on the consent to use of the prospectus, information on underlying indexes and the requirement for a report prepared by independent accountants or auditors; Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities; Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 supplementing Directive 2003/71/EC of the European Parliament and of the Council with regard to regulatory technical standards for publication of supplements to the prospectus and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015 supplementing Directive 2003/71/EC of the European Parliament and of the Council with regard to regulatory technical standards for publication of the prospectus and dissemination of advertisements and amending Commission Regulation (EC) No. 809/2004;
<b>Securities Note</b>	this document in its entirety;
<b>Selected Authorised Financial Intermediaries</b>	the licensed stockbrokers and financial intermediaries listed in Annex II of this Securities Note;
<b>Sponsor</b>	Rizzo, Farrugia & Co (Stockbrokers) Ltd, an authorised financial intermediary licensed by the MFSA and a member of the MSE;
<b>Summary Note</b>	the summary note issued by the Issuer dated 26 June 2017, forming part of the Prospectus; and
<b>Terms and Conditions</b>	the terms and conditions of the Bond Issue, including the terms contained in this Securities Note.

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

Unless it appears otherwise from the context:

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

## 2. RISK FACTORS

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

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

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

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

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

### 2.1 Forward-Looking Statements – Cautionary Statement

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

### 2.2 Suitability of Investment in the Bond

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

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

### 2.3 Risks Relating to the Bonds

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

- **No Prior Market**

Prior to the Bond Issue, there has been no public market nor trading record for the Bonds within or outside Malta. Due to the absence of any prior market for the Bonds, there can be no assurance that the Bond Issue Price will correspond to the price at which the Bonds will trade in the market subsequent to the Bond Issue.

- **Orderly and Liquid Market**

The existence of an orderly and liquid market for the Bonds depends on a number of factors, including but not limited to the presence of willing buyers and sellers of the Issuer’s Bonds at any given time and the general economic conditions in the market in which the Bonds are traded. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market, over which the Issuer has no control. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to sell or otherwise trade in the Bonds at or above the Bond Issue Price or at all.

- **Subsequent Changes in Interest Rates**

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

- **Market Risk**

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

- **Currency Risk**

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

- **Changes in Circumstances**

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

- **Ranking of the Bonds**

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

- **Changes to Terms and Conditions**

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

- **Changes in Law**

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

- **Additional Indebtedness and Security**

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

- **Independent Credit Rating**

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

- **Discontinuation of Listing**

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

### 3. PERSONS RESPONSIBLE

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

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

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

## 4. CONSENT FOR USE OF PROSPECTUS

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

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

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

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

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

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

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

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

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

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

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

## 5. ESSENTIAL INFORMATION

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

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

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

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

### 5.2 Expenses

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

### 5.3 Issue Statistics

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



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

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

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

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

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

### 6.1 General

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

## 6.2 Ranking of the Bonds

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

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

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

## 6.3 Rights attached to the Bonds

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

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

## 6.4 Interest

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

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

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

## 6.5 Yield

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

## 6.6 Registration, Form, Denomination and Title

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

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

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

## 6.7 Negative Pledge

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

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

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

**“Permitted Security Interest”** means:

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

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

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

## 6.8 Payments

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

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

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

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

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

## 6.9 Redemption and Purchase

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

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

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

## 6.10 Events of Default

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

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

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

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

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

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

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

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

## 6.11 Transferability of the Bonds

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

## 6.12 Further Issues

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

## 6.13 Meetings of Bondholders

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

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

## 6.14 Authorisations and approvals

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

## 6.15 Notices

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

# 7. TAXATION

## 7.1 General

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

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

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

## 7.2 Malta tax on interest

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



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

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

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

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

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

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

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

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

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

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

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

### 7.6 Duty on documents and transfers

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

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

## 8. TERMS AND CONDITIONS OF THE BOND ISSUE

### 8.1 Expected Timetable of the Bond Issue

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

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

### 8.2 Terms and Conditions of Application

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

### 8.3 Intermediaries' Offer

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

### 8.4 General Terms and Conditions

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

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

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

## 8.5 Plan of Distribution and Allotment

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

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

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



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

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

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

## 8.6 Pricing

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

## 8.7 Allocation Policy

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

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

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

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

## 8.8 Admission to Trading

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

## 8.9 Additional Information

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

The financial analysis summary has been included in the form and context in which it appears with the authorisation of Rizzo, Farrugia & Co (Stockbrokers) Ltd, Airways House, Third Floor, High Street, Sliema, SLM 1549, Malta which has given and has not withdrawn its consent to the inclusion of such report herein.

Rizzo, Farrugia & Co (Stockbrokers) Ltd does not have any material interest in the Issuer. The Issuer confirms that the financial analysis summary has been accurately reproduced in the Securities Note and that there are no facts of which the Issuer is aware that have been omitted and which would render the reproduced information inaccurate or misleading.





## Annex I - Authorised Financial Intermediaries

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

## Annex II - Selected Authorised Financial Intermediaries

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

# Annex III - Specimen forms

**GRAND HARBOUR MARINA**  
VITTORIOSA \* MALTA

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

<b>A APPLICANT (See note 4)</b>		
	MSE NO.	I.D. CARD NO/CO. REG NO.
<input type="checkbox"/> Please register me for e-portfolio	TEL NO.	MOBILE NO. <small>(Mandatory for e-portfolio registration)</small>
This Application Form is not transferable and entitles you to subscribe for 4.5% Grand Harbour Marina p.l.c. Unsecured Bonds 2027 (the " <b>Bonds</b> ") as shareholder of Grand Harbour Marina p.l.c. as at the Cut-Off Date.		
<b>B I/WE APPLY TO PURCHASE AND/OR ACQUIRE (See notes 6 &amp; 7)</b>		
AMOUNT IN WORDS	AMOUNT IN FIGURES <div style="border: 1px solid black; padding: 5px; text-align: center;">€</div>	
Grand Harbour Marina p.l.c. 4.5% Unsecured Bonds 2027, (minimum €2,000 and in multiples of €100 thereafter) at the Bond Issue Price (at par), as defined in the Prospectus dated 26 June 2017 (the " <b>Prospectus</b> "), payable in full upon application under the Terms and Conditions of the Bonds as set out in the Prospectus.		
<b>C RESIDENT - WITHHOLDING TAX DECLARATION (See notes 7 &amp; 8a)</b> <span style="float: right;"><small>(to be completed ONLY if the Applicant is a Resident of Malta)</small></span>		
<input type="checkbox"/> I/We elect to have final withholding tax deducted from my/our interest.		
<input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without deduction of withholding tax).		
<b>D NON-RESIDENT - DECLARATION FOR TAX PURPOSES (See notes 3, 8 &amp; 8a)</b> <span style="float: right;"><small>(to be completed ONLY if the Applicant is a Non-Resident)</small></span>		
TAX COUNTRY	CITY OF BIRTH	
T.I.N. (Tax Identification Number)	COUNTRY OF BIRTH	
PASSPORT/NATIONAL I.D. CARD NUMBER	COUNTRY OF ISSUE	ISSUE DATE
<input type="checkbox"/> I/We am/are NOT Resident in Malta but I/we am/are Resident in the European Union.		
<input type="checkbox"/> I/We am/are NOT Resident in Malta and I/we am/are NOT Resident in the European Union.		
<b>E INTEREST, REFUND &amp; REDEMPTION MANDATE (See note 9) BANK IBAN</b> <span style="float: right;"><small>(completion of this Panel is MANDATORY)</small></span>		
BANK	IBAN	
I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, and subject to its Terms and Conditions of the Bonds (as contained therein) which I/we fully accept.		
_____ Signature/s of Applicant/s <small>(Parent/s or legal guardian/s are/is to sign if Applicant is a minor)          (All parties are to sign in the case of a joint Application)</small>		_____ Date

AUTHORISED FINANCIAL INTERMEDIARY'S STAMP

APPLICATION NUMBER



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

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

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

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

5. In the case of a body corporate, Application Forms must be signed by duly authorised representative/s indicating the capacity in which they are signing.
6. Applications must be for a minimum of €2,000 and thereafter in multiples of €100.
7. Payment in Euro must be made in cleared funds to 'Rizzo, Farrugia & Co. (Stockbrokers) Ltd - Registrar Account'. In the event that the cheque accompanying an Application Form is not honoured on the first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application.
8. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as residents in Malta. In such a case, the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case, such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will then be obliged to declare interest so received in the tax return. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a Prescribed Fund will have final withholding tax (currently 10%) deducted from interest payments.

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

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

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

Annex IV -  
Financial Analysis Summary

# GRAND HARBOUR MARINA P.L.C.

## FINANCIAL ANALYSIS SUMMARY

26 June 2017

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

26th June 2017

Dear Sirs,

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

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

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

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

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

Yours sincerely,

**Vincent E Rizzo**  
Director

# Table of Contents

List of Abbreviations	85
Important Information	86

## Part 1

1. KEY ACTIVITIES AND PRINCIPAL MARKETS	87
1.1 Grand Harbour Marina	88
1.2 IC Cesme in Turkey	88
1.3 Relationship of the Issuer with CNML	88
2. DIRECTORS AND KEY EMPLOYEES	89
2.1 The Board of Directors of the Issuer	89
2.2 Executive Management of the Issuer and Group Employees	89
3. ORGANISATIONAL STRUCTURE AND OPERATIONAL DEVELOPMENT	90
3.1 Organisational Structure	90
3.2 Key Historical Events of the Group	91
3.3 Material Developments in the Past 3 Years	91
3.4 Bond Issues	91
4. MATERIAL CONTRACTS	92
4.1 Deed of Emphyteusis and Sub-Emphyteusis	92
4.2 Marina Services Management Agreement	92
4.3 Marina Development and Operations Agreement	92
5. OVERVIEW OF THE MAJOR ASSETS OF THE ISSUER	93
5.1 PPE	93
5.2 Equity Interest in IC Cesme	93
5.3 Loans Receivable from CNMIL	93
6. MARKET OVERVIEW	94
6.1 The Maritime Industry in Malta	94
6.2 The Yacht and Superyacht Industry	94

## Part 2

7. ISSUER'S HISTORIC FINANCIAL PERFORMANCE	96
7.1 Statement of Comprehensive Income	96
7.2 Cash Flow Statement	102
7.3 Statement of Financial Position	103

## Part 3

8. FORECASTS OF THE ISSUER	106
8.1 Key Assumptions	106
8.2 Marina Reconfiguration Exercise	106
8.3 Operating Segments Forecasts	106
8.4 Share of Profits from IC Cesme	109
8.5 GHM's Financial Forecasts	110
8.6 Key Accounting Ratios	113
9. COMPARISON TO OTHER ISSUERS	115
Glossary	117

## LIST OF ABBREVIATIONS

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

## Important Information

### Purpose of the Document

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

### Sources of Information

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

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

### Forecasts

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



# PART 1

## 1. KEY ACTIVITIES AND PRINCIPAL MARKETS

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

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

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

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

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

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

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

## 1.1 Grand Harbour Marina

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

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

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

## 1.2 IC Cesme in Turkey

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

## 1.3 Relationship of the Issuer with CNML

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

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

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

## 2. DIRECTORS AND KEY EMPLOYEES

### 2.1 The Board of Directors of the Issuer

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

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

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

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

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

#### **Senior Management**

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

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

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

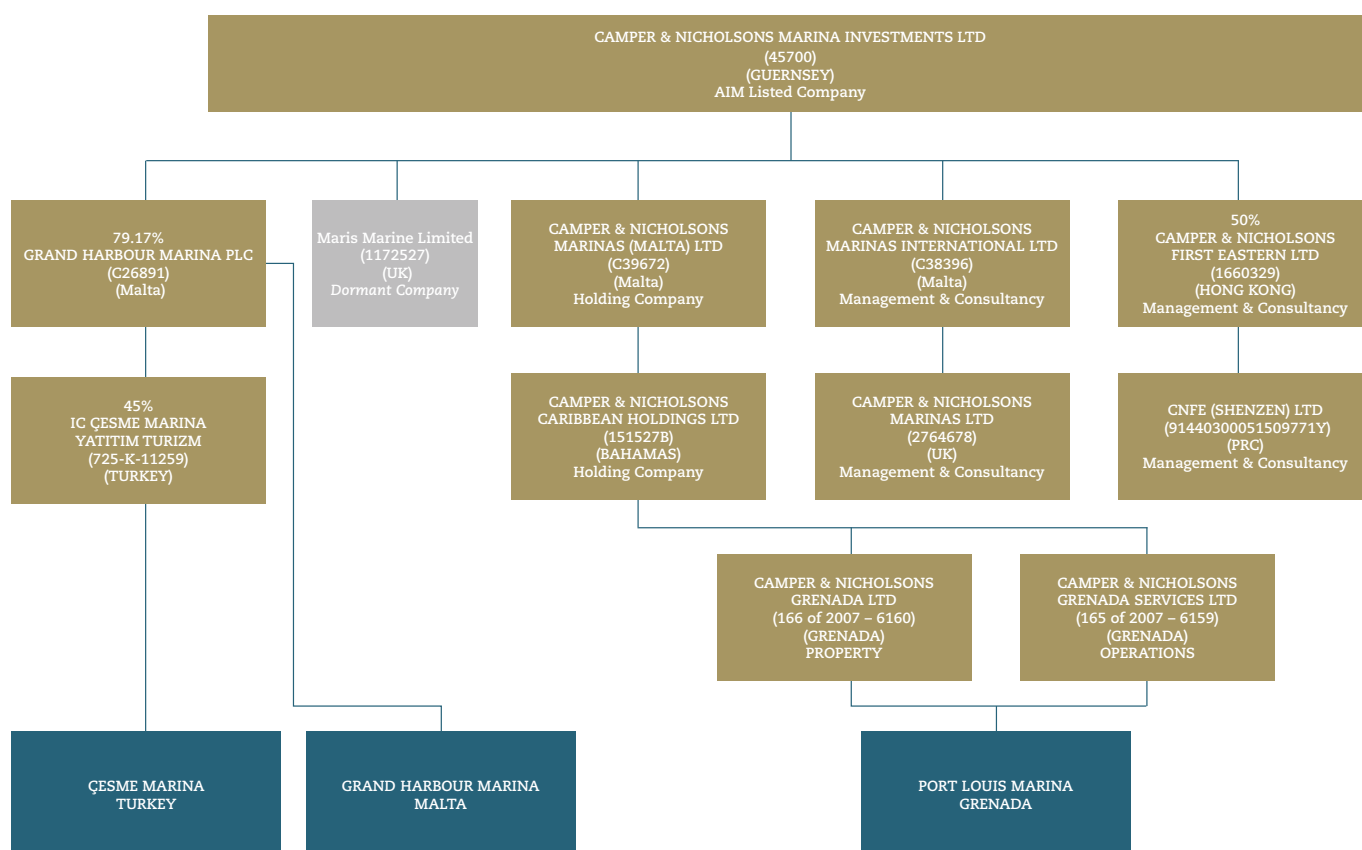
### 3. ORGANISATIONAL STRUCTURE AND OPERATIONAL DEVELOPMENT

#### 3.1 Organisational Structure

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

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

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



#### GHM and its Ultimate Shareholders

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

#### CNMIL

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

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

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

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

### 3.2 Key Historical Events of the Group

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

### 3.3 Material Developments in the Past 3 Years

#### 3.3.1 GHM

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

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

#### 3.3.2 IC Cesme

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

### 3.4 Bond Issues

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

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

## 4. MATERIAL CONTRACTS

### 4.1 Deed of Emphyteusis and Sub-Emphyteusis

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

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

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

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

### 4.3 Marina Development and Operations Agreement

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

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



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

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

### 5.1 PPE

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

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

### 5.2 Equity Interest in IC Cesme

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

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

### 5.3 Loans Receivable from CNMIL

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

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

## 6. MARKET OVERVIEW

### 6.1 The Maritime Industry in Malta

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

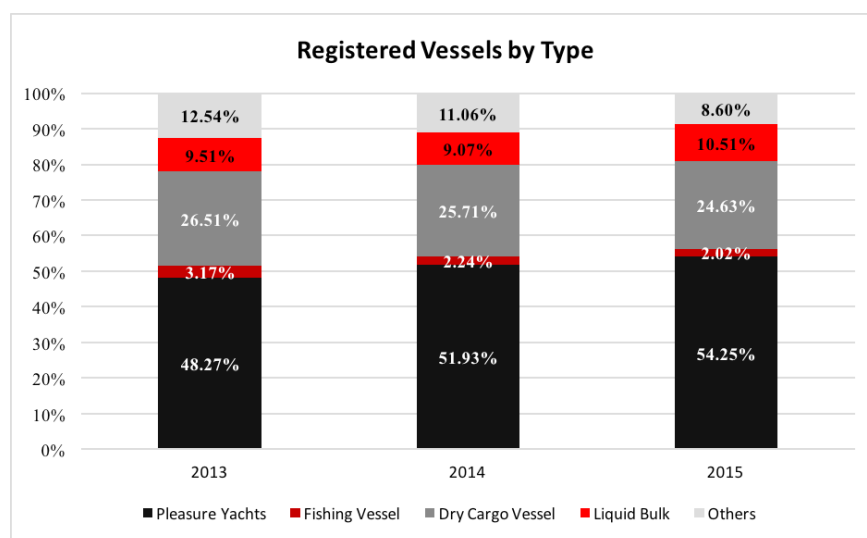
Malta as a maritime nation has in recent years transformed into a highly sought yachting location and has been hailed as a superb berthing place especially for the winter months due to the country's mild climate all year round. Malta's competitive cost structure has helped the island to compete with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

### 6.2 The Yacht and Superyacht Industry

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

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

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



Source: NSO

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

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

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

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

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

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

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

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

## PART 2

### 7. ISSUER'S HISTORIC FINANCIAL PERFORMANCE

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

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

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

#### 7.1 Statement of Comprehensive Income

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

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

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

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

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

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

sales to an operation that may be sustained through the operation of short-term berths (annual, seasonal and/or visitor berths).

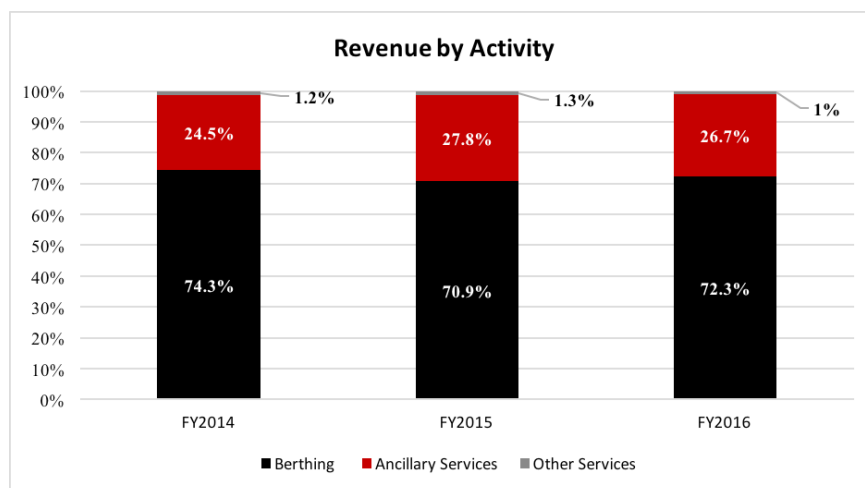
As a marina operator, GHM's revenue is mainly derived from the following operating segments: (a) the provision of berthing facilities to customers opting to dock their vessels at the Marina, either on an annual, seasonal or visitor basis; and (b) ancillary services including water and electricity, fuel,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

### 7.1.1 Performance of the Issuer

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

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

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



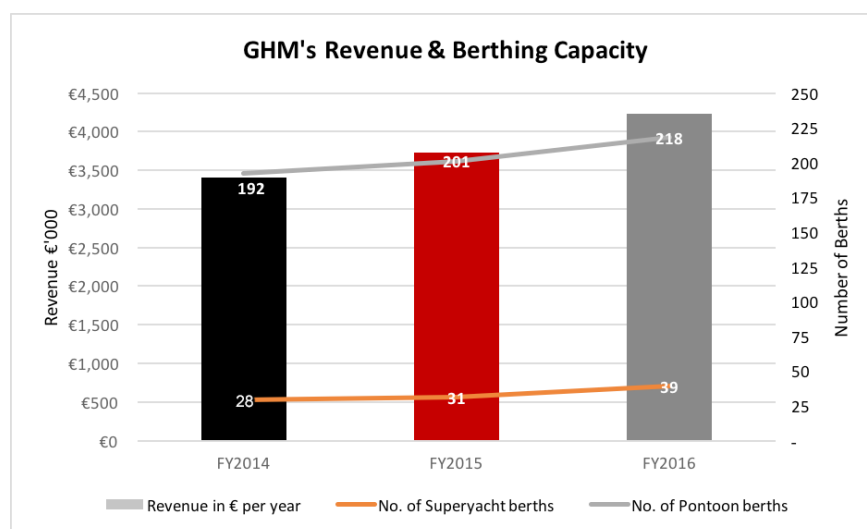
Source: Management information

### Revenue from Berthing (Pontoon and Superyachts)

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

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

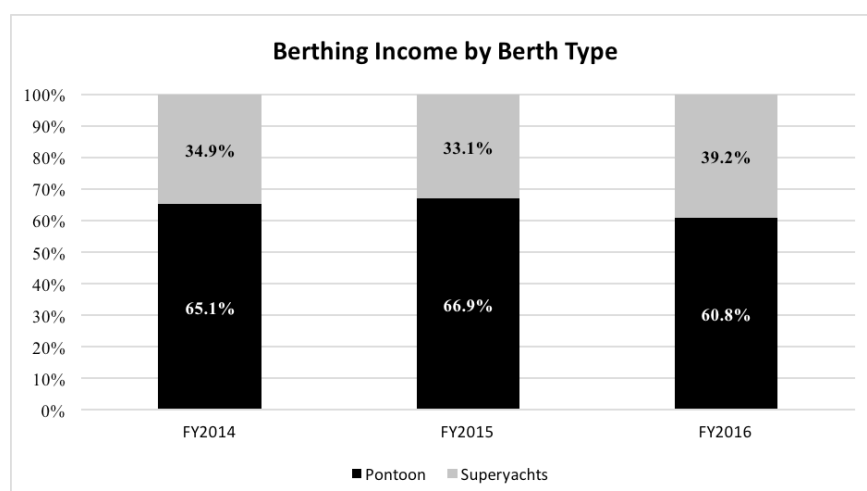
During the past three financial years, the Issuer also invested in 11 new superyacht berths resulting in an increase in the superyacht capacity from 28 berths at the start of FY2014 to 39 berths by FY2016. Consequently, the available superyacht berth nights have increased from circa 10k in FY2014 to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



Source: Management information

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

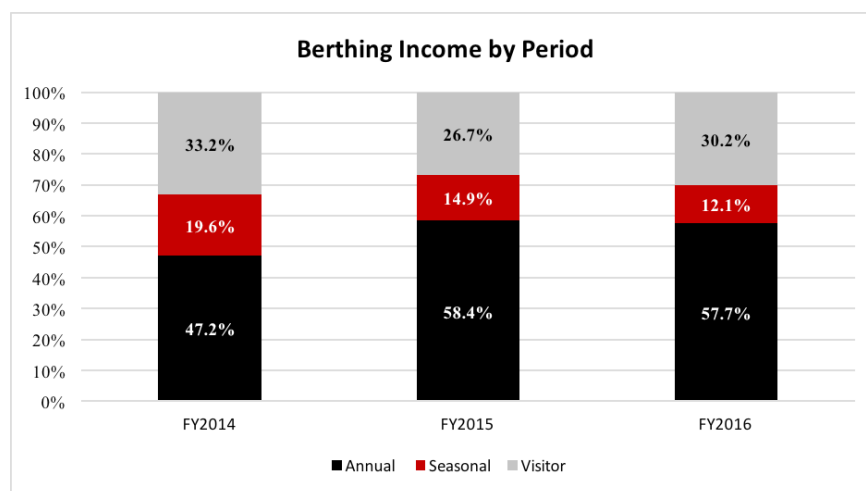
The Issuer also derives berthing income from the lease of superyacht berths that had been previously transferred to third parties on long-term arrangements, typically between 25 years and 45 years. During periods where such third parties are not utilising the said berths, GHM reserves the right to operate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



Source: Management information

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



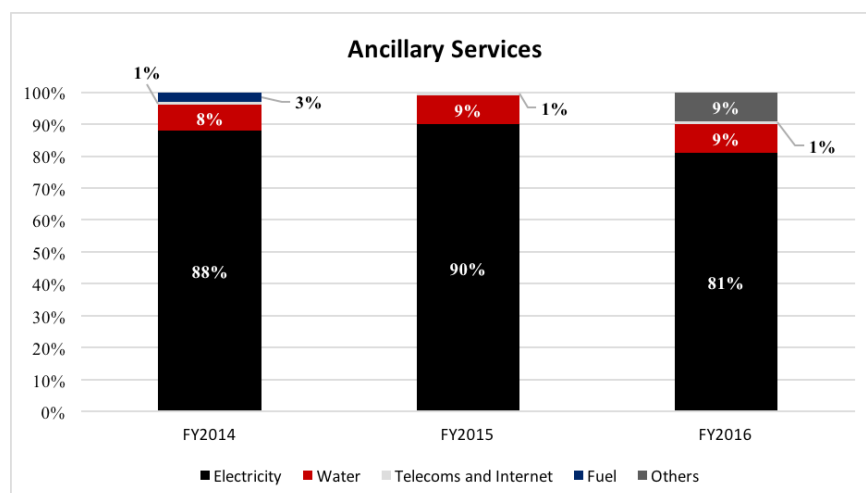


Source: Management information

### Revenue from Ancillary Services

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

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



Source: Management information

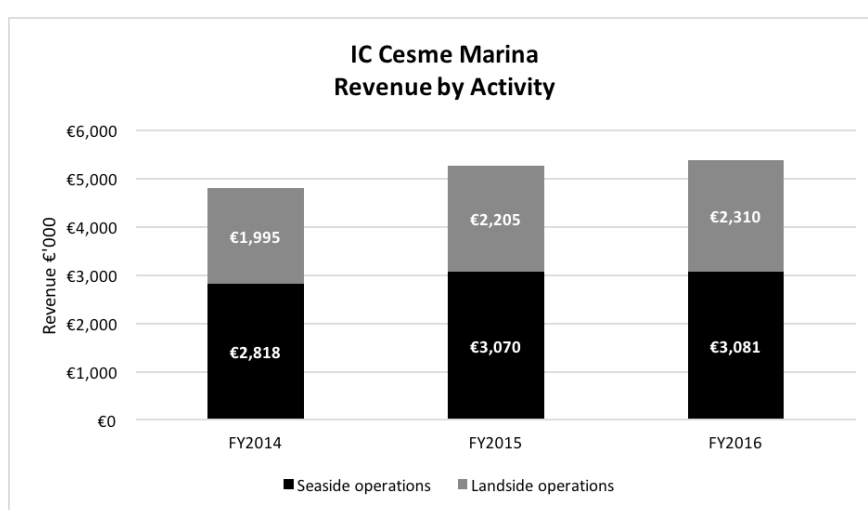
#### 7.1.2 Performance of IC Cesme Marina

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

**45% Share of IC Cesme**

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

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

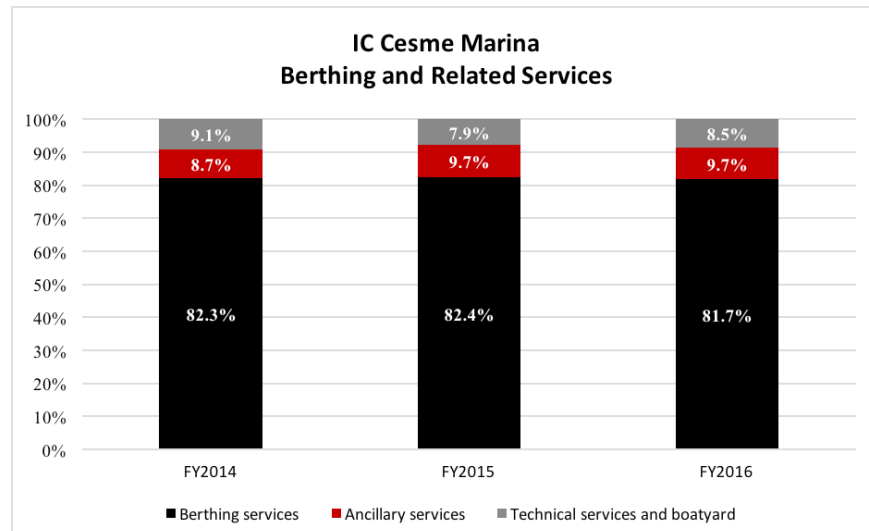


Source: Management information

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

### Revenue from Seaside Operations

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

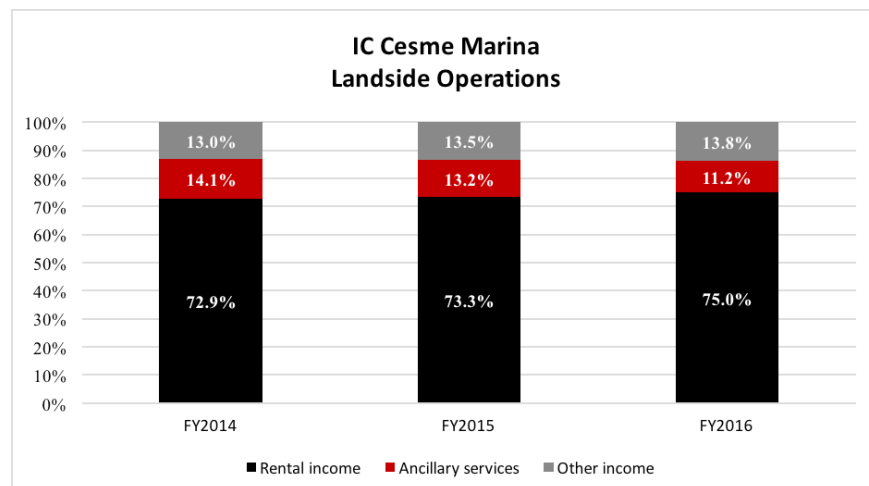


Source: Management information

### Revenue from Landside Operations

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

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



Source: Management information

The below are the key profitability ratios of the Issuer:

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

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

## 7.2 Cash Flow Statement

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

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

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

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

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

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

### 7.3 Statement of Financial Position

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

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



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

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

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

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

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

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

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

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



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

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

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

## PART 3

### 8. FORECASTS OF THE ISSUER

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

#### 8.1 Key Assumptions

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

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

#### 8.2 Marina Reconfiguration Exercise

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

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

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

#### 8.3 Operating Segments Forecasts

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

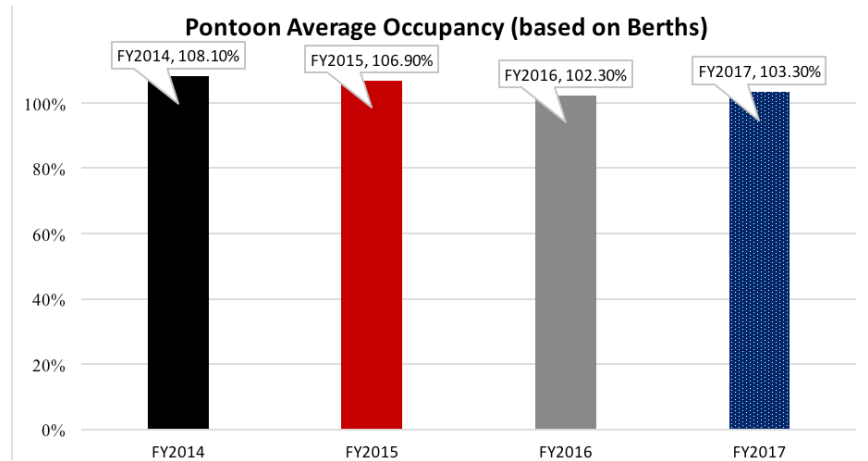
##### 8.3.1 Berthing Income – Pontoons

#### Capacity of Pontoon Berths

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

#### Occupancy Levels

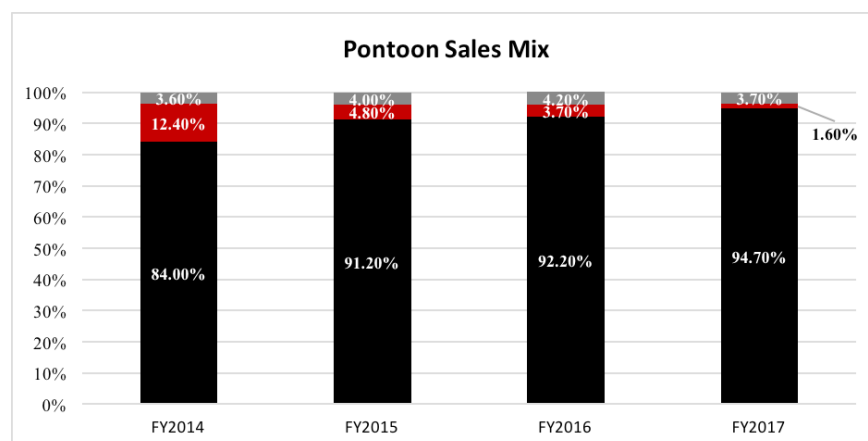
As depicted in the graph below, over the historical period, GHM has enjoyed occupancy levels in excess of 100.0% as the Issuer has the right to rent out berths during periods where annual berth subscribers have vacated their berth. Furthermore, Management explained that it has a waiting list of customers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



Source: Management information

### Sales Mix

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



Source: Management information

### Revenue per Occupied Square Metre

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

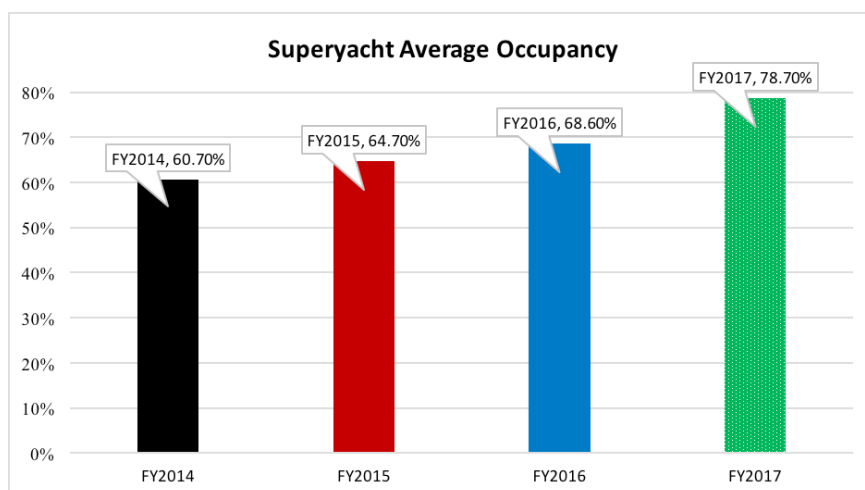
#### 8.3.2 Berthing Income – Superyachts

##### Capacity of Superyacht Berths

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

##### Occupancy Levels

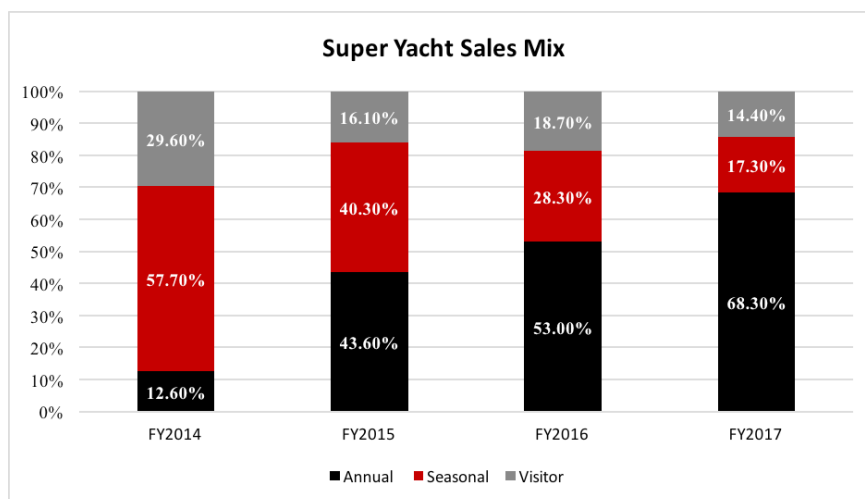
Management explained that the demand for superyacht berths increased significantly during FY2016, and is confident that this trend will continue going forward. The financial projections reflect occupancy levels of 78.7% for FY2017.



Source: Management information

## Sales Mix

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



Source: Management information

## Revenue per Occupied Square Metre

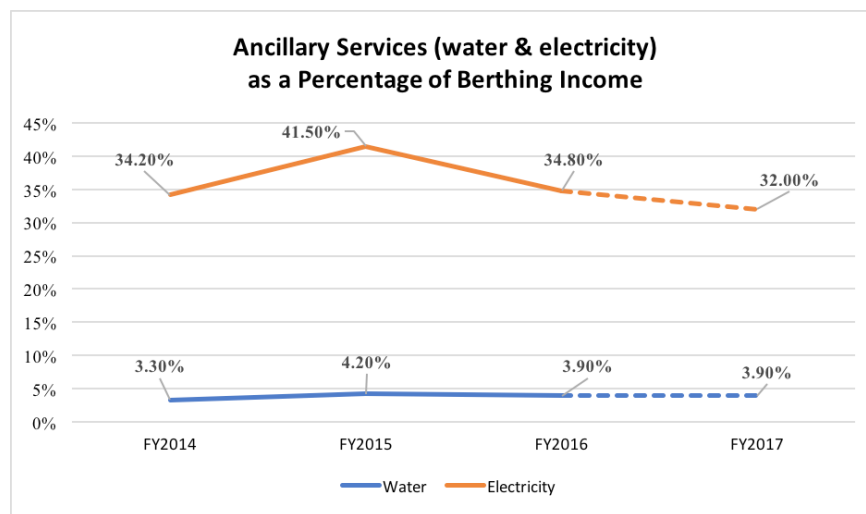
Revenue is determined on the basis of applying a rate to the number of occupied superyacht square metres. The forecast for FY2017 has been based on the revenue per occupied square metre in line with the rates achieved over the historical period. Similar to the pontoon berths, a separate rate has been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

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

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

### 8.3.4 Revenue from Ancillary Services

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



Source: Management information

### 8.3.5 Other Revenue

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

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

### 8.4 Share of Profits from IC Cesme

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

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

## 8.5 GHM's Financial Forecasts

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

### 8.5.1 Statement of Comprehensive Income

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

Source: Management information

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

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

Source: Management information

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

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

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



### 8.5.2 Cash Flow Statement

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

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

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

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

### 8.5.3 Statement of Financial Position

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

Source: Management information

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

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

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

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

## 8.6 Key Accounting Ratios

### 8.6.1 Profitability Ratios

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

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

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

### 8.6.2 Liquidity Ratios

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



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

### 8.6.3 Solvency Ratios

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

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

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

## 9. COMPARISON TO OTHER ISSUERS

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

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

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

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

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

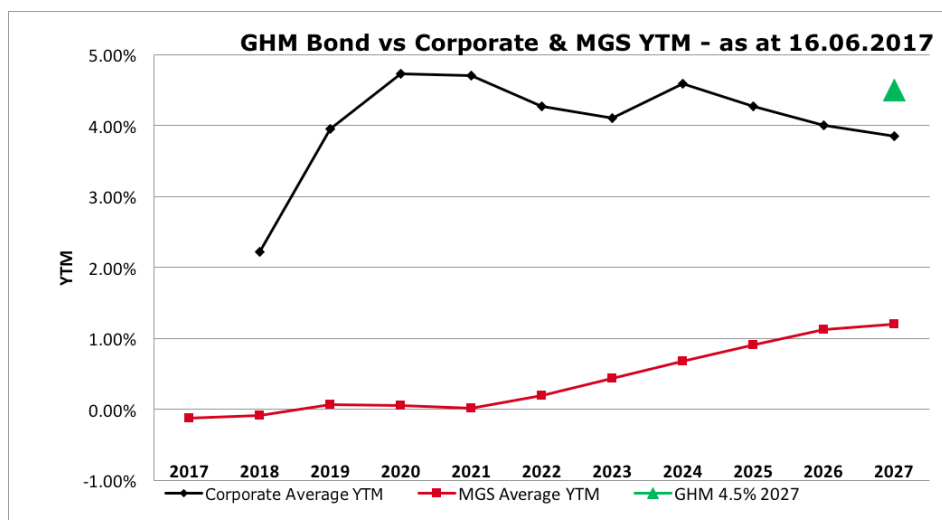
\*\*\*Interest Cover: The interest coverage ratio is calculated by dividing a company's EBITDA of one period by the company's net finance costs of the same period.

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

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

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

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



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

## Glossary

### Statement of Comprehensive Income Explanatory Definitions

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

### Cash Flow Statement Explanatory Definitions

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

### Statement of Financial Position Explanatory Definitions

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



