RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS

Rizzo, Farrugia & Co (Stockbrokers) Ltd
Airways House, Fourth Floor, High Street, Sliema SLM1551, Malta
T. +356 22583000 E. info@rizzofarrugia.com W. www.rizzofarrugia.com

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

27 May 2019

Dear Sirs,

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

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

The purpose of the Update FAS is that of summarising key financial data appertaining to Grand Harbour Marina p.l.c. (the "**Company**" or "**GHM**"). 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 2016 to 2018 has been extracted from the Company'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 2019 has been provided by management of the Company;

(c) Our commentary on the results of the Company and on the respective financial position is based on the explanations provided by the Company;

(d) The ratios quoted in this report have been computed by us applying the definitions as set out and defined within the Update FAS; and

(e) Relevant financial data in respect of competitors as analysed in Part D has been extracted from public sources such as the web sites of the companies concerned and the respective financial statements filed with the Registry of Companies.

The Update FAS is meant to assist potential investors by summarising the more important financial data of the Company. The Update FAS does not contain all data that is relevant to potential investors and is meant to complement, and not replace, financial and/or investment advice. The Update FAS does not constitute an endorsement by our firm of the securities of the Company 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 Update FAS and no representation or warranty is provided in respect of the reliability of the information contained in this report. As with all investments, potential investors are encouraged to seek professional advice before investing.

Yours sincerely,

Vincent E Rizzo
Director

FINANCIAL ANALYSIS SUMMARY

Update 2019

Prepared by Rizzo, Farrugia & Co (Stockbrokers) Ltd, in compliance with the Listing Policies issued by the Malta Financial Services Authority, dated 5 March 2013.

27 May 2019

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List of Abbreviations

BOT	Build, Operate and Transfer agreement entered between IC Cesme Marina Yatirim, Turizm vs Isletmeleri Anonim Sirketi ("**IC Cesme**") and the Turkish Ministry of Transportation, which agreement expires in 2067;
CAGR	Compound annual growth rate;
CNMIL	Camper & Nicholsons Marina Investments Ltd;
CNML	Camper & Nicholsons Marinas Limited;
MGS	Malta Government Stock;
PA	Planning Authority; and
PPE	Property, Plant and Equipment.

IMPORTANT INFORMATION

PURPOSE OF THE DOCUMENT

Grand Harbour Marina plc (the "**Company**", "**GHM**" or the "**Issuer**") issued €15 million 4.5% Unsecured Bonds 2027 pursuant to a prospectus dated 26 June 2017 (the "**Bond Issue**"). The prospectus included a Financial Analysis Summary ("**FAS**") in line with the requirements of the Listing Policies as issued and last updated by the MFSA on 5 March 2013. The purpose of this report is to provide an update to the FAS (the **"Update FAS**") on the performance and on the financial position of the Company.

SOURCES OF INFORMATION

The information that is presented has been collated from a number of sources, including the Company's website (https://en.cnmarinas.com/grand-harbour-marina/), feedback from management as well as the Company's audited Financial Statements for the years ended 31 December 2016, 2017 and 2018 and forecasts for financial year ending 31 December 2019.

Forecasts that are included in this document have been prepared and approved for publication by the directors of the Company, who undertake full responsibility for the assumptions on which these forecasts are based.

Wherever used, FYXXXX refers to financial year covering the period 1st January to 31st December. The financial information is being presented in thousands of Euro, unless otherwise stated, and has been rounded to the nearest thousand.

PREVIOUS FAS ISSUED

The Company has published the following FAS which are available on its website:

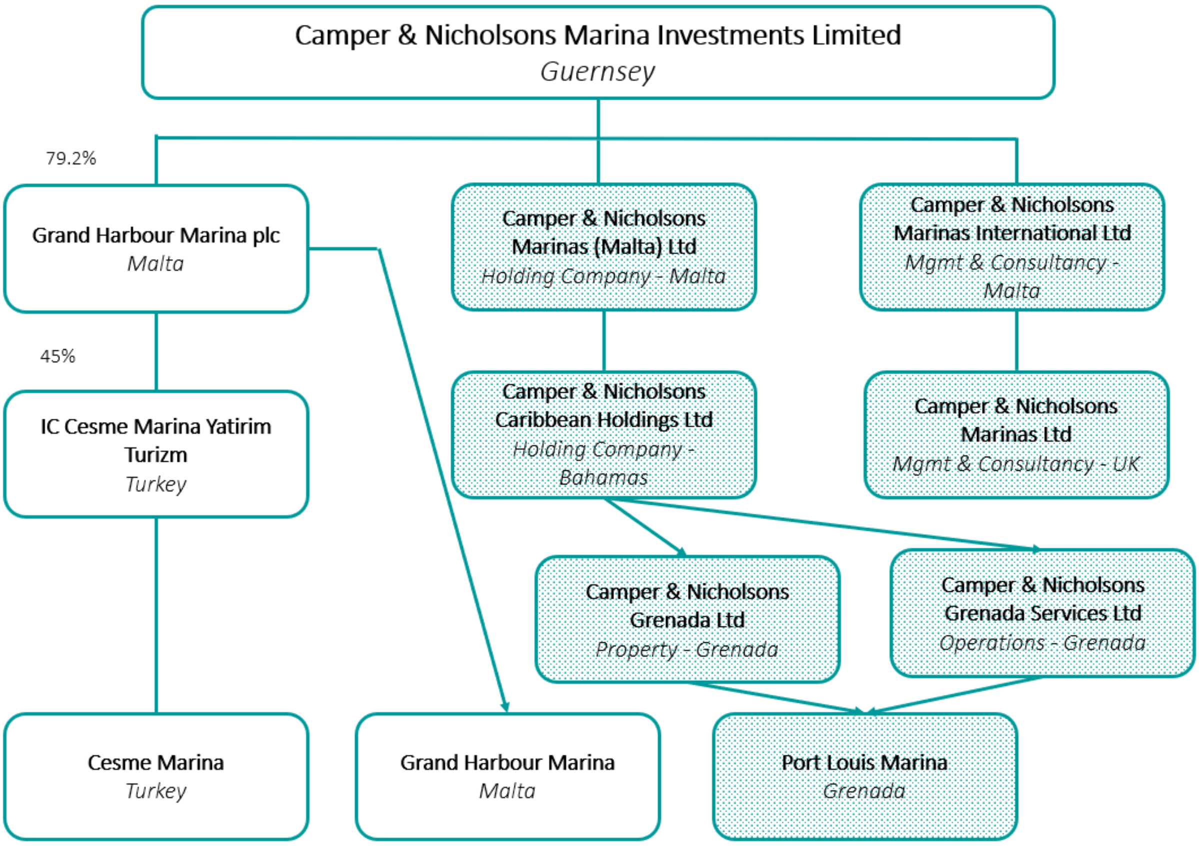
FAS dated 26 June 2017 (appended to the prospectus)

FAS dated 22 June 2018

1. INTRODUCTION

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 Company in 2007, the Company 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 Company forms part of a group of companies, under the parent company CNMIL, which until 10 January 2018, was listed on the UK AIM Market. The company specialises in the operation and management of marinas.



The principal activities of Grand Harbour Marina p.l.c. (C 26891) 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 Company 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 Company currently owns the emphyteusis to the Grand Harbour Marina in Vittoriosa, Malta and a 45% equity interest in 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 above.

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

1. Annual and seasonal berth licences of foreign and Maltese owned sail and power yachts of less than 28 metres.
2. Visiting sail and power yachts over 28 metres which are principally foreign-owned.
3. Long-term licence holding sail and power yachts over 28 metres which are also principally foreign-owned.

The Grand Harbour Marina

Presently the Company owns (under a 99-year sub-emphyteusis) and operates the 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 comprises of *circa* 1,200 square metres of land area and *circa* 47,440 square metres of water area with a total capacity of 255 berths, of which 28 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 Company strives to provide a safe environment for its customers and the Marina is, therefore, manned by berthing masters 24x7, aided by a network of CCTV cameras. GHM 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.

IC Cesme in Turkey

In 2011, the Company 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's drive 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 now expires in 2067 after an extension was signed towards the end of 2018 (previously, the BOT agreement was until 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.

Given the mismatch between the reporting currency of IC Cesme (Turkish Lira) with that of GHM (Euro), wide fluctuations in the conversion rate between the Turkish Lira and the Euro have notable consequences in the financial results of GHM. In October 2018, the Turkish government issued guidelines whereby companies like Cesme had to start billing in Turkish Lira, which is expected to have a negative effect on the conversion of these revenues in GHM's consolidated accounts, should the Turkish Lira weaken further.

During 2018, the Turkish Lira lost over 30% of its value against the Euro amid the continued political concerns in Turkey and the surrounding region as well as uncertainties related to the implementation of proper monetary policy by the Central Bank of Turkey. The drop in the value of the Turkish Lira extended further this year, with the currency shedding in excess of 8% against the Euro.

Relationship between the Company and 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, while 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. 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.

CNML also has an active role in the implementation of GHM's policies and strategies, including its management. The Board of Directors of GHM comprises a number of individuals who are also directors of CNMIL as the parent company of GHM and/or other companies related to the parent company of the Camper & Nicholsons group of companies.

2. GOVERNANCE & SENIOR MANAGEMENT

THE BOARD OF DIRECTORS

The current 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	Chairman *(interim CEO until 31 January 2019)*
Mr Clive Peter Whiley	Non-Executive Director
Mr Franco Azzopardi	Independent Non-Executive Director, Chairman of Audit Committee
Mr David Martin Bralsford	Non-Executive Director
Mr Victor Lap-Lik Chu	Non-Executive Director
Ms Elizabeth Ka-Yee Kan	Chief Executive Officer and Executive Director *(appointed as CEO on 1 February 2019)*

During 2018, Clive Peter Whiley took a leave of absence from his role of CEO of the Company as from 23 April 2018. Sir Christopher Lewinton did not seek re-election at the 2018 AGM, and as such, ceased to be a director of the Company as from 15 June 2018. Mr Roger St John Hulton Lewis resigned from his position of director of the Company with effect from 11 December 2018.

EXECUTIVE MANAGEMENT OF THE COMPANY

The senior management team is composed of the following individuals:

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

3. MATERIAL DEVELOPMENTS DURING FY2018

GHM

There has been no material development during FY2018 at the Grand Harbour Marina. Operations of the marina in Malta remained in line with previous years. The Company did not record any sale of superyacht berths during the year.

IC CESME

The BOT agreement under which IC Cesme operates the Turkish marina has been renegotiated with the Turkish government and extended by 33 years, with the contract now ending in early 2067. The cost for this extension was an initial €2.1 million (GHM's 45% equivalent to €0.94 million) and five annual payments which commenced in December 2018 of €0.5 million per instalment (subject to inflationary adjustments). The annual rent paid by IC Cesme, currently at TRL 3.49 million, is expected to be subject to a revision in 2034.

4. VALUE OF GHM'S MAJOR ASSETS

The assets of the Company are predominantly made up of Property, Plant and Equipment (**"PPE"**) relating to the marina in Malta, the 45% equity interest in the Turkish IC Cesme and loans receivable from the parent company (CNMIL).

PPE

The table below summarises the value of total assets and the PPE percentage of total assets for FY2016, FY2017 and FY2018.

Year	*Total Assets* €'000	*PPE* €'000	*PPE % of Total Assets*
2016	*16,782*	*5,435*	*32.39%*
2017	*21,050*	*5,310*	*25.23%*
2018	*22,252*	*5,215*	*23.44%*

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 FY2016, FY2017 and FY2018.

Year	*Total Assets* €'000	45% Equity interest in IC Cesme €'000	IC Cesme *as a % of Total Assets*
2016	*16,782*	*2,518*	*15.00%*
2017	*21,050*	*2,561*	*12.17%*
2018	*22,252*	*2,580*	*11.59%*

Independent Valuations

CBRE, the company that is tasked with valuing the marina investments of GHM, has valued the Company at €23.43 million as at 31 December and the Turkish operation at €17.6 million, maintaining the values attributable to the two operations as at 31 December 2017 (as per annual report of the Company dated 25 March 2019). While the term of the Turkish BOT was extended, this positive factor was offset by the negative impact of the weak local currency on the marina financials when reported in Euros.

Loans Receivable from CNMIL

The table below summarises the value of total assets and the loans receivable from CNMIL for FY2016, FY2017 and FY2018. In the FY2018 annual report, the Company reports the receivables from CNMIL to include a figure of €1 million of short-term receivable, i.e. due from CNMIL within the next 12 months from year end.

Year	*Total Assets* €'000	*Loans Receivable from CNMIL* €'000	*Loans Receivable from CNMIL as a % of Total Assets*
2016	*16,782*	*4,237*	*25.25%*
2017	*21,050*	*3,951*	*18.77%*
2018	*22,252*	*3,950*	*17.75%*

Other Assets

As at the end of FY2018, the Company had a cash balance of €8.3 million (FY2017: €7.7 million). This represented 37.4% of total assets.

5. The Maritime Sector in Malta

Malta is today a well-established maritime centre and its strategic position in the Mediterranean has historically been considered as unique. Malta has been of vital importance in the maritime world, 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. In fact, the register has over 8,000 vessels with total gross tonnage close of 80 million. This makes the Malta flag register the largest European flag and the 6th largest in the world, and as such enjoys a certain level of power in international fora. 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.

As a maritime nation, across the years Malta has also been successful in turning itself into a highly sought-after 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 which, in turn, although may be more fashionable are also often crowded and relatively expensive. Several marinas around Malta are situated within the island's natural inlets (further information on each of the main marinas in Malta in the table below) which are sheltered in neat creeks that offer protection from harsh weather conditions. Moreover, several local marinas provide various ancillary services including water and electricity supplies, fuel bunkering, wireless broadband, car parking facilities, shipyard services, towage, pilots, and other related services.

Marina	Location	Marina Operator	No. of Pontoon Berths	No. of Superyacht Berths	Max Length (m)
Grand Harbour Marina	*Vittoriosa Wharf*	*Grand Harbour Marina Plc*	*227*	*28*	*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	subject to tender	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	Haywharf, Pieta'	Consortium between Marina di Varazze S.r.l, Arrigo Group, Joinwell furniture and Tal-Maghtab Construction	255	-	30

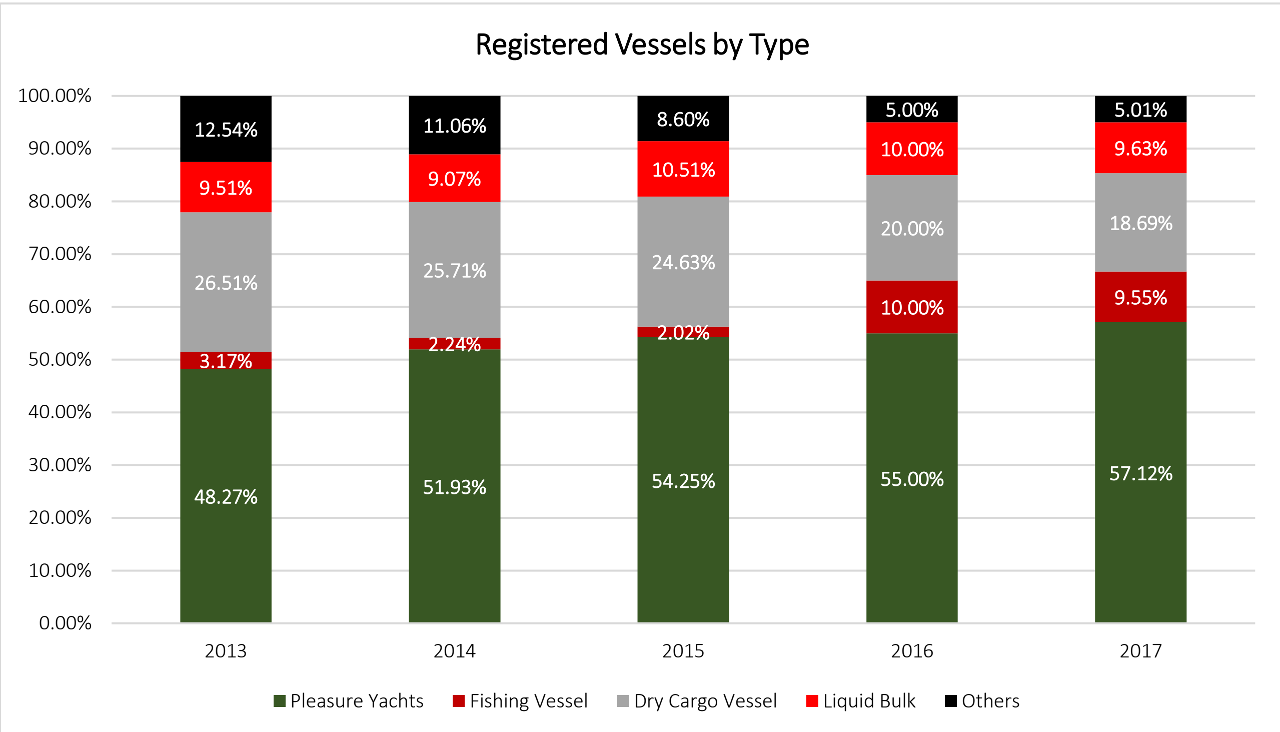
Source: Yachting in Malta, 12th Edition 2017-2018, Management Information

THE YACHT AND SUPERYACHT SECTOR

In recent years, Malta has put in place specific legislation that takes into consideration the distinctive requirements of the local yacht and superyacht industry, and that also tries to make the process of registering private and commercial yachts under the Malta Flag an attractive and competitive proposition. 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 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 by several attractive solutions including temporary importation procedure, VAT-efficient finance leasing structures and certification of commercial yachts.

In 2018, the number of superyachts flying the Malta flag reached 750. Furthermore, total yachts registered as a percentage of total registered vessels have continued to increase, extending the positive trend registered in recent years.

Over the years, yacht ownership as a percentage of the total number of vessels registered in Malta, has increased, adding nearly ten percentage points between 2013 and 2017.



Source: Transport Malta – Annual Reports

6. PREAMBLE

MARINA RECONFIGURATION EXERCISE

Approximately €3.5 million (equivalent to almost 24%) of the net proceeds from the 4.5% bond issued during 2017 were earmarked for reconfiguration of the marina at GHM. This was envisaged to take place in two phases. Approximately €0.8 million **were** planned to be invested in phase one, whilst the Company anticipated that the balance of €2.7 million would be invested in phase two. However, prior to investing in phase two the Board reserved the right to assess other possible investment opportunities.

Management has advised that while the process of obtaining the necessary permits for the phase one investment is taking longer than expected, it is currently underway. To this effect, no incremental revenue from phase one of the reconfiguration has been forecasted for 2019.

NOTES TO THE FORECASTS

The forecasts for FY2019 have been based on a number of assumptions as listed below.

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) IC Cesme Marina will continue being impacted by the volatility of the Turkish Lira. Given the uncertainty of this effect, management have prudently not taken any profits from this investment;

v) there will be no material external adverse events at the Marina in Malta which will have an impact on the activities of the Group, either directly or indirectly;

vi) the bases and rates of taxation, both direct and indirect, will not change materially during the period under consideration; and

vii) the rate of inflation throughout the period under consideration will not exceed that experienced in the last few years.

MATERIAL ACCOUNTING STANDARDS IN FY2019

FY2019 will be the first year during which the Company will be required to account for its leases in terms of IFRS 16 – Leases. Under this accounting standard, the Company is required to recognise its leases on the balance sheet. Under the previous accounting standard (IAS 17), the Company was required to split the leases into operating or finance lease based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. In substance, under a finance lease, the lessee is in control of the asset and therefore finance leases are recognised as assets and liabilities in the lessee's statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The value of such asset and liability would then be reduced through elements of interest payments and depreciation, thus impacting both operating income and finance costs. On the other hand, lease payments under an operating lease were recognised as an expense in the income statement on a straight-line basis over the lease term under IAS 17. Until FY2018, the Company's lease of the Marina had been classified as an operating lease under IAS 17 which was being recognised in profit or loss as an operating expense on a straight-line basis over the term of the lease.

7. Financial Statement Analysis – Historic and Forecasts

There has been a shift in the classification of superyacht berths and pontoon berths and as such, while the change is not material, one will note changes to the figures and percentage occupancy for FY2016 and FY2017 had to be amended to reflect the reclassification of superyacht berths. During the year, the Company has reported having 255 berths (previously 257) comprising 28 superyacht berths (previously 39) and 227 pontoon berths (previously 218).

7.1 GHM - Revenue Analysis

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

	Actual	*Actual*	*Actual*	*Forecasts*
for the year ended 31 December	**2016**	**2017**	**2018**	**2019**
	€'000	*€'000*	*€'000*	*€'000*
Berthing income	3,059	3,072	3,369	3,237
Ancillary Revenue	1,128	1,058	1,356	1,247
Other income	44	-	-	-
Total GHM revenue	**4,231**	**4,130**	**4,725**	**4,484**

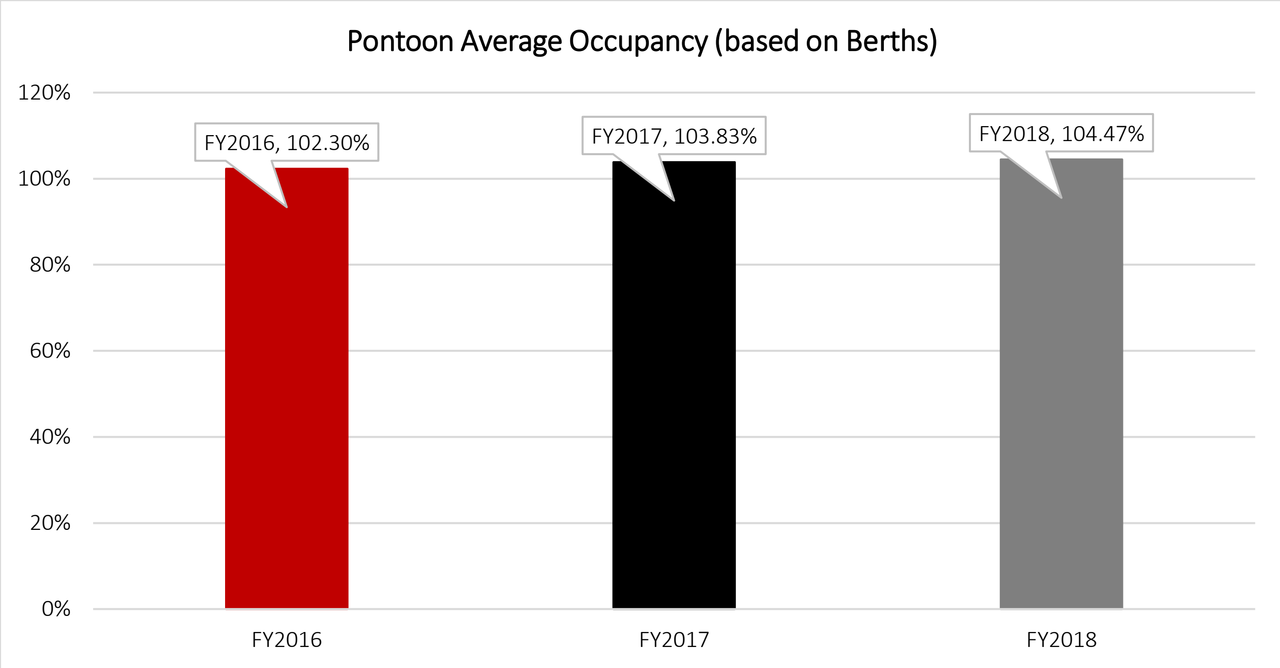
As illustrated in the table above, berthing income comprises the most significant revenue stream, representing 71.3% of total revenue in FY2018 (FY2017: 74.4%; FY2016: 72.3%). The other significant revenue stream relates to the provision of ancillary services such as water and electricity.

Barring any unforeseen circumstances and opportunities, revenue for FY2019 is expected to be 5% lower in comparison with FY2018 due to an anticipated reduction in superyacht berth night occupancy from 80% in FY2018 to 77% in FY2019.

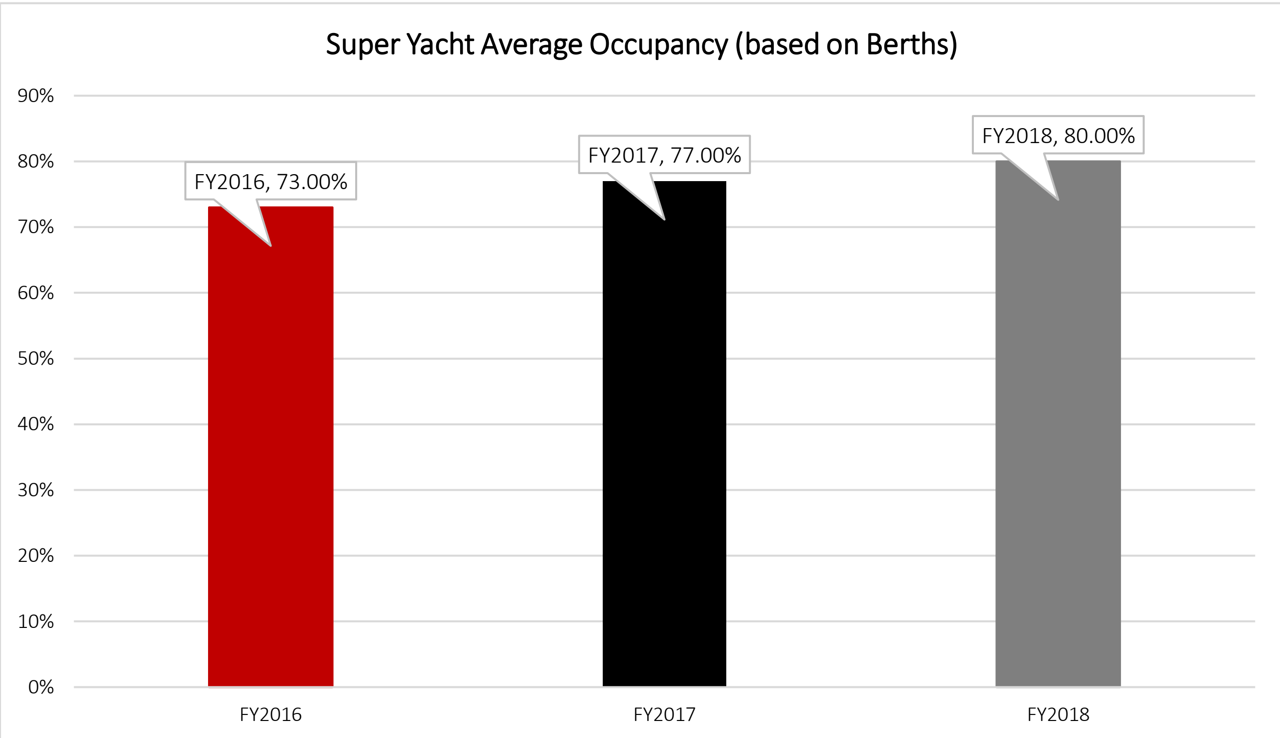
A. Berthing Income (Pontoons and Superyachts)

Berthing income surpassed the record high of €3.1million recorded in FY2017 to €3.4 million during FY2018, as the Company experienced a higher occupancy level on the higher end of the superyacht lengths.

Average occupancy achieved during FY2018 has remained relatively stable for both superyachts and pontoons, as can be seen from the charts below:



Pontoon berths stood at 227 berths during FY2018. Occupancy levels (based on berth nights) was in excess of 100% in each of the years between FY2016 and FY2018, representing berthing income generated by the Company during periods during which annual berth holders have vacated their berth.



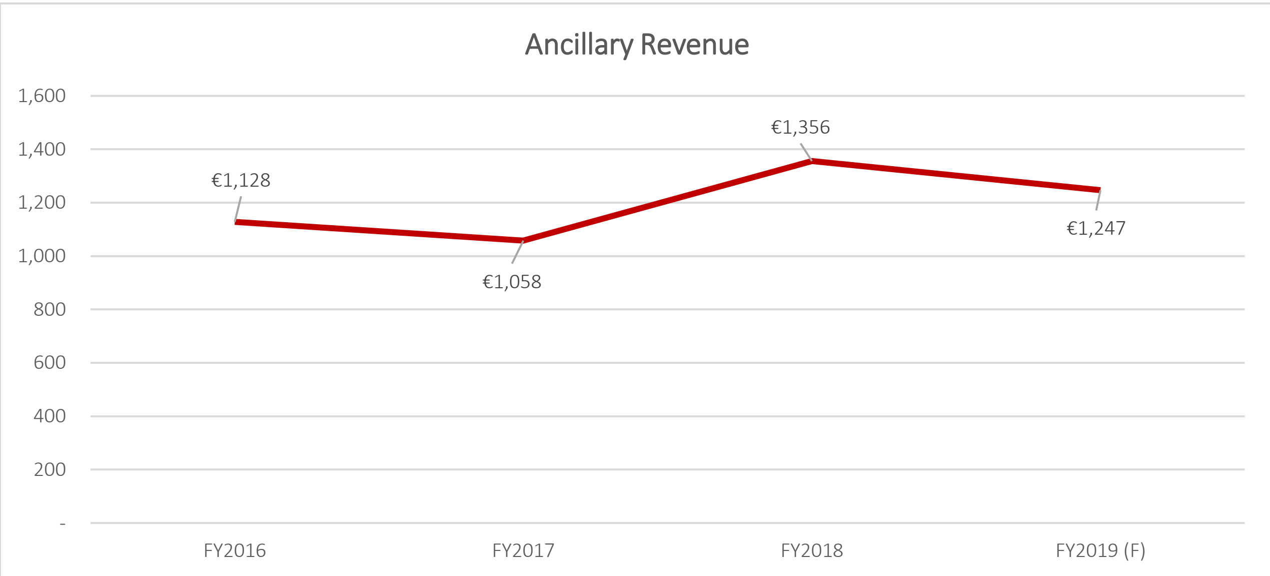
The Company also derives berthing income from the lease of superyacht berths that had been previously transferred to third parties on long-term arrangements, typically between 25 years and 45 years. During periods where such third parties are not utilising the said berths, GHM reserves the right to operate the berth spaces, subject to a revenue-sharing arrangement wherein typically 60% of berthing income is payable to the third-party owner. 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.

Berthing income is also underpinned by a number of factors, ranging from subscription type (annual, seasonal, visitors), berth type (pontoon, superyacht) and vessel size. The sales mix over the historical period under review indicate a shift towards superyachts, which comprised 49.2% (46.9% with the new classification of pontoons and berths) of total berthing income in FY2018 (FY2017: 35.2%; FY2016: 39.2% - FY2017: 44.1%; FY2016: 47.5% with the new classification of pontoons and berths)).

The berthing of superyachts is predominantly short-term in nature (visitor basis), which also commands higher prices. The distribution of income by period is skewed towards the annual berthing, which represents over 50% of the Company's berthing income.

B. Revenue from Ancillary Services

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



Values in €'000

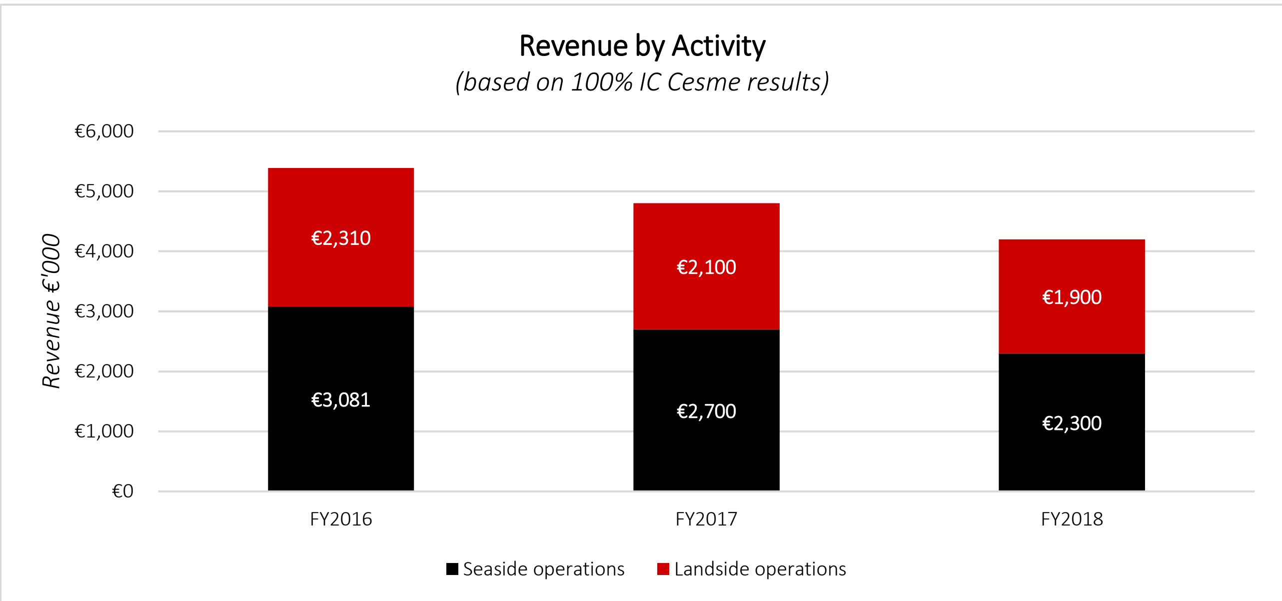
7.2 IC CESME OPERATIONS

Overall, IC Cesme, the Turkish marina operations in which GHM holds a 45% stake, recorded a €0.6 million decline in revenues during FY2018 (GHM's 45% share: €0.3 million). Management strived to retain most of its client base, although the weakening of the Turkish Lira did not help as berthing rates for local boat owners increased significantly as they were priced in Euros and converted into Turkish Lira. In October 2018, the Turkish government issued guidelines that required companies to start billing in Turkish Lira which means that berthing rates can no longer be based on Euros.

Furthermore, towards the end of 2018, IC Cesme reached an agreement with the Turkish government to extend the term of the lease of the Turkish marina by a further 33 years – the lease now terminates in 2067. The extension of the lease positively impacted the valuation of the marina operations in Turkey, which remained unchanged from 2017 at €17.6 million – offsetting the negative impact of the weak local currency on the marina financials when reported in Euro.

45% Share of IC Cesme *for the year ended 31 December*	*Actual* **2016** *€'000*	*Actual* **2017** *€'000*	*Actual* **2018** *€'000*
Revenues	2,430	2,170	1,870
EBITDA	970	360	620
Profit / (Loss) before tax	460	(140)	160

IC Cesme generates its revenue from the provision of seaside operations (including berthing, the provision of utilities and related services such as technical assistance and boatyard facilities), and from landside operations (which include the rental of commercial units) which during FY2018 comprised 54.8% and 45.2% of total revenue respectively. During the period under review, both revenue streams have experienced declines on a Euros basis. Nonetheless, the overall sales mix of IC Cesme remained largely the same as that of the previous year. Management reported also that the operating expenses at the Turkish operation were lower, thereby resulting in improved EBITDA figures for the year.



While reported revenues in Euro show a decline, the revenues reported in Turkish Lira in 2018 imply an increase of nearly 20%. Such increase was, however, completely eliminated when converted in Euro in view of the weak Turkish Lira.

In terms of occupancy, the Company reported that during 2018, 135 boats left the Turkish marina (due to relocation or sale) while attracting 94 new boats. As at the end of 2018, IC Cesme had 321 boats on annual contracts (2017: 362 boats), with a further 38 boats contracted on a seasonal basis (2017: 44). Meanwhile, the retail properties remained fully occupied during the year with Management actively managing the tenants to ensure maximum revenues are generated from the retail offering of the IC Cesme marina.

Forecasts FY2019

While management expects that IC Cesme will generate revenue and EBITDA figures in line with FY2018 during FY2019, in view of the continued political uncertainties in Turkey and the surrounding region, the share of GHM's return from this investment is included in GHM's consolidated results as nil, reflecting the possible impact of unfavourable foreign exchange movements which are expected to persist and which will therefore affect the conversion of the Turkish Lira earnings into Euro for the Company.

7.3 Consolidated Income Statement

	Actual	*Actual*	*Actual*	*Forecasts*
for the year ended 31 December	**2016**	**2017**	**2018**	**2019**
	€'000	*€'000*	*€'000*	*€'000*
Revenue	4,231	4,130	4,725	4,484
Operating Costs	(2,685)	(2,612)	(3,147)	(2,674)
EBITDA	**1,546**	**1,518**	**1,578**	**1,810**
Depreciation and amortisation	(309)	(320)	(211)	(280)
Results from operating activities	**1,237**	**1,198**	**1,367**	**1,530**
Finance income	45	67	71	37
Finance costs	(819)	(905)	(709)	(709)
IFRS 16 Adjustments	-	-	-	(502)
Net finance costs	(774)	(838)	(638)	(1,174)
Share of Profit of equity-accounted investees, net of tax	290	48	20	-
Profit before tax	**753**	**408**	**749**	**356**
Tax (expense)/income	(378)	(357)	(330)	36
Profit after tax	**375**	**51**	**419**	**392**

FY2018 Review

Revenues in FY2018 surpassed the €4.7 million mark (an all-time high), an increase of 14.4% over FY2017 figures. The increase in revenue was met with an increase in operating costs, which increased by 20.5% over the FY2017 level. The additional increase in operating costs is mainly attributable to the rebate that GHM gives to lease owners of the pontoons which have been leased for the long term and which are rented out on short term while the owners are not using the said pontoons based on the profit sharing arrangements in place, and due to the increase in utilities cost of sales, derived by the higher consumption of super yachts.

Depreciation was lower during FY2018, in view of a revised depreciation policy relating to the treatment of the *Capitanerie*, which resulted in a favourable reversal.

Finance costs for FY2018 were lower than those in FY2017. During FY2017, the Company redeemed its 7% unsecured €12 million bonds which were issued in 2010 and issued 4.5% €15 million bonds redeemable in 2017, and also incurred a one-off cost on bond issue costs relating to the redeemed bond, as the company exercised its option of early redemption. Thus, while finance costs of FY2017 were characterised by the 7% coupon on the €12 million outstanding bonds until June 2017; and 4.5% coupon on €15 million from June onwards, finance costs for FY2018 included just the effect of the new bond coupon and amortisation of bond costs.

The Company's share of profit from its 45% equity investment in IC Cesme was lower in FY2018 when compared to FY2017 and FY2016. The Turkish operation has been focusing on maintaining its existing client base and trying to attract new customers, amid the challenging political and economic situation in Turkey. The weakened Turkish Lira affected boat owners who were billed in Euro, as prices for them were on the rise, despite the same rates being maintained. Nonetheless, following a set of guidelines issued by the Turkish government in October 2018, IC Cesme had to start billing in Turkish Lira. This is expected to affect the results of GHM negatively going forward in view of the translation from Turkish Lira to the Euro reporting currency, offset to a certain extent by costs which are paid in the Turkish Lira.

Taxation for FY2018 was once again characterised by non-deductible finance costs as delays in the Company's investment plans meant that interest costs charged to funds which were earmarked for such investment were not deducted for the tax base calculation.

Net profit for FY2018 was €0.4 million, compared to the €51K reported for FY2017, through the combination of improved revenue levels, lower depreciation and improved finance costs.

Forecasts FY2019

The forecasts of FY2019 have been based on a level of operations at GHM quite similar to that in FY2018. In this respect, changes in revenue are expected to be 5% lower than FY2018, based on average occupancy of 100% on pontoons and 77% superyacht occupancy. FY2019 is expected to be a year wherein GHM will have to report its leases in line with IFRS 16 (*refer to earlier section for an explanation of this new accounting standard*). In this respect, the recognition of the leases on the balance sheet will result in the lease expense being deducted from the Company's operating expenses and be recognised as part of the Company's net finance costs, which are expected to increase to €1.2 million including the €0.5 million effect of IFRS 16. No share of results of IC Cesme has been taken into account for the FY2019 projections, in view of the volatility of the Turkish Lira whose effect on the Company's income statement is unpredictable. During FY2019, GHM is projecting a tax credit of €36k arising from temporary differences pertaining to the recognition of the leases under IFRS 16.

7.4 Cash Flow Statement

Note: the presentation of cash flows for FY2017 and FY2018 in the Company's annual report have been presented in accordance with the latest IFRS illustrative models. As a result, the cash flow statement of FY2016 has been updated and is being presented also in line with the updated model.

	Actual	*Actual*	*Actual*	*Forecasts*
for the year ended 31 December	**2016**	**2017**	**2018**	**2019**
	€'000	*€'000*	*€'000*	*€'000*
Net cash from / (used for) operating activities	903	896	1,355	975
Net cash from / (used for) investing activities	(1,273)	2,057	(699)	773
Net cash from / (used for) financing activities	(480)	3,629	-	-
Net movements in cash and cash equivalents	**(850)**	**6,582**	**656**	**1,748**
Cash and cash equivalents at beginning of the year	1,936	1,086	7,668	8,324
Cash and cash equivalents at end of year	**1,086**	**7,668**	**8,324**	**10,072**

FY2018 Review

By the end of FY2018, GHM had accumulated cash and cash equivalents to the tune of €8.3 million (FY2017: €7.7 million), including funds from the 2017 bond which as at the date of this report were yet unutilised for the planned marina investment. Cash from operations increased in FY2018 as a result of working capital efficiencies during the year. Meanwhile, the Company invested €0.5 million of its cash in marketable corporate debt securities during FY2018 and used a further €0.2 million for the acquisition of PPE which included improvement works on pontoon moorings and hammerheads, as well as the upgrading of cables on superyacht berths. The Company did not undertake any financing activities during the same year.

Forecasts FY2019

The Company forecasts that while operations are expected to remain in line with those of FY2018, cash inflow from operations will decline by €0.4 million on the back of a lower profit and a negative change in working capital for FY 2019. Meanwhile, cash generated through investing activities includes a repayment of an inter-company loan from a related party less capital expenditure in the region of €0.3 million, netting an inflow of €0.8 million.

7.5 Statement of Financial Position

as at 31 December	Actual 2016 €'000	Actual 2017 €'000	Actual 2018 €'000	Forecasts 2019 €'000
ASSETS				
Right of Use - PPE	-	-	-	6,585
Net Investment IFRS 16	-	-	-	451
Property, plant and equipment	5,435	5,310	5,215	5,185
Loan to Parent Company	4,237	3,951	2,950	2,950
Deferred costs	491	491	491	491
Other Investments	-	-	494	-
Investment in joint venture	2,518	2,561	2,580	2,580
Assets held in trust	1,926	-	-	-
Total non-current assets	**14,607**	**12,313**	**11,730**	**18,242**
Trade and other receivables	1,088	1,060	1,197	1,169
Loan to Parent Company	-	-	1,000	-
Cash at bank and in hand	1,087	7,677	8,325	10,075
Total current assets	**2,175**	**8,737**	**10,522**	**11,244**
Total assets	**16,782**	**21,050**	**22,252**	**29,486**
LIABILITIES				
Borrowings	10,810	14,610	14,643	14,677
Lease Liability	-	-	-	7,666
Deferred tax liabilities	482	839	1,169	839
Total non-current liabilities	**11,292**	**15,449**	**15,812**	**23,182**
Borrowings	1	2	1	3
Trade and other payables	2,659	2,723	3,149	2,318
Total current liabilities	**2,660**	**2,725**	**3,150**	**2,321**
Total liabilities	**13,952**	**18,174**	**18,962**	**25,503**
EQUITY				
Share capital	2,400	2,400	2,400	2,400
Reserves	(104)	(150)	(222)	(222)
Retained earnings	534	626	1,112	1,805
Total equity	**2,830**	**2,876**	**3,290**	**3,983**
Total equity and liabilities	**16,782**	**21,050**	**22,252**	**29,486**

FY2018 Review

The Company's total asset base stood at €22.3 million by the end of FY2018, which in the main is reflective of the increase in cash generated from operations, of which €0.5 million were invested in marketable securities on the local stock exchange. The structure of the Company's funding remained largely unchanged, consisting of €14.6 million of amortised bonds, which, net of cash balances at the end of the year, resulted in net debt of €6.3 million.

	Actual	*Actual*	*Actual*	*Forecasts*
for the year ended 31 December	**2016**	**2017**	**2018**	**2019**
	€'000	*€'000*	*€'000*	*€'000*
Borrowings (non-current)	10,810	14,610	14,643	14,677
Borrowings (current)	1	2	1	3
Total Borrowings	**10,811**	**14,612**	**14,644**	**14,680**
Cash at bank and in hand	1,087	7,677	8,325	10,075
Net Debt	**9,724**	**6,935**	**6,319**	**4,605**

Meanwhile, total equity increased in line with the profits generated by the Company.

Forecasts FY2019

The Company's statement of financial position as at the end of FY2019 is expected to include the leases (including those sub-leased – refer to Net Investment IFRS 16) pertaining to the GHM Marina as the Company applies IFRS 16 – Leases. The effect of these leases is reflected in the recognition of a Right-of-use asset under Non-current assets and Lease Liability under Non-current liabilities, amounting to €7 million and €7.6 million respectively.

The Company does not envisage any other material changes to its statement of financial position as at the end of FY2019.

8. Ratios

Profitability Ratios

The below is a set of ratios prepared to assist in measuring a company's ability to generate profitable sales from its assets.

	Actual FY2016	*Actual* FY2017	*Actual* FY2018	*Forecasts* FY2019
EBITDA margin *(EBITDA / Revenue)*	36.5%	36.8%	33.4%	43.7%
Operating Profit margin *(Operating Profit / Revenue)*	29.2%	29.0%	28.9%	36.9%
Net Profit margin *(Profit for the period / Revenue)*	8.9%	1.2%	8.9%	9.5%
Return on Equity *(Profit attributable to owners of the Company / Average Equity attributable to owners of the Company)*	12.9%	1.8%	13.6%	10.8%
Return on Capital Employed *(Profit for the period / Average Capital Employed)*	2.7%	0.3%	2.4%	2.1%
Return on Assets *(Profit for the period / Average Assets)*	2.3%	0.3%	1.9%	1.5%

GHM's EBITDA margin for FY2018 was largely in line with that of the previous two years. The operating profit margins have remained at stable levels over the historical period, hovering around the 29% level. FY2018 was the first full financial year featuring lower finance costs, which in turn, affected positively the Company's return ratios.

The EBITDA, operating and net profit margins are expected to improve over the levels of FY2018. However, in view of the effect of IFRS 16 which is expected to affect various of the Company's financial position components, the return ratios applied to equity, assets and capital employed are expected to decline.

Liquidity Ratios

The below is a set of ratios prepared to assist in measuring a Company's ability to meet its short-term obligations.

	Actual FY2016	*Actual* FY2017	*Actual* FY2018	*Forecasts* FY2019
Current Ratio *(Current Assets / Current Liabilities)*	0.8x	3.2x	3.3x	4.8x
Cash Ratio *(Cash & cash equivalents / Current Liabilities)*	0.4x	2.8x	2.6x	4.3x

In FY2018, the Group's current ratio, representing the amount of current assets available to settle short-term liabilities, increased to 3.3 times, which is a continuing improvement over the 3.2 times reported for FY2017, attributable to the further increase in cash balances given the fact that most of the 2017 bond issue proceeds have not yet been applied to the Company's investment plans in view of a delay in obtaining the necessary permits, and the inclusion of the €1 million parent company loan under Current Assets, which is repayable in 2019.

The Company's cash position is expected to remain high in FY2019, emanating from the material net cash position. This will result in the Company's current ratio to be close to five times, while its cash ratio is expected to be also significantly higher when compared to FY2018 levels.

Solvency Ratios

The below is a set of ratios prepared to assist in measuring a Company's ability to meet its debt obligations.

	Actual FY2016	*Actual* FY2017	*Actual* FY2018	*Forecasts* FY2019
Interest Coverage ratio *(EBITDA / Net finance costs)*	2.0x	1.8x	2.5x	1.5x
Gearing Ratio (1) *(Net debt / Total Equity)*	3.4x	2.4x	1.9x	1.2x
Gearing Ratio (2) *[Net debt / (Net debt plus Equity)]*	77.5%	70.7%	65.8%	53.6%
Net Debt to EBITDA *(Net Debt / EBITDA)*	6.3x	4.6x	4.0x	2.5x

The Company's gearing continued to improve on the back of higher cash balances as at the end of FY2018. Similarly, and for the same reason of increased cash balances, the Company's net debt to EBITDA improved further to four times. This signifies that, based on the EBITDA of FY2018, the Group will require four years of EBITDA to pay back its net debt. GHM's interest coverage ratio improved to 2.5 times in FY2018, as the financial year's interest charge featured a full year effect of lower coupon payable on the bonds.

In FY2019, the interest coverage ratio is forecasted to slip below two to 1.5 times, taking into account a higher expected finance costs which now includes the IFRS 16 lease payment adjustment of €0.5 million. On the other hand, the Company's gearing is expected to improve slightly to be just above 50% reflecting the cash build-up during the year, while net debt to EBITDA is forecasted to improve to 2.5 times.

9. Variance Analysis

for the year ended 31 December	*Actual* 2018 *€'000*	*Forecasts* 2018 *€'000*	*Variance* *€ '000*	*%*
Revenue	4,725	4,138	587	14.2%
Cost of Sales	(3,147)	(2,624)	(523)	19.9%
EBITDA	**1,578**	**1,514**	64	4.2%
Depreciation and amortisation	(211)	(328)	117	-35.7%
Results from operating activities	**1,367**	**1,186**	181	15.3%
Finance income	71	68	3	4.7%
Finance costs	(709)	(708)	(1)	0.1%
Net finance costs	(638)	(640)	2	-0.4%
Share of Profit of equity-accounted investees, net of tax	20	-	20	n/a
Profit before tax	**749**	**546**	203	37.2%
Tax expense	(330)	(357)	27	-7.6%
Profit after tax	**419**	**189**	230	121.9%

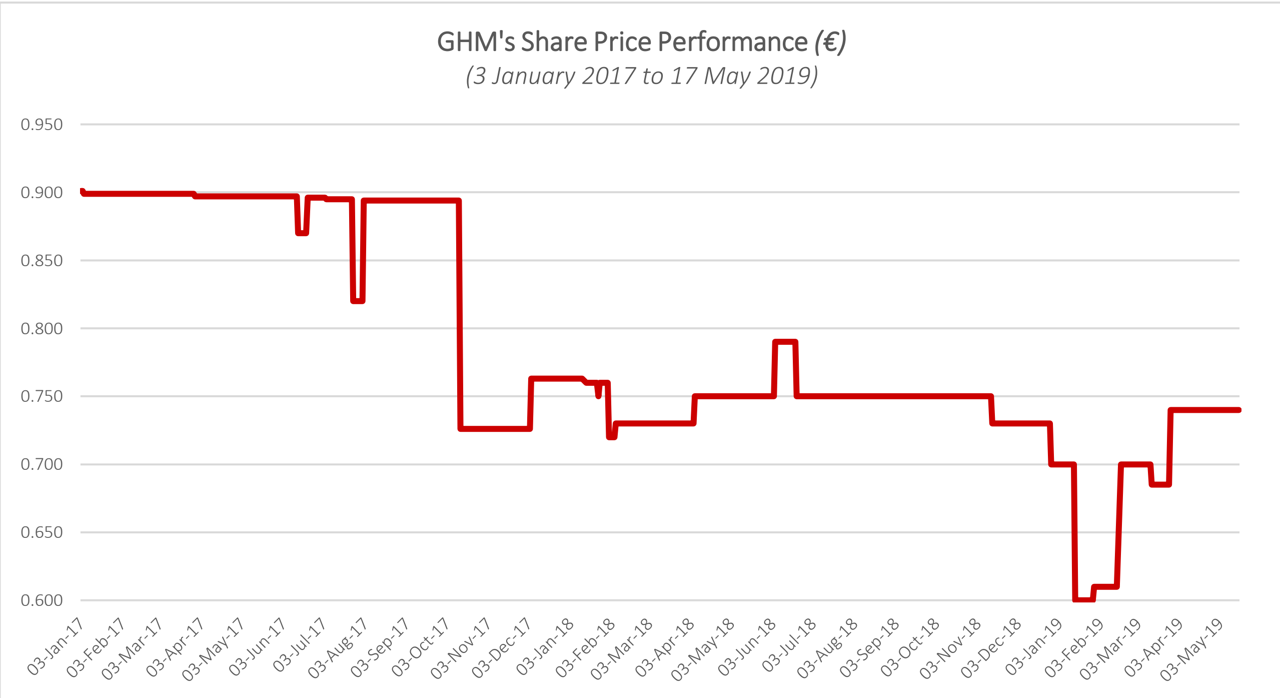
The operations of the GHM Marina contributed EBITDA largely in line with projections, at €1.5 million. This is also applicable to net finance costs and tax expense incurred during the year, which are in line with those projected. The significant variance for the year was the reversal of a depreciation charge which impacted favourably the results of the Company.

Shares

GHM's shares have been listed on the Official List of the Malta Stock Exchange since the IPO in February 2007.

Issued Share Capital:	20,000,000 ordinary shares with a nominal value of €0.12 per share
ISIN:	MT0000320102
Highest Price in 2018:	€0.790
Lowest Price in 2018:	€0.700
Current Price:	€0.74

(as at 17 May 2019)



Source: Rizzo, Farrugia & Co (Stockbrokers) Ltd

Debt Securities

GHM's listed debt securities comprise:

Bond:	€15 million 4.50% Unsecured Bonds 2027
ISIN:	MT0000321225
Redemption Date:	23 August 2027 at par
Prospectus Dated:	26 June 2017

PART D COMPARATIVES

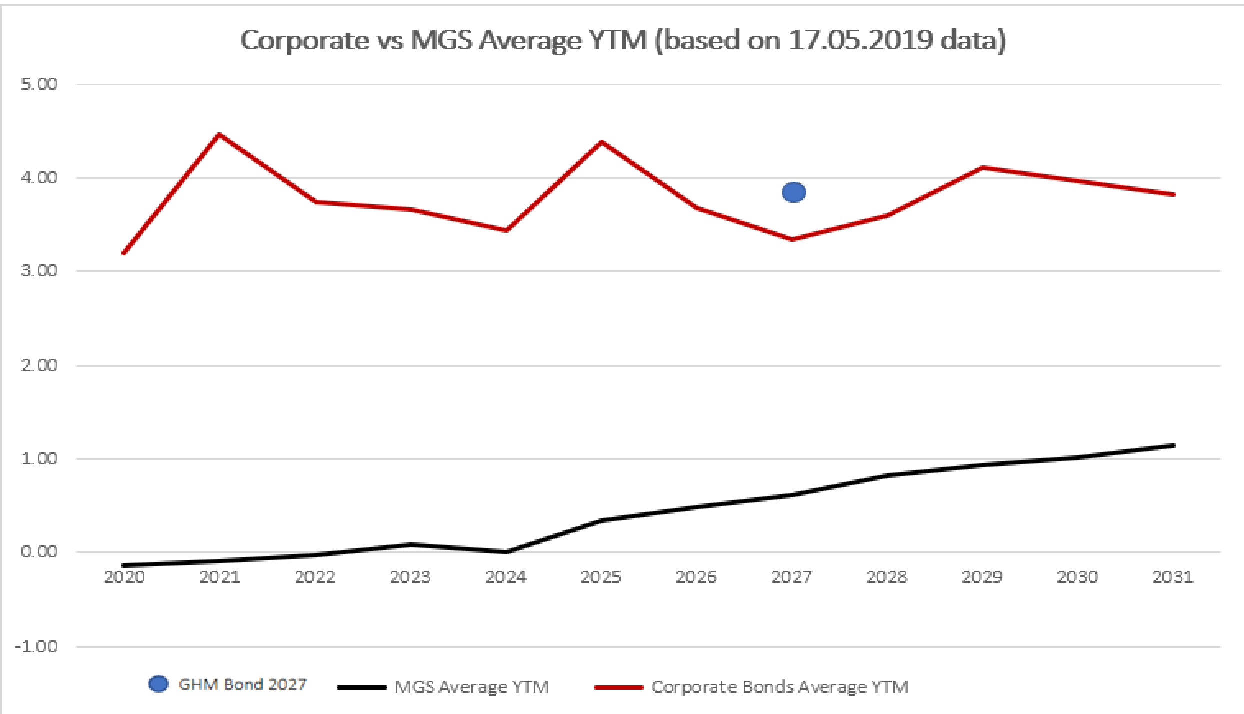
The table below compares the Company and its proposed bond issue to other listed debt on the local market having broadly similar maturities. The list excludes issues by financial institutions. The comparative set includes local groups whose assets, strategy and level of operations vary significantly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

Bond Details	Outstanding Amount	Total Assets	Total Equity	Gearing Ratio*	Net Debt to EBITDA	Interest Cover	YTM (as at 15.06.2018)
	(€)	*(€'000)*	*(€'000)*		*(times)*	*(times)*	
4.35% SD Finance plc 2027	65,000,000	229,882,405	63,770,696	*50.3%*	2.98	6.20	3.54
4.0% Eden Finance plc 2027	40,000,000	185,716,666	103,510,623	*31.8%*	4.00	5.68	3.13
3.75% Tumas Investments plc 2027	25,000,000	266,909,572	154,483,224	*16.4%*	0.48	33.79	3.05
3.5% Simonds Farsons Cisk plc 2027	20,000,000	170,996,000	108,273,000	*23.4%*	1.43	18.72	2.62
3.75% Virtu Finance plc 2027	25,000,000	153,636,000	90,374,000	*36.4%*	3.70	25.40	3.17
4.50% GHM plc 2027	**15,000,000**	**22,252,000**	**3,290,000**	***65.8%***	**4.00**	**2.34**	**3.93**

Source: Malta Stock Exchange, Audited Accounts of Listed Companies and/or Guarantors (as applicable), Rizzo, Farrugia & Co (Stockbrokers) Ltd

**Gearing Ratio is calculated as: net debt / (net debt + equity)*

The chart below shows the average yield to maturity of the 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 17 May 2019.



At a coupon of 4.50% per annum, the GHM Bond 2027 currently yields 3.93%, which is approximately 333 basis points over the average yield to maturity of Malta Government Stock (MGS) maturing in 2027 and at a premium of approximately 58 basis points over the average yield to maturity of corporate bonds maturing in 2027 (data correct as at 17 May 2019).

INCOME STATEMENT EXPLANATORY DEFINITIONS

Revenue	Total revenue generated by the company from its business activity during the financial year.
EBITDA	Earnings before interest, tax, depreciation and amortization, reflecting the company's earnings purely from operations.
Normalisation	Normalisation is the process of removing non-recurring expenses or revenue from a financial metric like EBITDA, EBIT or earnings. Once earnings have been normalised, the resulting number represents the future earnings capacity that a buyer would expect from the business.
EBIT	Earnings before interest and tax.
Depreciation and Amortization	An accounting charge to compensate for the reduction in the value of assets and the eventual cost to replace the asset when fully depreciated.
Finance Income	Interest earned on cash bank balances and from the intra-group companies on loans advanced.
Finance Costs	Interest accrued on debt obligations.
Net Profit	The profit generated in one financial year.

CASH FLOW STATEMENT EXPLANATORY DEFINITIONS

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

STATEMENT OF FINANCIAL POSITION EXPLANATORY DEFINITIONS

Assets	What the company owns which can be further classified in Current and Non-Current Assets.

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

PROFITABILITY RATIOS

EBITDA Margin	EBITDA as a percentage of total revenue.
Operating Profit Margin	Operating profit margin is operating profit achieved during the financial year expressed as a percentage of total revenue.
Net Profit Margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.
Return on Equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
Return on Capital Employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on Assets	This is computed by dividing profit after tax by total assets.

LIQUIDITY RATIOS

Current Ratio	The current ratio is a financial ratio that measures whether a company has enough resources to pay its debts over the next 12 months. It compares a company's current assets to its current liabilities.
Cash Ratio	Cash ratio is the ratio of cash and cash equivalents of a company to its current liabilities. It measures the ability of a business to repay its current liabilities by only using its cash and cash equivalents and nothing else.

Solvency Ratios

Interest Coverage Ratio	This is calculated by dividing a company's EBITDA of one period by the company's net finance costs of the same period.
Gearing Ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, and is calculated by dividing a company's net debt by net debt plus shareholders' 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.

Other Definitions

Yield to Maturity	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.

Prepared by:
Rizzo, Farrugia & Co (Stockbrokers) Ltd
E: sponsors@rizzofarrugia.com
T: +356 2258 3000