

This document comprises an admission document, required by the rules of Prospects MTF (the market regulated as a multilateral trading facility operated by the Malta Stock Exchange (the "Exchange" or "MSE")) and has been drawn up in compliance with the Prospects MTF Rules by the Exchange for the purpose of giving information with regards to the issue of the Bonds (as defined herein). Prospects MTF is not a regulated market for the purposes of EU Prospectus Regulation (2017/1129) of the European Parliament and of the Council on markets in financial instruments. This document does not comprise a document drawn up in terms of the EU Prospectus Regulation (2017/1129) or for the purposes of the Listing Rules of the Listing Authority. In terms of article 2(3)(b)(v) of the Companies Act, Chapter 386 of the Laws of Malta, this Bond Issue (as defined herein) does not constitute an offer of securities to the public and this document does not constitute a prospectus as defined in article 2(i) of the said Act.

## Company Admission Document

Dated 6<sup>th</sup> September 2019

In respect of an issue of

**€2,000,000 5.5% Secured Callable Bonds 2021-2025**

of a nominal value of €100 per Bond issued at par by



**Yacht Lift Malta PLC**

A public limited liability company registered in Malta with company registration number C 78281  
with the joint and several Guarantee\* of Yacht Lift Malta Operations Limited (C 92887)

*\*Prospective investors are to refer to the Guarantee contained in Annex A of this Company Admission Document for a description of the Guarantee. Reference should also be made to the sections entitled "Risk Factors" throughout this Company Admission Document for a discussion of certain risk factors which should be considered by prospective investors in connection with the Bonds and the Guarantee provided by the Guarantor.*

**ISIN: MT0002341205**

THE MSE HAS AUTHORISED THE ISSUE OF THIS DOCUMENT. THE MSE DOES NOT GIVE ANY CERTIFICATION, REPRESENTATION, WARRANTY OR GUARANTEE REGARDING THE POTENTIAL RISKS INVOLVED IN INVESTING IN THE SAID SECURITIES OR THE SAFETY OF INVESTING IN SUCH SECURITIES. THE MSE ACCEPTS NO RESPONSIBILITY FOR THE COMPLETENESS OR ACCURACY OF THIS ADMISSION DOCUMENT 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 ADMISSION DOCUMENT. THE DIRECTORS OF THE ISSUER, WHOSE NAMES APPEAR UNDER THE HEADING "IDENTITY OF DIRECTORS OF THE ISSUER", ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS DOCUMENT. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS (WHO HAVE ALL TAKEN REASONABLE CARE TO ENSURE SUCH IS THE CASE), THE INFORMATION CONTAINED IN THIS DOCUMENT IS IN ACCORDANCE WITH FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORTANCE OF SUCH INFORMATION. THE DIRECTORS ASSUME FULL RESPONSIBILITY FOR ITS CONTENTS ACCORDINGLY.

THE MALTA STOCK EXCHANGE HAS AUTHORISED THE ADMISSION OF THESE SECURITIES ON PROSPECTS MTF, A MULTI-LATERAL TRADING FACILITY OPERATED BY THE EXCHANGE. THIS MEANS THAT THE SAID INSTRUMENTS ARE IN COMPLIANCE WITH THE ADMISSION REQUIREMENTS SET OUT IN THE PROSPECTS MTF RULES. IN PROVIDING THIS AUTHORISATION, THE EXCHANGE DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS IN INVESTING IN THE SAID INSTRUMENTS AND SUCH AUTHORISATION SHOULD NOT BE DEEMED OR CONSTRUED AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN SUCH INSTRUMENTS.

INVESTING IN COMPANIES ADMITTED TO PROSPECTS MTF MAY PUT AN INVESTOR'S CASH PARTLY OR WHOLLY AT RISK. SECURITIES ISSUED BY SMALL AND MEDIUM-SIZED ENTERPRISES TEND TO BE ILLIQUID AND CARRY HIGHER RISKS. INVESTORS SHOULD THUS SEEK APPROPRIATE ADVICE AND READ THE WHOLE DOCUMENT BEFORE MAKING ANY INVESTMENT DECISIONS. THE VALUE OF INVESTMENTS CAN RISE OR FALL AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. IF YOU NEED ADVICE OR ARE REQUIRED UNDER APPLICABLE LEGISLATION TO SEEK ADVICE WITH RESPECT TO THIS SECURITIES ISSUE, YOU SHOULD CONSULT A DULY LICENSED INVESTMENT ADVISOR.

THE BONDS ARE COMPLEX FINANCIAL INSTRUMENTS AND MAY NOT BE SUITABLE FOR ALL TYPES OF RETAIL INVESTORS. A POTENTIAL INVESTOR SHOULD NOT INVEST IN THE BONDS UNLESS: i) HE/SHE HAS THE NECESSARY KNOWLEDGE AND EXPERIENCE TO UNDERSTAND THE RISKS RELATING TO THIS TYPE OF FINANCIAL INSTRUMENT ii) THE BONDS MEET THE INVESTMENT OBJECTIVES OF THE POTENTIAL INVESTOR; AND iii) SUCH POTENTIAL INVESTOR IS ABLE TO BEAR THE INVESTMENT AND FINANCIAL RISKS WHICH RESULT FROM INVESTMENT IN THESE BONDS.

APPROVED BY THE DIRECTORS

**Capt. Daniel  
Gatt**

**Mr. Giuseppe  
Farrugia**

**Dr. Stefan  
Sant**

**Mr Ivan  
Fsadni**



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## IMPORTANT INFORMATION

THIS DOCUMENT CONTAINS INFORMATION ON YACHT LIFT MALTA PLC IN ITS CAPACITY AS ISSUER AND YACHT LIFT MALTA OPERATIONS LIMITED AS GUARANTOR IN COMPLIANCE WITH THE PROSPECTS MTF RULES ISSUED BY THE MALTA STOCK EXCHANGE

AN APPLICATION HAS BEEN MADE TO THE EXCHANGE FOR THE BONDS TO BE ADMITTED TO TRADING ON PROSPECTS MTF. PROSPECTS MTF IS A MARKET DESIGNED PRIMARILY FOR EMERGING AND SMALLER COMPANIES TO WHICH A HIGHER INVESTMENT RISK TENDS TO BE ATTACHED. PROSPECTS MTF SECURITIES ARE NOT ADMITTED TO THE OFFICIAL LIST OF THE MALTA STOCK EXCHANGE.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER, THE GUARANTOR OR THEIR RESPECTIVE DIRECTORS TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SALE OF SECURITIES OF THE ISSUER OTHER THAN THOSE CONTAINED IN THIS ADMISSION 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, THE GUARANTOR OR THEIR RESPECTIVE DIRECTORS OR ADVISORS.

**THE MSE ACCEPTS NO RESPONSIBILITY FOR THE COMPLETENESS OR ACCURACY OF THIS ADMISSION DOCUMENT 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 ADMISSION DOCUMENT.**

THIS ADMISSION DOCUMENT DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR SECURITIES ISSUED BY THE ISSUER 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. THE DISTRIBUTION OF THE ADMISSION DOCUMENT IN CERTAIN JURISDICTIONS MAY BE RESTRICTED AND, ACCORDINGLY, PERSONS INTO WHOSE POSSESSION IT IS RECEIVED ARE REQUIRED TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, SUCH RESTRICTIONS.

THIS ADMISSION DOCUMENT AND THE OFFERING, SALE OR DELIVERY OF ANY BONDS MAY NOT BE TAKEN AS AN IMPLICATION: (I) THAT THE INFORMATION CONTAINED IN THE ADMISSION DOCUMENT IS ACCURATE AND COMPLETE SUBSEQUENT TO ITS DATE OF ISSUE; OR (II) THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN THE FINANCIAL POSITION OF THE ISSUER OR THE GUARANTOR SINCE SUCH DATE; OR (III) THAT ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE ADMISSION DOCUMENT IS ACCURATE AT ANY TIME SUBSEQUENT TO THE DATE ON WHICH IT IS SUPPLIED OR, IF DIFFERENT, THE DATE INDICATED IN THE DOCUMENT CONTAINING THE SAME.

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY FINANCIAL INSTRUMENTS. 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 LEGAL ADVISORS, ACCOUNTANTS AND/OR OTHER FINANCIAL ADVISORS AS TO LEGAL, TAX, INVESTMENT OR ANY OTHER RELATED MATTERS CONCERNING THE BONDS AND THE ADMISSION DOCUMENT.

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

A COPY OF THE ADMISSION DOCUMENT HAS BEEN SUBMITTED TO THE EXCHANGE IN SATISFACTION OF THE PROSPECTS MTF RULES. STATEMENTS MADE IN THIS ADMISSION DOCUMENT ARE, EXCEPT WHERE OTHERWISE STATED, BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THEREIN.

ALL THE ADVISORS TO THE ISSUER AND THE GUARANTOR NAMED IN THIS ADMISSION DOCUMENT UNDER THE HEADING "ADVISORS AND STATUTORY AUDITORS" HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND THE GUARANTOR IN RELATION TO THIS OFFER AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION 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 ADMISSION DOCUMENT.

UNLESS OTHERWISE STATED, THE CONTENTS OF THE ISSUER'S OR GUARANTOR'S WEBSITES OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER'S OR GUARANTOR'S WEBSITES DO NOT FORM PART OF THIS ADMISSION DOCUMENT. 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 ADMISSION DOCUMENT AS A WHOLE AND SHOULD CONSULT THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS.**



## 1 DEFINITIONS

In this Admission Document the following words and expressions shall bear the following meanings whenever such words and expressions are used in their capitalised form, except where the context otherwise requires:

<b>Act or Companies Act</b>	the Companies Act, 1995 (Cap. 386 of the Laws of Malta);
<b>Admission Document, Company Admission Document or Document</b>	this document in its entirety;
<b>Agency Agreement</b>	the agency agreement entered into between Welcome Inn Investments NV, trading as Sealift3, and the Company in virtue of which Welcome Inn Investments NV appointed the Company to be its exclusive agent in the Territory of Malta for the marketing and promotion of the sale of the Dock to customers resident and carrying on business in the Territory of Malta and for the soliciting from such customers and transmission to Welcome Inn Investments NV of requests for quotations or orders of the Dock for manufacture, sale or use within the territory, which agreement has an initial validity of eighteen (18) months from August 2019;
<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 the Placement Agent and Manager (defined below) in accordance with the terms of this Admission Document;
<b>Application Form</b>	the form of application for subscription to Bonds, a specimen of which is contained in Annex B of this Admission Document;
<b>Appropriateness Test</b>	shall have the meaning set out in section 19.2 of this Document;
<b>Bond(s)</b>	€2,000,000 secured callable bonds due in 2021 -2025 of a nominal value of €100 per bond bearing an interest rate of 5.5% per annum, issued at par and redeemable on the Redemption Date at their nominal value, which bonds are secured as stipulated in the Admission Document and guaranteed by the Guarantor;
<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;





**Calamatta Cuschieri Investment Services Ltd**

Calamatta Cuschieri Investment Services Ltd, a limited liability company registered under the laws of Malta with company registration number C13729, having its registered office at Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta;

**Collateral**

the following security rights granted in favour of the Security Trustee for the benefit of Bondholders:

- a) a pledge by the Company, Giuseppe Farrugia (ID 96095M) and Daniel Gatt (ID 16301L) over all of their respective shares held in the Guarantor, from time to time, in virtue of the Pledge Agreement, in favour of the Security Trustee in its capacity as trustee of the Yacht Lift Security Trust pursuant to the terms of the Security Trust Deed;
- b) first ranking special hypothecs over the Security Property A and Security Property B, respectively (each as defined separately below), in favour of the Security Trustee in its capacity as trustee of the Yacht Lift Security Trust pursuant to the terms of the Security Trust Deed;
- c) a first priority mortgage on the Dock (as defined below), once constructed, delivered and registered in the name of the Guarantor, in favour of the Security Trustee in its capacity as trustee of the Yacht Lift Security Trust pursuant to the terms of the Security Trust Deed;
- d) a pledge over the proceeds from the Insurance Policy in favour of the Security Trustee in its capacity as trustee of the Yacht Lift Security Trust pursuant to the terms of the Security Trust Deed; and
- e) second ranking special hypothecs over the Security Property C and Security Property D, respectively (each as defined separately below), in favour of the Security Trustee in its capacity as trustee of the Yacht Lift Security Trust pursuant to the terms of the Security Trust Deed;

**Collateral Givers A**

Michael Gatt (ID. No. 825947M) and Norma Gatt (ID No. 363001L) both of Triq ta' Fuq il-Widien, Mellieha;

**Collateral Givers B**

Jack Farrugia (ID. No. 531444M) and Helena Farrugia (ID. No. 400801L) both of 24, Triq J Kepler, Mellieha;

**Collateral Givers**

a general term to refer to both Collateral Givers A and Collateral Givers B;

**Corporate Advisor**

Calamatta Cuschieri Investment Services Ltd;

**Company or Issuer**

Yacht Lift Malta plc, a public limited liability company registered and existing under the laws of Malta with company registration number C 78281, and having its registered office at 129-130, Xatt Ta' Xbiex, Ta' Xbiex, Malta XBX1028;



<b>CSD</b>	the Central Securities Depository of the Malta Stock Exchange authorised in terms of Part IV of the Financial Markets Act (Chapter 345 of the laws of Malta), having its address at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
<b>Deed of Hypothec A</b>	a deed to be entered into on or around 19 September 2019 by and between the Security Trustee, the Issuer and Collateral Givers A in the acts of Notary Dr Jean Farrugia whereby Collateral Givers A constitute in favour of the Security Trustee that part of the Collateral over the Security Property A which according to law requires the execution of a notarial deed;
<b>Deed of Hypothec B</b>	a deed to be entered into on or around 19 September 2019 by and between the Security Trustee, the Issuer and Collateral Givers B in the acts of Notary Dr Jean Farrugia whereby Collateral Givers B constitute in favour of the Security Trustee that part of the Collateral over the Security Property B which according to law requires the execution of a notarial deed;
<b>Deed of Hypothec C</b>	a deed to be entered into on or around 19 September 2019 by and between the Security Trustee, the Issuer and Daniel Gatt (ID 16301L) in the acts of Notary Dr Jean Farrugia whereby Daniel Gatt constitutes in favour of the Security Trustee that part of the Collateral over the Security Property C which according to law requires the execution of a notarial deed;
<b>Deed of Hypothec D</b>	a deed to be entered into on or around 19 September 2019 by and between the Security Trustee, the Issuer and Giuseppe Farrugia (ID 96095M) in the acts of Notary Dr Jean Farrugia whereby Giuseppe Farrugia constitutes in favour of the Security Trustee that part of the Collateral over the Security Property D which according to law requires the execution of a notarial deed;
<b>Deeds of Hypothec</b>	collectively, Deed of Hypothec A, Deed of Hypothec B, Deed of Hypothec C and Deed of Hypothec D;
<b>Directors or Board of Directors</b>	the Directors of the Issuer as set out in Section 8.1 of this Admission Document;
<b>Dock</b>	the floating dry-dock known as “Yacht Lift” with a length of nineteen point eight (19.8) metres and a width of eighteen point five (18.5) metres which shall allow for the lifting and lowering of Motor yachts, sailing yachts and catamarans and provide out of the water maintenance, forming part of the Project. It is expected that the Dock, once constructed, delivered and registered in the name of the Guarantor, will have a value of €1,357,377, which value shall be confirmed to the Security Trustee in terms of an independent valuation to be presented to the Security Trustee;



<b>Early Redemption Date</b>	Any date falling between (and including) the 13 September 2021 and 12 September 2025, at the sole option of the Issuer, on which the Issuer shall be entitled to repay all or part of the principal amount of the Bonds and all interest accrued up to the date of repayment, by giving thirty (30) days' notice of such repayment between 13 September 2021 and 12 September 2025 (both days included), and early Redemption shall be construed accordingly;
<b>Early Redemption Schedule</b>	In the event that the Early Redemption Date lies between 13 September 2021 and 12 September 2023, the Issuer will be obliged to pay to bondholders a 2% premium on the nominal value of the bonds selected for early redemption (together with interest accrued to the date fixed for redemption). In the event that the Early Redemption Date lies between 13 September 2023 and 12 September 2024, the Issuer will be obliged to pay to bondholders a 1.25% premium on the nominal value of the bonds selected for early redemption (together with interest accrued to the date fixed for redemption). Early Redemption occurring after 13 September 2024 will be redeemed at par;
<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 (Chapter 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>Financial Markets Act</b>	the Financial Markets Act, Cap. 345 of the Laws of Malta;
<b>FY</b>	Financial Year;
<b>Group</b>	Yacht Lift Malta plc and its wholly-owned subsidiary companies which, as at the date hereof, consist of a single company, Yacht Lift Malta Operations Limited, a Shipping Organisation in terms of the Merchants Shipping Act (Chapter 234 of the laws of Malta);
<b>Guarantee</b>	the joint and several guarantee dated on or around 19 September 2019 to be granted by the Guarantor as security for the punctual performance of the Issuer's obligations under the Bond Issue. A copy of the Guarantee and a description of the nature, scope and terms of the Guarantee are appended to this Admission Document as Annex A;
<b>Guarantor</b>	Yacht Lift Malta Operations Limited, a private limited liability company registered and existing under the laws of Malta with company registration number C 92887, qualifying as a Shipping Organisation in terms of the Merchants Shipping Act (Chapter 234 of the laws of Malta), and having its registered office at 129-130, Xatt Ta' Xbiex, Ta' Xbiex XBX 1028, Malta;



<b>GDPR</b>	the Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data;
<b>Insurance Policy</b>	the insurance policy providing for the full replacement value of the Dock;
<b>Interest</b>	the Bonds shall bear interest from and including 13 September 2019 at the rate of five and a half per cent (5.5%) per annum payable annually in arrears on the Interest Payment Dates;
<b>Interest Payment Dates</b>	annually, on 12 September of each year commencing on 12 September 2020 and ending with and including the Redemption Date, 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>Issue Period</b>	the period between 9 September 2019 and 13 September 2019 (or such earlier date as may be determined by the Issuer) during which the Bonds are available for subscription;
<b>Listing Authority</b>	the Malta Financial Services Authority, appointed as Listing Authority for the purposes of the Financial Markets Act (Chapter 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 from time to time;
<b>Lloyds insurance standards</b>	the minimum requirements and standards for being recognized as part of, and compliant with, the Lloyd's market, including minimum standards, Lloyd's acts and bye-laws and brand guidelines, as well as statements of business conduct which managing agents are expected to comply with to operate under the Lloyd's brand;
<b>Malta Stock Exchange Bye-Laws</b>	the Malta Stock Exchange p.l.c. bye-laws issued by the authority of the board of directors of Malta Stock Exchange p.l.c., as may be amended from time to time;
<b>MFSA</b>	the Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act, Cap. 330 of the Laws of Malta;
<b>Official List</b>	the list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws;

**Patent**

the Patent bearing patent number EP 2 349 829 B1 relating to the invention of a floating dock comprising a submersible platform comprising at least one buoyancy tank having a plurality of compartments each compartment having a permanently open vent through which water is freely flow-able into and out of the compartment and an inlet wherein the inlets of each compartment are connected to one another and to a compressed air supply by a conduit having a first isolation valve provided between the inlet and the atmosphere, a second isolation valve provided between the inlet and the compressed air supply and a non-return valve between the second isolation valve and the compressed air supply wherein, in use, air is expelled from the compartment into the atmosphere to cause the dock to sink or compressed air is supplied to the plurality of compartments which increases the buoyancy of the tank;

**Placement Agent and Manager**

Calamatta Cuschieri Investment Services Ltd;

**Pledge Agreement**

the pledge of shares agreement to be dated on or around 19 September 2019 to be entered into by and between the Issuer, Giuseppe Farrugia (ID 96095M), Daniel Gatt (ID 16301L) and the Security Trustee pursuant to which the Issuer, Giuseppe Farrugia (ID 96095M) and Daniel Gatt (ID 16301L) are to grant a pledge over all of their respective shares held in the Guarantor, from time to time, in favour of the Security Trustee in its capacity as trustee of the Yacht Lift Security Trust pursuant to the terms of the Security Trust Deed;

**PMLFT Regulations**

Prevention of Money Laundering and Funding of Terrorism (PMLFT) Regulations made under the Prevention of Money Laundering Act, 1994 (Chapter 373 of the laws of Malta);

**Prospects MTF**

the market regulated as a Multilateral Trading Facility operated by the MSE providing a venue for start-up and growth of small to medium-sized enterprises to float their capital (including equity or debt) on the market;

**Project**

- (i) The manufacture, certification and commissioning of a floating dry-dock with a length of nineteen point eight (19.8) metres and a width of eighteen point five (18.5) metres which shall allow for the lifting and lowering of Motor yachts, sailing yachts and catamarans and provide out of the water maintenance.
- (ii) The Dock comprises of the following:
  - The manufacture of an operations catamaran;
  - A pneumatic lifting platform that can raise vessels of up to fifty (50) tons;
  - Hydraulically adjustable structure to fit vessels with a maximum length of seventy (70) feet (21 metres);
  - A lifting platform draft of five point three (5.3) metres to allow for submersible platform depth at lowest possible point and cater for most yacht drafts in that range bar extreme race sailing yachts in the higher length range.
  - An on-board management waste system that processes all waste removed from the yacht's hull, allowing for collection and disposal of waste at thermal treatment facility. This shall be certified waste compliant in line with EU Directive 9/271/EEC;

The above equipment shall be constructed under the supervision of the manufacturer in their selected yard in Tuzla Turkey before being tested independently to meet Lloyd standards. Once the dock has passed all testing it shall be shipped to Malta as deck cargo and installed in its berth within the Marina Di Valletta concession. The manufacturer will be onsite to manage all installation and preparation of equipment, as well as the training of personnel

**Prospects MTF Rules or Rules**

the rules issued by the Board of Directors of the Malta Stock Exchange, in exercise of the powers conferred on it by the Financial Markets Act (Chap. 345 of the Laws of Malta) regulating the Prospects MTF market;

**Prospectus Regulation**

Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as may be amended from time to time;

**Prospects MTF List**

the list prepared and published by the Malta Stock Exchange as the list indicating the companies admitted to Prospects MTF in accordance with the Prospects MTF Rules;

**Redemption Date**

13 September 2025;

**Redemption Value**

redemption at par;



<b>Security Property A</b>	The immovable property forming part of the Collateral granted by Michael Gatt (ID. No. 825947M) and Norma Gatt (ID No. 363001L) both of Triq ta' Fuq il-Widien, Mellieha comprising a semi-detached three-bedroom apartment internally numbered two (2), at second floor of a residential block known as "Beachcomber Flats", located on the seafront of the Qawra promenade, Triq il-Qawra, within the locality of Qawra, St. Paul's Bay, enjoying unobstructed sea views of Salina, which apartment has a gross internal area of circa 123.6sqm and a total external area (comprising a well-sized projecting front balcony and a small back projecting balcony) of circa 10.3sqm, as better described in the property valuation annexed to this Admission Document and marked as Annex I;
<b>Security Property B</b>	The immovable property forming part of the Collateral granted by Jack Farrugia (ID. No. 531444M) and Helena Farrugia (ID. No. 400801L) both of 24, Triq J Kepler Il-Mellieha comprising a three-bedroom apartment internally numbered thirteen (13), within a residential block known as "Heliopolis", located on St. Paul's Street, St. Paul's Bay, enjoying unobstructed sea views of Xemxija Bay, which apartment has a gross internal area of circa 178sqm and a total external area (comprising a circa 10sqm front terrace and a back terrace of circa 20sqm), as better described in the property valuation annexed to this Admission Document and marked as Annex J;
<b>Security Property C</b>	The Immovable property forming part of the Collateral granted by Daniel Gatt (ID 16301L), comprising of a second floor apartment in a residential block of seven units, located in Mellieha, which apartment has a gross internal area of circa 100sqm and a total external area (comprising a well-sized projecting back balcony) of c. 8sqm, as better described in the property valuation annexed to this Admission Document and marked as Annex K;
<b>Security Property D</b>	The Immovable property forming part of the Collateral granted by Giuseppe Farrugia (ID 96095M), comprising a ground floor maisonette of a residential block, located in Triq San Swann, Gharghur, which maisonette has a gross internal area of c.60 sqm and a total external area of c. 28sqm], as better described in the property valuation annexed to this Admission Document and marked as Annex L;
<b>Security Properties</b>	collectively, Security Property A, Security Property B, Security Property C and Security Property D;
<b>Sealift 3</b>	Is the trading name of Welcome Inn, as defined below;
<b>Security Trust Deed or Trust Deed or Yacht Lift Security Trust</b>	the security trust deed to be entered into between the Security Trustee, the Issuer, the Guarantor, Giuseppe Farrugia (ID 96095M), Daniel Gatt (ID. No. 16301L), Michael Gatt (ID. No. 825947M), Norma Gatt (ID. No. 363001L), Jack Farrugia (ID. No. 531444M) and Helena Farrugia (ID. No. 400801L) on or around 19 September 2019 in connection with the granting of the Collateral;





<b>Security Trustee Or Trustee</b>	GVZH Trustees Limited, a private limited liability company duly registered and validly existing under the laws of Malta, with company registration number C 23095 and having its registered office at 192, Old Bakery Street, Valletta VLT 1455, Malta, duly authorised and qualified to act as a trustee or co-trustee in terms of article 43(3) of the Trusts and Trustees Act (Chapter 331 of the laws of Malta), in its capacity as trustee of the Yacht Lift Security Trust pursuant to the terms of the Security Trust Deed;
<b>Small and medium-sized enterprises or SMEs</b>	An enterprise as defined in section 2 (1) of the Companies Act, Chapter 386 of the laws of Malta, that is, companies which, according to their last annual or consolidated accounts, meet at least two of the following three criteria: <ol style="list-style-type: none"> <li>1. an average number of employees, during the financial year, of less than 250;</li> <li>2. a total balance sheet not exceeding forty-three million euro (43,000,000);</li> <li>3. an annual net turnover not exceeding fifty million euro (50,000,000);</li> </ol>
<b>Suitability Test</b>	shall have the meaning as set out in section 19.2 of this Document;
<b>Summary</b>	a summary of the salient features of the Document, as contained in the section entitled “Summary”;
<b>Terms and Conditions</b>	the terms and conditions of the Bonds contained in this Document under the heading “Terms and Conditions of the Bonds”.
<b>Welcome Inn</b>	Welcome Inn Investments NV, a company registered in the Dutch Carribean with registered address Kaya Alonso de Ojeda 13a, Curacao, Dutch Carribean, registered with the Chamber of Commerce and Industry in Curacao with registration no. 76249

All references in the Document 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;
- d) any reference to a person includes natural persons, firms, partnerships, companies, corporations, associations, organisations, governments, states, foundations or trusts;
- e) any reference to a person includes that person’s legal personal representatives, successors and assigns;
- f) any phrase introduced by the terms “including”, “include”, “in particular” or any similar expression is illustrative only and does not limit the sense of the words preceding those terms;
- g) any reference to a law, legislative act and/or other legislation shall mean that particular law, legislative act and/or legislation as in force at the time of issue of this Company Admission Document.



## 2 SUMMARY

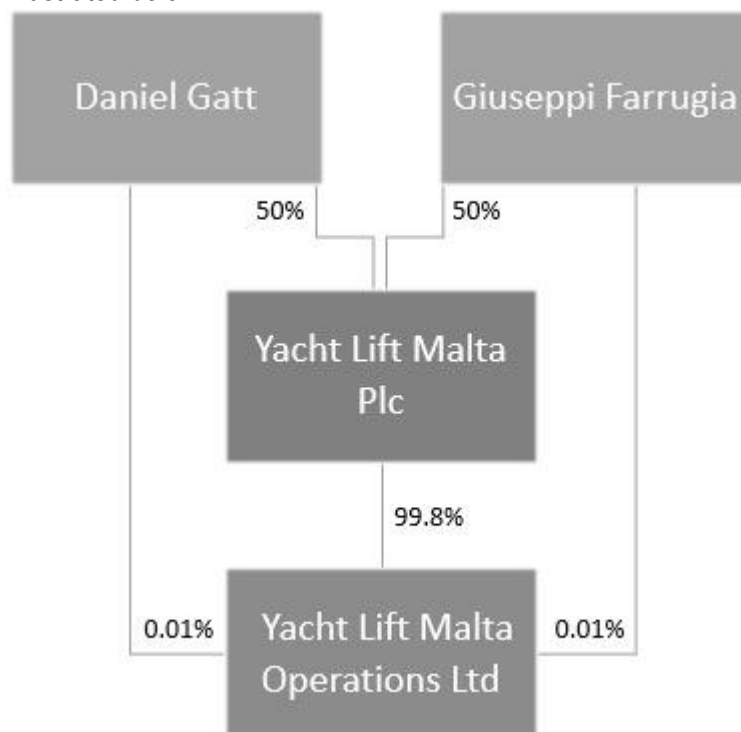
This Summary should be read as an introduction to the Admission Document. Prospective investors are hereby warned that this Summary is being provided to convey the essential characteristics and risks associated with the Issuer and the securities being offered pursuant to the Admission Document. It is 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 document. Any decision to invest in the securities should be based on consideration of the Admission Document as a whole by the investor.

Civil liability attaches to those persons who have tabled the summary including any translation thereof, and applied for its notification, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Admission Document.

### Section A – Information regarding the Issuer and Guarantor

- A.1. **Legal and commercial name of the Issuer and Guarantor** - The legal and commercial name of the Issuer is Yacht Lift Malta plc (registration number C 78281). The legal and commercial name of the Guarantor is Yacht Lift Malta Operations Limited (registration number C 92887)
- A.2. **Domicile and legal form of the Issuer and Guarantor** – The Issuer was registered in Malta on the 24 November 2016 as a private company, subsequently converted into and now constituting a public limited liability company. The Issuer is domiciled in Malta. The Guarantor was registered in Malta in terms of the Act on 8 August 2019 as a private limited liability company and is domiciled in Malta. The Guarantor enjoys the status of a Shipping Organisation in terms of the Merchant Shipping Act (Chapter 234 of the laws of Malta).
- A.3. **Shareholding structure** – The Issuer's current authorised share capital is one hundred thousand Euro (€100,000) divided into one hundred thousand (100,000) ordinary shares of €1 each. The Issuer's issued share capital is one hundred thousand Euro (€100,000) divided into one hundred thousand (100,000) ordinary shares of €1 each. The Company is owned 50% by Mr Giuseppe Farrugia (ID Card No. 96095M) and 50% by Captain Daniel Gatt.(ID Card No. 16301L).The Guarantor's current authorised share capital is one thousand, two hundred Euro (€1,200) divided into one thousand, two hundred (1,200) ordinary shares of €1 each. The Guarantor's issued share capital is one thousand, two hundred Euro (€1,200), divided into one thousand, two hundred (1,200) ordinary shares of €1 each. The company is owned 98% by the Issuer, 1% by Mr Giuseppe Farrugia (ID Card No. 96095M) and 1% by Captain Daniel Gatt.(ID Card No. 16301L).

The shareholding structure is illustrated below:





- A.4. **History and Development** - The Issuer was incorporated with the principal object of supplying goods and services to the yachting industry including but not limited to import, export, selling of products, yacht lifting and berthing. Since its conversion into a public limited liability company, the Issuer can borrow, raise or secure payment of money for the purpose of or in connection with the Group's business. The issue of Bonds falls within the objects of the Issuer.

The Guarantor is a subsidiary of the Issuer and was incorporated as a Shipping Organisation in terms of the Merchant Shipping Act (Chapter 234 of the laws of Malta) with the principal object of registering the Dock in terms of the said Act, and supplying goods and services to the yachting industry, including but not limited to import, export, selling of products, yacht lifting and berthing.

- A.5. **Business Overview:** The Group has entered into an agreement to finalise the order of a floating dry dock platform in Malta known as "Yacht Lift". Yacht Lift is a unique and revolutionary floating dry dock service developed and patented by Welcome Inn. The director's opinion is that this floating dry dock grants the opportunity to owners and operators of qualifying seagoing vessels to benefit from a service which is both considerably cheaper and also more time-efficient than the services currently on offer throughout the Maltese islands. Yacht Lift also enjoys the flexibility of being able to be transported to multiple locations in order to carry out its services. This was followed by the execution of a "Contract of Sale" dated 26th October 2018 covering the terms and conditions of the purchase of the Yacht Lift by the Guarantor. The Group has signed an Agency Agreement whereby it retains the exclusive agency for the floating dry dock system in Malta. The Guarantor will be the exclusive operator of Yacht Lift in Malta. The said floating dry dock shall be located at Marina di Valletta, Sa Maison, Malta and an agreement granting the Issuer the right to locate the Dock at the said marina for a period of up to ten (10) years has been executed. Ownership of the Dock will be registered in the name of the Guarantor to ensure its registration as a vessel in terms of the Merchant Shipping Act (Chapter 234 of the laws of Malta).

- Board, Senior Management and employees: As at the date of this Document, the board of directors of the Issuer consists of: Mr Ivan Fsadni – Chairman, Independent non-executive director
- Dr Stefan Sant - Independent non-executive director
- Capt. Daniel Gatt – Executive director, Chief Executive Officer;
- Mr Giuseppe Farrugia - Executive director and Director of Operations;

By 2021 the Company envisages that it will employ a Chief Financial Officer who shall be managing the Company's Finance Department. It is envisaged that by the beginning of 2021 the Company shall employ 6 employees. Prior to 2021, the Finance Department will be outsourced to reputedly qualified professional services firms who will have the necessary capacity and expertise to provide the required range of accountancy and back office services.

- A.6. **Significant recent trends of the Group:** There has been no material adverse change in the prospects of the Group since the date of its incorporation.
- A.7. **Summary of Financial Information** - The Issuer was set up on the 24 November 2016. There has been no significant change in the financial or trading position of the Issuer, which has occurred since the company's date of incorporation. The Admission Document comprises unaudited forecast information for the years ending 2020, 2021 and 2022. Extracts from such unaudited forecast financial information are found in Annex H of this Admission Document.

## Section B – The Securities

- B.1. **Type and class of securities** – The Issuer shall issue an aggregate of €2,000,000 in Secured Callable Bonds having a face value of €100 per bond, subject to a minimum amount per subscription of €2,000 in Bonds and in multiples of €100 thereafter. 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 CSD. On admission to trading on Prospects MTF, the Bonds will have the following ISIN: MT0002341205. The Bonds shall bear interest at the rate of 5.5% per annum. The Bonds shall be repayable in full upon maturity on the 13 September 2025 (together with interest accrued to the date fixed for redemption) unless previously re-purchased and cancelled. The Bonds shall be guaranteed jointly and severally by the Guarantor pursuant to the terms of the Guarantee.

- B.2. **Currency** - The Bonds are denominated in Euro (€).



**B.3. Transferability** - The Bonds are freely transferable and, once admitted to the Prospects MTF List, shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time.

**B.4. Rights attached to the Bonds** – Investors wishing to participate in the Bonds will be able to do so by duly executing the appropriate Application Form in relation to the Bonds. There are no special rights attached to the Bonds other than the right of the Bondholders to:

- the payment of interest;
- the payment of capital as and when due;
- the benefit of the Collateral through the Security Trustee, in accordance with the provisions of section 19.6 of this Admission Document;
- ranking with respect to other indebtedness of the Issuer and the Guarantor in accordance with the provisions of sub-section 19.4 of this Document;
- seeking recourse from the Guarantor pursuant to the Guarantee, in case of failure by the Issuer to pay any sum payable by it to Bondholders pursuant to the Terms and Conditions of the Bonds;
- attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and
- enjoy all such other rights attached to the Bonds emanating from the Admission Document.

The Bonds constitute the general, direct and unconditional obligations of the Issuer, guaranteed by the Guarantor, and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt of each of the Issuer and the Guarantor, if any, but with priority over the security property forming part of the Collateral from time to time.

For the purposes of the Guarantee, the Guarantor irrevocably and unconditionally guarantees to each Bondholder that if for any reason the Issuer fails to pay any sum payable by it to such Bondholder pursuant to the terms and conditions of the Bonds as and when the same shall become due under any of the foregoing, the Guarantor will pay to such Bondholder on written demand the amount payable by the Issuer to such Bondholder. The obligations of the Guarantor under the Guarantee shall remain in full force and effect until no sum remains payable to any Bondholder pursuant to the issue of the Bonds.

**B.5. Security** - Subject to other rights of prior ranking security in respect of privileged claims as may be afforded to privileged creditors in terms of law, the Bonds are secured and, accordingly, Bondholders shall have the benefit of the Collateral in accordance with the terms of the Security Trust Deed, as set out in sub-section 19.6 of this Admission Document. The security shall be constituted in favour of the Security Trustee for the benefit of all Bondholders from time to time registered in the CSD.

Specifically, the Issuer, the Guarantor, Giuseppe Farrugia (ID 96095M), Daniel Gatt (ID 16301L), Michael Gatt (ID. No. 825947M), Norma Gatt (ID No. 363001L), Jack Farrugia (ID. No. 531444M) and Helena Farrugia (ID. No. 400801L) have entered into a Security Trust Deed with the Security Trustee which consists of the covenants of the Issuer to pay the principal amount under the Bonds on the Redemption Date and interest thereon on each Interest Payment Date in terms of this Admission Document, the rights under the Pledge Agreement, the hypothecary rights under the Deeds of Hypothec and all the rights and benefits enjoyed by the Security Trustee (for the benefit of Bondholders) under the Security Trust Deed. The Collateral will be vested in the Security Trustee for the benefit of the Bondholders in proportion to their respective holding of Bonds.

The Security Trustee's role includes holding of the Collateral for the benefit of the Bondholders and the enforcement of the said Collateral upon the happening of specified events of default. The Security Trustee shall have no payment obligations to Bondholders under the Bonds, which obligations remain exclusively the obligations of the Issuer.

The property held under trust shall include the following and, accordingly, the Bonds will be secured by, and Bondholders shall have the benefit of, the following security rights granted in favour of the Security Trustee:

- a pledge by the Issuer, Giuseppe Farrugia (ID 96095M) and Daniel Gatt (ID 16301L) over all of their respective shares held in the Guarantor, from time to time, in virtue of the Pledge Agreement, in favour of the Security Trustee in its capacity as trustee of the Yacht Lift Security Trust pursuant to the terms of the Security Trust Deed;



- first ranking special hypothecs over the Security Property A and Security Property B, respectively, in favour of the Security Trustee in its capacity as trustee of the Yacht Lift Security Trust pursuant to the terms of the Security Trust Deed;
- second ranking special hypothecs over the Security Property C and Security Property D, respectively, in favour of the Security Trustee in its capacity as trustee of the Yacht Lift Security Trust pursuant to the terms of the Security Trust Deed;
- a first priority mortgage on the Dock, once constructed, delivered and registered in the name of the Guarantor, in favour of the Security Trustee in its capacity as trustee of the Yacht Lift Security Trust pursuant to the terms of the Security Trust Deed; and
- a pledge over the proceeds from the Insurance Policy, once the Dock is constructed, delivered and registered in the name of the Guarantor, in favour of the Security Trustee in its capacity as trustee of the Yacht Lift Security Trust pursuant to the terms of the Security Trust Deed.

The Security Trustee shall ensure that the Collateral held on trust shall cover the principal and interest amount in terms of this Admission Document throughout the term of the Bonds. Should the Collateral held on trust not cover such amounts, the Security Trustee shall take additional Collateral over further assets, as may be applicable, so as to satisfy the foregoing obligation.

Without prejudice to other powers and discretions of the Security Trustee in terms of the Security Trust Deed but subject in all cases to the provisions of sub-section 19.14 of this Admission Document (*Events of Default*), the Security Trustee shall have the discretion to enforce the Collateral on its own accord or upon receiving notice from the Corporate Advisor and/or Bondholders that any of the Events of Default has occurred in accordance with the provisions of this Admission Document.

No provision contained in this Admission Document, the Deeds of Hypothec, the Pledge Agreement and/or the Security Trust Deed shall be construed as creating or otherwise acknowledging any obligation on the part of the Security Trustee in favour of the Bondholders for any payments that may fall due under the Bonds.

The net Bond Issue proceeds shall be transferred to the Security Trustee on or around 19 September 2019 to be held on escrow by the Security Trustee in terms of an escrow agreement to be entered into for this purpose. The Bond Issue proceeds will be released to the Issuer on condition that: (i) the Deeds of Hypothec are published and registered, pursuant to which all security over the Security Properties for the benefit of Bondholders is to be duly perfected and registered; (ii) the Pledge Agreement is duly and properly executed and registered with the competent authorities; and (iii) confirmation that the Bonds will be admitted to the Prospects MTF List by no later than 19 September 2019 is communicated to the Security Trustee.

Following registration of the Deeds of Hypothec and the presentation to the Security Trustee of the appropriate notes of hypothec, together with the execution of the Pledge Agreement, and upon the Bonds being admitted to the Prospects MTF List, the Security Trustee shall release the net Bond Issue proceeds to be applied for the purposes specified in section 18 of this Document.

**B.6. Interest** - The Bonds shall bear interest from and including 13 September 2019 at the rate of five and a half percent per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date, the first Interest Payment Date being 12 September 2020 provided that 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 five and a half per cent (5.5%).

**B.7. Redemption** shall take place on the 13 September 2025.



## Section C – Risks

### C.1. Risks relating to the Issuer and the industry in which the Issuer and Guarantor operate

- i. The Guarantor is a newly incorporated company with no trading record or history of operations, whilst the Issuer was established on the 24<sup>th</sup> November 2016 to supply maintenance services to the yachting industry. As at the date of this Admission Document, the Issuer's assets comprise solely in the right to acquire the Dock and the right to have it installed at the Marina di Valletta within Marsamxetto for a ten (10) year period, which places it in a favourable position for the successful entry and growth in the markets within which it and the Guarantor intend to operate. Other than such intangible asset, the Issuer itself does not have any substantial assets. Accordingly, it may be challenging to assess the Company's and the Guarantor's respective outlooks based on such limited historical and operational financial performance. Given that the Issuer is intended to act as a finance company, its assets will primarily consist of loans receivable from the Guarantor. The Issuer is dependent on the business of the Guarantor and, consequently, the operating results of the Guarantor will directly influence the Issuer's financial position. Therefore, the risks associated with the business operations of the Guarantor will have a direct impact on the financial position of the Issuer as well as its ability to meet its obligations in connection with the payment of interest on the Bonds and repayment of principal when due.
- ii. The yacht maintenance industry is predominantly cyclical in nature given its seasonal operation. If this industry is dramatically impacted downwards, this may have an impact on the future earnings of the Company and the Guarantor and their respective available cash flow may be materially adversely affected. The Guarantor's ability to service boats and luxury yachts will depend, among other things, on the customer's demand for servicing. Fluctuations in demand for services provided by the Guarantor may have an adverse effect on its financial position. The factors affecting the demand for services offered by the Guarantor are outside its control and changes in the industry conditions can be unpredictable.
- iii. The Guarantor is exposed to the risk of delay in the completion of the Project or cost overruns inherent in the finalization of the Project. These risks include, but are not limited to, delays in the delivery of material necessitated for the completion of the Project, shortage of skilled labour, unscheduled delays in the delivery of ordered goods, failure of equipment to meet quality and adverse weather conditions or any other events of force majeure. Generation of income by the Guarantor is tied with the finalization of the Project. Any delays in the execution and finalization of the Project can lead to a negative impact on the cash flow of the Guarantor and of the Company.
- iv. The Guarantor is subject to a wide variety of regulations, standards and licensing requirements and failure to abide with such existing or future regulations applicable to its business could have an adverse effect on its business. The Guarantor's operations are subject to extensive laws and regulations governing, among other things, environmental protection and health and safety. The Guarantor's ability to operate is contingent on its ability to comply with these laws and regulations and to obtain, maintain and renew as necessary, related permits from governmental agencies/authorities.
- v. The Guarantor's operations are, in part, exposed, in the case of transactions not denominated in Euro, to foreign currency risk on transactions and receivables that are denominated in a currency other than the Euro. As a result, exchange gains and losses may arise on the realization of amounts receivable and the settlement of amounts payable in foreign currencies.
- vi. The health of the market in which the Guarantor operates may be affected by a number of factors such as national economy, political developments, government regulations, changes in environmental regulation or tax laws, interest rate fluctuations, inflation, and the availability of financing and yields of alternative investments.



- vii. The Guarantor's growth is dependent upon the efforts and abilities of the directors and the key personnel that shall be employed by the Guarantor. If one or more of these individuals were unable or unwilling to continue in their present position, they may not be replaceable within the short term, which could have an adverse effect on the Guarantor's business, financial condition and results of operations.
- viii. The intrinsic nature of the industry in which the Guarantor operates could give rise to health and safety risks which require the Guarantor to adhere rigidly to health and safety regulations. Any failure to comply with such rules may entail hefty penalties, as well as expose the Guarantor to litigation and the costs associated with claims for damages, thereby also negatively affecting the Guarantor's reputation.
- ix. Reputational risk is usually associated with conflicts of interest, regulatory compliance, remuneration systems, professional behavior of human resources, reputation and financial soundness of major shareholders, corporate culture, leadership and corporate strategy and its implementation. Reputational risk could materially and adversely affect the Guarantor's ability to retain or attract customers, whose loss could adversely affect the Guarantor's operations, financial condition and prospects. More specifically, reputational harm may result in the loss of market share and revenue, increased compliance costs and higher financing costs, reflecting the perceived increased risks.
- x. All industries, including the industry in which the Guarantor operates, are subject to legal claims, with and without merit. Defense and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation and dispute resolution process, there can be no assurance that the resolution of any particular legal proceeding or dispute will not have a material adverse effect on the Guarantor's future cash flow, results of operations or financial condition.
- xi. The Guarantor is susceptible to adverse economic developments and trends both locally and overseas. Negative economic factors and trends could have a material impact on the business of the Guarantor generally, and may adversely affect its revenues. In addition, the Guarantor may be impacted by increased competition from other similar developments and rising operating costs.
- xii. The yacht maintenance industry is competitive in nature. Competition may arise from providers who have substantially greater resources than the Guarantor or who have been established in the market for a longer period of time. Additionally, new competitors may enter the market who would be providing additional services than the Guarantor or at lower rates. If the Guarantor is not able to compete successfully, the company's earnings could be adversely affected.
- xiii. The Guarantor maintains insurance at levels determined by it to be appropriate in light of the cost of cover and the risk profiles of the business in which the Guarantor operates. With respect to losses for which the Guarantor is covered by its policies, it may be difficult and may take time to recover such losses from insurers. In addition, the Guarantor may not be able to recover the full amount from the insurer. No assurance can be given that the Guarantor'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.
- xiv. The valuations referred to in the Admission Document are prepared by independent qualified architects in accordance with the valuation standards published by the Royal Institution of Chartered Surveyors (RICS). In providing a market value of the respective properties, the independent architect has made certain assumptions and forward-looking statements, which ultimately may cause





the actual values to be materially different from any future values that may be expressed or implied by such forward-looking statements or anticipated on the basis of historical trends as reality may not match the assumptions. There can be no assurance that such property valuations and property-related assets will reflect actual market values that could be achieved upon a sale, even where any such sale were to occur shortly after the valuation date. Actual values may be materially different from any future values that may be expressed or implied by forward-looking statements set out in the relative valuation or anticipated on the basis of historical trends, as reality may not match the assumptions made.

- xv. The Group is the exclusive local representative of the “Yacht Lift” patent in Malta and, accordingly, the Guarantor will be the exclusive operator of the Dock in Malta. In the event that such Agency Agreement is terminated for any reason, with or without cause, but also while the arrangement is still operative, valid and binding, the Guarantor could be faced with an increased level of competition, which increased competitive pressures may cause the Guarantor to make certain pricing, service or marketing decisions that could have a material adverse effect on its revenues and costs. In this sense, whilst the Group has an Agency Agreement in place, one cannot exclude the possibility that a similar lift is transferred to and operated from Malta. Such factors could limit the future ability of the Guarantor’s business to maintain its market share and revenue level and have a material adverse effect on the Guarantor’s future cash flow, results of operations or financial condition.
- xvi. The Guarantor’s floating dock service and operations are susceptible to adverse weather conditions and the Guarantor’s Dock shall be at risk of being damaged or abandoned as a result of such adverse weather conditions. Adverse weather conditions are, by their nature, not within the control of the Guarantor and, if not predicted and appropriately catered for, could have a material adverse effect on the business of the Guarantor, its financial condition and the results of its operations.

## C.2. Risks Relating to the Bonds

- i. Upon successful admission, the Bonds will be traded on a multilateral trading facility but will NOT be traded on any regulated market. Hence, the market for the Bonds may be less liquid than a regulated market and a bondholder may find it more difficult to identify willing buyers for their Bonds. The existence of an orderly and liquid market for the Bonds depends on a number of factors, including the presence of willing buyers and sellers of the Issuer’s Bonds at any given time. Such presence is dependent upon the individual decisions of investors 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 Bondholders will be able to sell the Bonds at or above the price at which the Issuer issued the Bonds or at all.
- ii. Prior to the Bond Issue, there has been no public market nor trading record of 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.
- iii. A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of the Bonds (€) and the Bondholder’s currency of reference, if different.
- iv. The Issuer and the Guarantor may incur further borrowings or indebtedness and may create or permit to subsist other security interests upon the whole or any part of its present or future undertakings, assets or revenues (including uncalled capital).
- v. 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 any of the Bonds prevailing from time to time.
- vi. The Issuer is entitled to issue Bonds bearing a fixed rate of interest which involves the risk that subsequent changes in market interest rates may adversely affect the market value of the said



**Bonds.** Investors should also be aware that the price of the fixed rate Bonds moves adversely to changes in interest rates.

- vii. Even after the Bonds are admitted to trading on Prospects MTF, the Issuer is required to remain in compliance with certain requirements of the Prospects MTF Rules issued by the Exchange as amended from time to time. Moreover, the MSE has the authority to suspend trading of the Bonds if it comes to believe that such a suspension is required for the protection of investors or the integrity or reputation of the market. The MSE may discontinue the trading of the Bonds on Prospects MTF. Such trading suspensions could have a material adverse effect on the liquidity and value of the Bonds.
- viii. The value of investments can rise or fall, and past performance is not necessarily indicative of future performance.
- ix. The Bonds, as and when issued and allotted, shall constitute the general, direct and unconditional obligations of the Issuer, shall be guaranteed in respect of both the interest due and the principal amount under said Bonds by the Guarantor, and shall be secured by means of the Collateral granted in terms of the Security Trust Deed, the Deeds of Hypothec and the Pledge Agreement. The Bonds shall at all times rank *pari passu*, without any priority or preference among themselves, but subject to rights of priority and preference afforded to privileged creditors in terms of law, they shall rank with priority or preference over other unsecured debt, if any. The Bonds would rank after any current and / or future higher senior ranking debts which may be secured by a cause of preference such as a privilege and/or the first-ranking hypothecs in the case of Security Properties C and D, in so far as the asset constituting the relevant security is concerned.

Furthermore, subject to the negative pledge clause (section 19.5 of this Admission Document), 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.

There can be no guarantee that the value of the Collateral over the term of the Bonds will be sufficient to cover the full amount of interest and principal outstanding under the Bonds. This may be caused by a number of factors not least of which general economic factors that could have an adverse impact on the value of the Collateral. If such circumstances were to arise or subsist at the time when the Collateral is to be enforced by the Security Trustee, it could have a material adverse effect on the recoverability of all the amounts that may be outstanding under the Bonds.

In view of the fact that the Bonds are being guaranteed by the Guarantor on a joint and several basis, the Bondholders shall be entitled to request the Guarantor to pay both the interest due and the principal amount under said Bonds if the Company fails to meet any amount when due in terms of this Admission Document. The joint and several Guarantee also entitles the Bondholders to take action against the Guarantor without having to first take action against the Company. The strength of this undertaking on the part of the Guarantor and, therefore, the level of recoverability by the Bondholders from the Guarantor of any amounts due under any of the Bonds, is dependent upon and directly linked to the financial position and solvency of the Guarantor.

- x. Neither the Issuer nor the Guarantor have sought, nor do they intend to seek, the credit rating of an independent rating agency and there has been no assessment by any independent rating agency of the Bonds.
- xi. The Terms and Conditions of the Bonds are based on Maltese law in effect as at the date of this document and a change in Maltese law may have an effect on the terms of the Bonds. In the event that the Issuer wishes to amend any of the Terms and Conditions of issue of the Bonds, subject to the prior written approval of the Exchange until such time that the Bonds remain admitted on any of its markets, it shall call a meeting of Bondholders. The provisions relating to meetings of Bondholders permit defined majorities to bind all Bondholders, including Bondholders who do not attend and vote at the relevant meeting and Bondholders who vote in a manner contrary to the majority.



- xii. The attention of prospective investors in the Bonds is drawn to the fact that the issue and allotment of the Bonds is conditional upon, among other things, the Collateral being constituted in favour of the Security Trustee and that, in the event that the aforesaid condition is not satisfied, the Security Trustee shall return Bond Issue proceeds to Bondholders.

## Section D – Offer

D.1. **Use of Proceeds** - The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €1,925,000 shall be used by the Company for the following purposes, in the following amounts and order of priority:

- €1,068,389 will be loaned by the Issuer to the Guarantor for the purpose of the latter purchasing the Dock and the relative patent rights pertaining to the Patent bearing number EP 2 349 829 B1 in relation to the rights relevant for the construction of said floatable dry dock, which patent is owned by Welcome Inn Investments NV Curacao (AN); and the construction and completion of the Project and its delivery ex-works in Tuzla, Turkey, as certified by an Inspection/Acceptance Certificate issued by Bureau Veritas agent Tecnicas Consulting, Centrum IS Merkezi, Ay-dinevler Sanayi cad. No. 3 Kat. 1, 34854 Maltepe, Istanbul;
- €455,480 will be loaned by the Issuer to the Guarantor for the purpose of the latter covering costs relative to the delivery, site preparation, installation and starting operation of the Dock; and
- €401,131 will be loaned by the Issuer to the Guarantor to be used for general corporate funding purposes of the Guarantor.

In the event that the Bond Issue is not fully subscribed but subject in all cases to the Minimum Amount of €1,500,000 being subscribed, the Issuer will proceed with the admission to trading of the amount of Bonds subscribed for and the proceeds from the Bond Issue shall be applied in the manner and order of priority set out above. Any residual amounts required by the Issuer for the purposes of the uses specified above which shall not have been raised through the Bond Issue, shall be financed from the Guarantor's general cash flow and/or bank financing.

For the purposes of the use of proceeds set out above, a loan agreement dated on or around 19 September 2019 will be entered into by and between the Issuer (as lender) and the Guarantor (as borrower). Such loan agreement is conditional upon the issue and allotment of the Bonds, which, in turn, is conditional upon: the Bonds being admitted to the Prospects MTF List, the granting of the Guarantee and the Collateral being constituted in favour of the Security Trustee in accordance with the provisions of the Security Trust Deed.

The issue and allotment of the Bonds is conditional upon:

- (i) the Bonds being admitted to the Prospects MTF List;
- (ii) the Guarantee being granted in terms of Annex A of this Admission Document; and
- (iii) the Collateral being constituted in favour of the Security Trustee in accordance with the provisions of the Security Trust Deed.

In the event that any of the aforesaid conditions is not satisfied, the Security Trustee shall, through the Placement Agent and Manager, return the proceeds of the Bond Issue to the Bondholders.

D.2. **Subscription** – The Issuer has appointed Calamatta Cuschieri Investment Services Ltd as Placement Agent and Manager for the purposes of this Bond Issue and interested investors may contact the Placement Agent and Manager for the purposes of subscribing to Bonds during the Issue Period. Applications for subscriptions to the Bonds will be processed at the discretion of the Placement Agent and Manager and the offer may close earlier than that indicated in the timetable in the event of over subscription.

The Bonds are open for subscription to all categories of investors, provided that the Placement Agent and Manager shall be required to carry out an Appropriateness Test in respect of each Applicant for the purpose of assessing such



Applicant's level of knowledge and experience prior to investing in the Bonds. Applications shall not be accepted by the Placement Agent and Manager unless, based on the results of such Appropriateness Test, the Placement Agent and Manager is satisfied that an investment in the Bonds may be considered appropriate for the Applicant. To the extent that the Placement Agent and Manager is providing advice in respect of a purchase of the Bonds by an Applicant, the Placement Agent and Manager shall also be required to conduct a Suitability Test in respect of the Applicant and, based on the results of such test, be satisfied that an investment in the Bonds may be considered suitable for the Applicant.

The Bond Issue is not underwritten. Should subscriptions for a total of at least €1,500,000 (the "Minimum Amount") not be received, no allotment of the Bonds shall be made, the Applications for Bonds shall be deemed not to have been accepted by the Issuer and all money received from Applicants for Bonds shall be refunded accordingly. In the event that the Minimum Amount is reached but the Bond Issue is still not fully subscribed, the Issuer will proceed with the allotment of the amount of Bonds subscribed. The total amount of €2,000,000 of Bonds is being reserved for subscription by the Placement Agent and Manager participating in the Placement Offer. The Issuer shall enter into a conditional subscription agreement with the Placement Agent and Manager for the subscription of Bonds, whereby it will bind itself to allocate Bonds thereto up to the total amount of €2,000,000 as aforesaid. In terms of said subscription agreement entered into with the Placement Agent and Manager, the Issuer will be conditionally bound to issue, and the Placement Agent and Manager will be conditionally bound to subscribe to, up to the total amount of €2,000,000 of Bonds as indicated therein, each subject to the Minimum Amount of €1,500,000 being subscribed.

**D.3. Governing Law and Jurisdiction** - The Bonds have been created, and the Bond Issue relating thereto is being made, in terms of the Act. From their inception, the Bonds, and all contractual arrangements arising therefrom, shall be governed by and shall be construed in accordance with Maltese law. Any legal action, suit, action or proceeding against the Issuer arising out of or in connection with the Bonds shall be brought exclusively before the Maltese courts and the Bondholder shall be deemed to acknowledge that it is submitting to the exclusive jurisdiction of the Maltese courts.

**D.4. Fees** - Professional fees and costs related to printing, fees relating to the admission to trading on Prospects MTF, registration, corporate advisor, management, selling commission and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €75,000 and shall be borne by the Issuer.

**D.5. Interest of natural and legal persons involved in the Issue:** Save for the subscription for Bonds by the Placement Agent and Manager and any fees payable to the Placement Agent and Manager in connection with the Bond Issue, to the best of the Issuer's knowledge no person involved in the Issue has an interest material to the Bond Issue.

**D.6. Expected Timetable of Principal Events:**

1. Application Forms Available	6 September 2019
2. Issue Period	9 September 2019 to 13 September 2019
3. Commencement of Interest on Bonds	13 September 2019
4. Expected date of constitution of initial Collateral	19 September 2019
5. Announcement of Basis of Acceptance	13 September 2019
6. Expected Dispatch of Allotment Advices and Refunds of Unallocated Monies, If Any	13 September 2019
7. Expected Date of Admission of the Bonds to Prospects MTF List	19 September 2019
8. Expected Date of Commencement of Trading in the Bonds	20 September 2019

The Issuer reserves the right to close the subscription lists before the 13 September 2019 in the event of over-subscription. In this event, the events mentioned in steps 3 to 8 above, both included, shall be brought forward although the number of working days between the respective events shall not also be altered.

### 3 RISK FACTORS



THE VALUE OF INVESTMENTS, INCLUDING THE BONDS, 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 REDEEMED RE-PURCHASED OR CANCELLED. THE ISSUER SHALL REDEEM THE BONDS ON THE REDEMPTION DATE, UNLESS PREVIOUSLY REDEEMED.

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 ADVISORS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS, AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THIS ADMISSION DOCUMENT, BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS. SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND NEITHER THE ISSUER NOR THE GUARANTOR ARE IN A POSITION TO EXPRESS ANY VIEWS ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING. 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.

IF ANY OF THE RISKS DESCRIBED BELOW WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE ISSUER'S AND/OR GUARANTOR'S FINANCIAL RESULTS AND TRADING PROSPECTS AND THE ABILITY OF THE ISSUER AND/OR THE GUARANTOR TO FULFIL THEIR RESPECTIVE OBLIGATIONS UNDER THE SECURITIES ISSUED BY THE ISSUER FROM TIME TO TIME.

THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AS SUCH BY THE DIRECTORS OF THE ISSUER AND THE GUARANTOR AS AT THE DATE OF THIS ADMISSION DOCUMENT BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER AND GUARANTOR FACE. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE ISSUER'S AND/OR GUARANTOR'S DIRECTORS ARE NOT CURRENTLY AWARE OF, MAY WELL RESULT IN A MATERIAL IMPACT ON THE FINANCIAL CONDITION AND OPERATIONAL PERFORMANCE OF THE ISSUER AND/OR THE GUARANTOR THAT COULD LEAD TO A DECLINE IN VALUE OF THE SECURITIES.

NEITHER THIS ADMISSION DOCUMENT NOR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE BONDS: (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION, NOR (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER, THE GUARANTOR, THE CORPORATE ADVISOR, THE PLACEMENT AGENT & MANAGER THAT ANY RECIPIENT OF THIS DOCUMENT OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE ADMISSION DOCUMENT OR ANY BONDS, SHOULD PURCHASE ANY BONDS ISSUED BY THE ISSUER.

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

The order in which the risks are presented below is not intended to provide an indication of the likelihood of their occurrence nor of their severity or significance.

### 3.1 Forward – Looking Statements

The Admission Document contains forward-looking statements that include, among others, statements concerning the Issuer's and Guarantor'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, accordingly, involve predictions of future circumstances. Prospective 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. Such forward-looking statements are inherently subject to a number of risks, uncertainties and assumptions, a few of which are beyond the Issuer's and/or Guarantor's control.

Important factors that could cause actual results to differ materially from the expectations of the Issuer's and/or Guarantor's directors include those risks identified under this heading "*Risk Factors*" and elsewhere in the Admission Document. If any of the risks described were to materialise, they could have a serious effect on the Issuer's and/or the Guarantor's financial results, trading prospects and the ability of the Issuer and/or the Guarantor to fulfil their respective obligations under the securities to be issued.

Accordingly, the Issuer and the Guarantor caution prospective investors that these forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ materially from those expressed or implied by such statements, that such statements do not bind the Issuer and/or the Guarantor with respect to future results and no



assurance is given that the projected future results or expectations covered by such forward-looking statements will be achieved.

Prospective investors are advised to read the Admission Document in its entirety and, in particular, the sections entitled “Risk Factors” for a further discussion of the factors that could affect the Issuer’s and/or Guarantor’s future performance. In the light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in the Document may not occur. All forward-looking statements contained in the Admission 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 statements 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.

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 redeemed, re-purchased and cancelled. An investment in the Bonds involves certain risks, including those described below.

### 3.2 General

An investment in the Issuer and the Bonds may not be suitable for all recipients of this Admission Document and prospective investors are urged to consult an independent investment advisor licensed under the Investment Services Act (Chapter 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:

- (i) 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 Admission Document or any applicable supplement;
- (ii) 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;
- (iii) understands thoroughly the terms of the Bonds and is familiar with the behaviour of any relevant indices and financial markets; and
- (iv) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect his/her/its investment and his/her/its ability to bear the applicable risks.

### 3.3 Risks relating to the Issuer and the industry in which the Issuer and Guarantor operate

#### 3.3.1 Limited history of operations and Issuer’s dependence on the Guarantor’s performance

The Guarantor is a newly incorporated company with no trading record or history of operations, whilst the Issuer was established on the 24<sup>th</sup> November 2016 to supply maintenance services to the yachting industry. As at the date of this Admission Document, the Issuer’s assets comprise solely in the right to acquire the Dock and the right to have it installed at the Marina di Valletta within Marsamxetto for a ten (10) year period, which places it in a favourable position for the successful entry and growth in the markets within which it and the Guarantor intend to operate. Other than such intangible asset, the Issuer itself does not have any substantial assets. Accordingly, it may be challenging to assess the Company’s and the Guarantor’s respective outlooks based on such limited historical and operational financial performance.

Given that the Issuer is intended to act as a finance company, its assets will primarily consist of loans receivable from the Guarantor. The Issuer is dependent on the business of the Guarantor and, consequently, the operating results of the Guarantor will directly influence the Issuer’s financial position. Therefore, the risks associated with the business operations of the Guarantor will have a direct impact on the financial position of the Issuer as well as its ability to meet its obligations in connection with the payment of interest on the Bonds and repayment of principal when due.

More specifically, given that the Issuer is largely dependent on receipt of capital and interest payments from the Guarantor, the ability of the Guarantor to effect payments to the Issuer will depend on its cash flows and earnings which may be affected by factors beyond the Issuer’s control. The occurrence of any such factors could, in turn, negatively affect the Issuer’s ability to meet its obligations under the Bonds.



### **3.3.2 The cyclical nature of the Guarantor's business may lead to volatility in business**

The yacht maintenance industry is predominantly cyclical in nature given its seasonal operation. If this industry is dramatically impacted downwards, this may have an impact on the future earnings of the Company and the Guarantor and their respective available cash flow may be materially adversely affected. The Guarantor's ability to service boats and luxury yachts will depend, among other things, on the customer's demand for servicing. Fluctuations in demand for services provided by the Guarantor may have an adverse effect on its financial position. The factors affecting the demand for services offered by the Guarantor are outside its control and changes in the industry conditions can be unpredictable.

### **3.3.3 Risks relating to delays in the execution of the Project**

The Guarantor is exposed to the risk of delay in the completion of the Project or cost overruns inherent in the finalization of the Project. These risks include, but are not limited to, delays in the delivery of material necessitated for the completion of the Project, shortage of skilled labour, unscheduled delays in the delivery of ordered goods, failure of equipment to meet quality and adverse weather conditions or any other events of force majeure. Generation of income by the Guarantor is tied with the finalization of the Project. Any delays in the execution and finalization of the Project can lead to a negative impact on the cash flow of the Guarantor and of the Company.

### **3.3.4 Failure to comply with regulatory requirements and standards, including environmental laws and regulations may have an adverse effect on the Guarantor's business**

The Guarantor is subject to a wide variety of regulations, standards and licensing requirements and failure to abide with such existing or future regulations applicable to its business could have an adverse effect on its business. The Guarantor's operations are subject to extensive laws and regulations governing, among other things, environmental protection and health and safety.

The Guarantor's ability to operate is contingent on its ability to comply with these laws and regulations and to obtain, maintain and renew as necessary, related permits from governmental agencies/authorities.

### **3.3.5 Risks relating to currency fluctuations**

The Guarantor's operations are, in part, exposed, in the case of transactions not denominated in Euro, to foreign currency risk on transactions and receivables that are denominated in a currency other than the Euro. As a result, exchange gains and losses may arise on the realization of amounts receivable and the settlement of amounts payable in foreign currencies.

### **3.3.6 Exposure to general market conditions**

The health of the market in which the Guarantor operates may be affected by a number of factors such as national economy, political developments, government regulations, changes in environmental regulation or tax laws, interest rate fluctuations, inflation, and the availability of financing and yields of alternative investments.

### **3.3.7 Reliance on key senior personnel and management**

The Guarantor's growth is dependent upon the efforts and abilities of the directors and the key personnel that shall be employed by the Guarantor. If one or more of these individuals were unable or unwilling to continue in their present position, they may not be replaceable within the short term, which could have an adverse effect on the Guarantor's business, financial condition and results of operations.

### **3.3.8 Risk of injuries and fatalities**

The intrinsic nature of the industry in which the Guarantor operates could give rise to health and safety risks which require the Guarantor to adhere rigidly to health and safety regulations. Any failure to comply with such rules may entail hefty penalties, as well as expose the Guarantor to litigation and the costs associated with claims for damages, thereby also negatively affecting the Guarantor's reputation.

### **3.3.9 Reputational risk**

Reputational risk is usually associated with conflicts of interest, regulatory compliance, remuneration systems, professional behavior of human resources, reputation and financial soundness of major shareholders, corporate culture, leadership and corporate strategy and its implementation. Reputational risk could materially and adversely affect the Guarantor's ability to retain or attract customers, whose loss could adversely affect the Guarantor's operations, financial condition and prospects. More specifically, reputational harm may result in the loss of market share and revenue, increased compliance costs and higher financing costs, reflecting the perceived increased risks.





### 3.3.10 Litigation risk

All industries, including the industry in which the Guarantor operates, are subject to legal claims, with and without merit. Defense and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation and dispute resolution process, there can be no assurance that the resolution of any particular legal proceeding or dispute will not have a material adverse effect on the Guarantor's future cash flow, results of operations or financial condition.

### 3.3.11 Exposure to economic conditions

The Guarantor is susceptible to adverse economic developments and trends both locally and overseas. Negative economic factors and trends could have a material impact on the business of the Guarantor generally, and may adversely affect its revenues. In addition, the Guarantor may be impacted by increased competition from other similar developments and rising operating costs.

### 3.3.12 Competition Risk

The yacht maintenance industry is competitive in nature. Competition may arise from providers who have substantially greater resources than the Guarantor or who have been established in the market for a longer period of time. Additionally, new competitors may enter the market who would be providing additional services than the Guarantor or at lower rates. If the Guarantor is not able to compete successfully, the company's earnings could be adversely affected.

### 3.3.13 The Guarantor's insurance policies

The Guarantor maintains insurance at levels determined by it to be appropriate in light of the cost of cover and the risk profiles of the business in which the Guarantor operates. With respect to losses for which the Guarantor is covered by its policies, it may be difficult and may take time to recover such losses from insurers. In addition, the Guarantor may not be able to recover the full amount from the insurer. No assurance can be given that the Guarantor'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.

### 3.3.14 Property valuation

The valuations referred to in the Admission Document are prepared by independent qualified architects in accordance with the valuation standards published by the Royal Institution of Chartered Surveyors (RICS). In providing a market value of the respective properties, the independent architect has made certain assumptions and forward-looking statements, which ultimately may cause the actual values to be materially different from any future values that may be expressed or implied by such forward-looking statements or anticipated on the basis of historical trends as reality may not match the assumptions. There can be no assurance that such property valuations and property-related assets will reflect actual market values that could be achieved upon a sale, even where any such sale were to occur shortly after the valuation date. Actual values may be materially different from any future values that may be expressed or implied by forward-looking statements set out in the relative valuation or anticipated on the basis of historical trends, as reality may not match the assumptions made.

Furthermore, property values are affected by and may fluctuate, *inter alia*, as a result of changing demand, changes in general economic conditions, changing supply within a particular area of competing space and attractiveness of real estate relative to other investment choices. The value of Security Property A,B,C and D may also fluctuate as a result of other factors, such as changes in regulatory requirements and applicable laws (including in relation to taxation and planning), political conditions, the condition of financial markets, potentially adverse tax consequences, and interest and inflation rate fluctuations.

The valuation of property and property-related assets is inherently subjective, due to, among other things, the individual nature of each property and the assumptions upon which valuations are carried out.

### 3.3.15 Challenges to exclusivity

The Group is the exclusive local representative of the "Yacht Lift" patent in Malta and, accordingly, the Guarantor will be the exclusive operator of the Dock in Malta. In the event that such Agency Agreement is terminated for any reason, with or without cause, but also while the arrangement is still operative, valid and binding, the Guarantor could be faced with an increased level of competition, which increased competitive pressures may cause the Guarantor to make certain pricing, service or marketing decisions that could have a material adverse effect on its revenues and costs. In this sense, whilst the Group has an Agency Agreement in place, one cannot exclude the possibility that a similar lift is transferred to and operated from Malta. Such factors could limit the future ability of the Guarantor's business to maintain its market share and revenue level and have a material adverse effect on the Guarantor's future cash flow, results of operations or financial condition.



### **3.3.16 Adverse Weather Conditions**

The Guarantor's floating dock service and operations are susceptible to adverse weather conditions and the Guarantor's Dock shall be at risk of being damaged or abandoned as a result of such adverse weather conditions. Adverse weather conditions are, by their nature, not within the control of the Guarantor and, if not predicted and appropriately catered for, could have a material adverse effect on the business of the Guarantor, its financial condition and the results of its operations.

## **3.4 Risks Relating to the Bonds**

### **3.4.1 No Assurance of Active Secondary Market in the Bonds**

Upon successful admission, the Bonds will be traded on a multilateral trading facility but will NOT be traded on any regulated market. Hence, the market for the Bonds may be less liquid than a regulated market and a bondholder may find it more difficult to identify willing buyers for their Bonds. The existence of an orderly and liquid market for the Bonds depends on a number of factors, including the presence of willing buyers and sellers of the Issuer's Bonds at any given time. Such presence is dependent upon the individual decisions of investors 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 Bondholders will be able to sell the Bonds at or above the price at which the Issuer issued the Bonds or at all.

### **3.4.2 Fluctuations in exchange rate**

A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of the Bonds (€) and the Bondholder's currency of reference, if different.

### **3.4.3 Absence of a prior market**

Prior to the Bond Issue, there has been no public market nor trading record of 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.

### **3.4.4 Additional Indebtedness and Security**

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

### **3.4.5 Effect of Future Public Offerings/Takeover/Merger Activity**

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 any 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.

### **3.4.6 Fixed Rate Bonds**

The Issuer is entitled to issue Bonds bearing a fixed rate of interest. Investment in such fixed rate Bonds involves the risk that subsequent changes in market interest rates may adversely affect the market value of the said Bonds. Investors should also be aware that the price of the 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 called market risk since it arises only if a Bondholder decides to sell the Bonds before maturity on the secondary market.

### **3.4.7 Discontinuation of Trading on Prospects MTF**

Even after the Bonds are admitted to trading on Prospects MTF, the Issuer is required to remain in compliance with certain requirements emanating from the Prospects MTF Rules as issued by the Exchange and as amended from time to time. Moreover, the MSE has the authority to suspend trading 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 MSE may discontinue the trading of the Bonds on Prospects MTF. Any such trading suspensions described above could have a material adverse effect on the liquidity and value of the Bonds.



#### 3.4.8 Value of the Bonds

The value of investments can rise or fall, and past performance is not necessarily indicative of future performance. Furthermore, investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.

#### 3.4.9 Ranking

The Bonds, as and when issued and allotted, shall constitute the general, direct and unconditional obligations of the Issuer, shall be guaranteed in respect of both the interest due and the principal amount under said Bonds by the Guarantor, and shall be secured by means of the Collateral granted in terms of the Security Trust Deed, the Deeds of Hypothec and the Pledge Agreement. Saving rights of priority and preference afforded by law to other privileged creditors, Bondholders shall at all times rank *pari passu*, without any priority or preference among themselves, but they shall rank with priority or preference over other unsecured debt, if any.

Furthermore, subject to the negative pledge clause (section 19.5 of this Admission Document), 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.

There can be no guarantee that the value of the Collateral over the term of the Bonds will be sufficient to cover the full amount of interest and principal outstanding under the Bonds. This may be caused by a number of factors, not least of which general economic factors that could have an adverse impact on the value of the Collateral. If such circumstances were to arise or subsist at the time when the Collateral is to be enforced by the Security Trustee, it could have a material adverse effect on the recoverability of all the amounts that may be outstanding under the Bonds. Furthermore, there can be no guarantee that privileges accorded by law in specific situations will not arise during the course of the business of the Issuer which may rank with priority or preference to the Collateral rights.

In view of the fact that the Bonds are being guaranteed by the Guarantor on a joint and several basis, the Bondholders shall be entitled to request the Guarantor to pay both the interest due and the principal amount under said Bonds if the Company fails to meet any amount when due in terms of this Admission Document. The joint and several Guarantee also entitles the Bondholders to take action against the Guarantor without having to first take action against the Company. The strength of this undertaking on the part of the Guarantor and, therefore, the level of recoverability by the Bondholders from the Guarantor of any amounts due under any of the Bonds, is dependent upon and directly linked to the financial position and solvency of the Guarantor.

#### 3.4.10 Credit Rating

Neither the Issuer nor the Guarantor have sought, nor do they intend to seek, the credit rating of an independent rating agency and there has been no assessment by any independent rating agency of the Bonds.

#### 3.4.11 Terms and Conditions

The Bonds and the Terms and Conditions of the Bond Issue are based on Maltese law in effect as at the date of this document. A change in Maltese law or administrative practice or a judicial decision may have an effect on the terms and conditions of the Bonds. No assurance can be given as to the impact thereof after the date of this document. In the event that the Issuer wishes to amend any of the Terms and Conditions of the Bonds, subject to the prior written approval of the Exchange until such time that the Bonds remain admitted on any of its markets, it shall call a meeting of Bondholders in accordance with the provisions of section 19.17 of this Admission Document. These provisions permit defined majorities to bind all Bondholders, including Bondholders who do not attend and vote at the relevant meeting and Bondholders who vote in a manner contrary to the majority.

#### 3.4.12 Conditions precedent

The attention of prospective investors in the Bonds is drawn to the fact that the issue and allotment of the Bonds is conditional upon, among other things, the Collateral being constituted in favour of the Security Trustee and that, in the event that the aforesaid condition is not satisfied, the Security Trustee shall return Bond Issue proceeds to Bondholders.



## 4 PERSONS RESPONSIBLE

Each and all of the Directors of the Issuer whose names appear in Section 8 hereunder, are the persons responsible for the information contained in this Admission Document. 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 Document is in accordance with the facts and contains no omission likely to affect its import. The Directors accept responsibility accordingly.

As at the date of this Document there are no other facts or matters omitted from the Admission Document which were or are necessary to enable investors and their investment advisors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Bonds.

## 5 ADVISORS AND STATUTORY AUDITORS

### 5.1 Advisors to the Issuer and Guarantor

#### 5.1.1 Corporate Advisor, Placement Agent and Manager

Calamatta Cuschieri Investment Services Ltd - Ewropa Business Centre, Triq Dun Karm, Birkirkara, BKR 9034

Calamatta Cuschieri Investment Services Ltd holds a Category 3 license issued by the Malta Financial Services Authority and is a member of the Malta Stock Exchange.

#### 5.1.2 Reporting Accountants

Deloitte Services Limited - Deloitte Place, Mriehel Bypass, Mriehel Bypass, Mriehel, Birkirkara, BKR 3000

Deloitte Services Limited is a firm of certified public accountants, holding a warrant to practice the profession of accountant and a practicing certificate to act as auditors in terms of the Accountancy Profession Act, Cap. 281 of the laws of Malta.

#### 5.1.3 Legal Advisor

Dr. David Wain B.A., MBA, LL.D - 3/2, "Holstein Flats", J. F. Marks Street, San Gwann

#### 5.1.4 Security Trustee

GVZH Trustees Limited - 192, Old Bakery Street, Valletta VLT 1455, Malta

GVZH Trustees Limited is duly authorised and qualified to act as a trustee or co-trustee in terms of article 43(3) of the Trusts and Trustees Act (Chapter 331 of the laws of Malta).

As at the date of this Admission Document the advisors named under this sub-heading have no beneficial interest in the share capital of the Issuer or the Guarantor. Additionally, save for the terms of engagement relative to their respective services provided in connection with the preparation of this Document, no material transactions have been entered into by the Issuer or the Guarantor with any of the advisors referred to above.

### 5.2 Statutory Auditors to the Issuer and Guarantor

3A - Level 2, Palazzo Ca' Brugnera, Valley Road, Birkirkara BKR 9024, Malta are a certified public accountancy firm, holding warrant number AB268462 warranting them to practice the profession of accountancy and a practicing certificate to act as auditors in terms of the Accountancy Profession Act, Cap. 281 of the laws of Malta.

## 6 INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for the subscription for Bonds by the Placement Agent and Manager and any fees payable to the Placement Agent and Manager in connection with the Bond Issue, to the best of the Issuer's knowledge no person involved in the Issue has an interest material to the Bond Issue.



## 7 DEVELOPMENT OF THE BUSINESS AND EXECUTION OF THE PROJECT

### 7.1 Development of the Business

The Issuer was incorporated on the 24<sup>th</sup> November 2016 as a private limited liability company with company registration number C 78281 and is domiciled in Malta, having its registered office at 129-130 Xatt Ta' Xbiex, Ta' Xbiex, Malta, XBX1028 It was subsequently converted into a public company on the 8 August 2019. The Company is jointly owned by Captain Daniel Gatt and Mr Giuseppe Farrugia.

As at the date of the Document the Issuer's current authorised share capital one hundred thousand (100,000) shares of €1 each.. The Issuer's issued share capital is €100,000, divided into one hundred thousand (100,000) shares of €1 each. The Company does not have any other issued debt capital.

The Guarantor is a subsidiary of the Issuer and was incorporated with the principal object of registering the Dock in terms of the Merchant Shipping Act (Chapter 234 of the laws of Malta) and supplying goods and services to the yachting industry including but not limited to import, export, selling of products, yacht lifting and berthing. In terms of its Memorandum and Articles, the Guarantor may also finance building operations of every description and also enter into any agreement or make any arrangement in connection with the Guarantor's business and any governmental department or other authority, corporation, company or person whether in Malta or any other company, which the operation of the Board of Directors shall be deemed to be in the interest of the Guarantor. The Guarantor shall operate exclusively in and from Malta. As at the date of this Admission Document, the Group has not yet commenced operations.

The Guarantor's current authorised and issued share capital is one thousand, two hundred Euro (€1,200), divided into one thousand, two hundred (1,200) ordinary shares of €1 each. The Guarantor is owned 98% by the Issuer, 1% by Mr Giuseppe Farrugia (ID Card No. 96095M) and 1% by Captain Daniel Gatt (ID Card No. 16301L).

The Group has set up a website with URL [www.yachtliftmalta.com](http://www.yachtliftmalta.com) which includes an "Investor Information" section from which investors can obtain current information on the Group. This section shall include all electronic communication for all information required to be disclosed under the Rules and / or applicable law to all holders of admitted securities.

### 7.2 EXECUTION OF PROJECT

Upon the receipt of funds from the Bond Issue, US\$600,000 being a deposit on account of the Consideration of \$1,214,000 for the floating Dock shall be paid, which deposit shall be considered to be the confirmation of order. Such payment shall be accompanied by a Transferable Letter of Credit from a Bank domiciled and licenced in the European Union being delivered by the Customer in favour of the Supplier covering the outstanding balance of US\$614,000;

- a. Such outstanding balance shall be payable as follows –
  - (i) US\$553,300.00 shall be payable on delivery in favour of the Customer of the Dock ex works Tuzla, Turkey, against presentation of the "Tecnitas Acceptance Test Criteria Form" signed by a certified and authorised representative of the Bureau Veritas agent Tecnitas Consulting, Centrum Is Merkezi, Aydindevler Sanayi cad. No 3 Kat. 1, 34854 Maltepe, Istanbul, or an alternative independent marine surveyor acceptable to both Parties
  - (ii) US\$60,700.00 shall be paid upon final installation, certification and commissioning in Malta of the floating Dock or upon which title to and ownership of the Dock, as well as all risk will pass to the Customer or sixty (60) days from the date of delivery of the Dock as defined in (i) above
- b. The Supplier is required to affect delivery of the floating Dock within five (5) months and two (2) weeks from payment of the initial deposit on account as per (a) above. The Issuer shall be responsible for insuring the dock from the date of Delivery and for shipping the dock from the Shipyard in Tuzla, Turkey to the identified site at Marina di Valletta in Malta.
- c. The supplier shall send an installation team of two (2) in number competent and trained persons to Malta within five (5) working days from receiving confirmation from the customer of the arrival of the Dock at the site at Marina di Valletta, to supervise the final assembly, mooring and commissioning of the Dock in Malta. By not later than five (5) working days from the Dock being installed, commissioned and certified, the Supplier will send a competent training manager to Malta for five (5) working days, to train and certify Customer staff in the operation and routine maintenance of the Dock;
- d. Thereafter, the Issuer shall endeavour to operate the floating Dock as part of its going concern as per projections offered, offering a yacht lifting and maintenance service to third parties from the prominent location of the Marina di Valletta. The yacht lifting and maintenance services shall be performed against fees established in accordance with market rates to be determined from time to time, an indication of which is also given in the projections offered



- e. The floating Dock shall be registered with the Guarantor in terms of the Merchant Shipping Act (Chapter 234 of the laws of Malta), in view the status it enjoys as a Shipping Company in terms of the said Act.
- f. The Supplier will repair, or at its option, replace defective parts within a period of twelve (12) months from the date of installation, commissioning and certification at the site in Marina di Valletta, provided that Customer gives notice to the Supplier of such defects within reasonable time of their appearance, such defects having appeared under proper use of the Dock, and such defects having been found to have arisen through faulty design, workmanship or materials.

### **7.3 PROJECT INFORMATION**

The main objective of the Group is to break innovative markets in the maritime field through the provision of services which are lacking in the Maltese islands. It is the firm belief of the Group that augmenting the services found in the local market by making local yacht servicing more attractive to both local and foreign customers, shall have a significant ripple effect on the general industry through spill-over and new business to related suppliers and operators.

#### **SEA BOURNE-LIFTING**

The Group is the exclusive local representative of the “Yacht Lift”, a unique and revolutionary floating dry dock service developed and patented by Welcome Inn Investments. Yacht Lift grants the opportunity to persons and operators servicing their vessels to benefit from a service which is considerably cheaper and more efficient than the services currently on offer throughout the Maltese islands. Besides providing a service which will augment the already scarce services on offer locally and ensuring the actual operation will be a viable one from a commercial perspective, significant savings, both financial and from an efficiency perspective, will be made by recipients of the service. The Directors of the Issuer are making available, as a Document Available for Inspection under section 26 of this Admission Document, an independent marine valuation and survey report dated 7 September 2018 in respect of an operational floating dock currently located in the United Kingdom and which is similar in all respects to the proposed Dock, for the purpose of giving an indication of the estimated value of the Dock once constructed and delivered to the Guarantor.

##### **7.3.1 Construction and Installation**

The Dock platform shall be constructed by the manufacturers preferred shipyard in Turkey. The duration of the build is 4-5 months from laying of the first keel plates. Constructed to Lloyds insurance standards, the lift will undergo rigorous testing before being certified by the marine surveyors as ready for operation.

The lift will be shipped as deck cargo to Malta in two sections, before being assembled and installed at its berth in the heart of Marsamxett, which is protected by the newly installed floating breakwater.

The berth has been constructed to link the dock with four roller hinges, on a strengthened quay wall, which allow the dock to rise and fall with the sea state whilst not impeding the submersible section.

Access to the dock is through a private gangway from the Marina pontoon which is protected by Marina CCTV and security personnel.

The Dock is to be moored in the heart of Marina Di Valletta which provides one of the safest berthing locations on the Island with all round very good protection from all directions of weather. The marina has invested heavily in a breakwater which protects the marina from the NE gale which used to create a sea state in the area. The lift is able to operate in high winds with the sole disruption coming from big wave heights which could create an unsafe lifting and lowering of a vessel. The sea state created by the NE gale has now been resolved. Works onboard the lift will be uninterrupted. The Guarantor, therefore, foresees minimal disruption to the operation due to poor weather conditions.

##### **7.3.2 Alongside berths**

Yacht lift has entered into 6 separate contracts for the rental of 6 berths alongside the dock to offer auxiliary services to the clients of the dock. Each contract is for a term of 1 calendar year

##### **7.3.3 Office - shore side**

The Issuer has acquired an office in the heart of the Marsamxett harbour, situated at 129-130 Ta' Xbiex Seafront, Ta' Xbiex XBX 1028 which is across the water from the lift berth. The Company has entered into a rental agreement for the lease of this office which rental term expires in 2022. The lease is being made for an initial period di fermo up to February 2021 and an additional 1 year period di rispetto. This has been set up to take bookings and house our backroom staff which manage the dock. Clients will be able to enter the office and leave the keys of their boats and our qualified crew will captain the boat to the dock and back after the completion of works.



## 8 IDENTITY OF DIRECTORS OF THE ISSUER

### 8.1 Directors of the Issuer

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

Mr Ivan Fsadni	Chairman, Independent non-executive director
Dr Stephen Sant	Independent non-executive director
Capt. Daniel Gatt	Executive Director, Chief Executive Officer
Mr Giuseppe Farrugia	Executive Director

Dr Stephen Sant and Mr Ivan Fsadni are considered as independent directors since they are free of any business, family or other relationship with the Issuer, its controlling shareholders or the management of either, that could create a conflict of interest such as to impair their judgement.

The business address of the Directors is 129-130 Xatt Ta' Xbiex, Ta'Xbiex, Malta, XBX1028

The company secretary of the Issuer is Dr. David Wain LL.D.

The Issuer's compliance officer in terms of the Rules is Capt. Daniel Gatt.

The following are the respective curriculum vitae of the Directors:

#### **Mr Ivan Fsadni; Chairman, Independent Non- Executive Director**

Mr Fsadni has been involved in banking and finance for over thirty-five years. He started his career with Bank of Valletta plc and progressed through the bank in a variety of posts. In 1997, Ivan left the bank to start his own private practice as a Certified Public Accountant offering accounting, tax, VAT, corporate services as well as internal audit and compliance consultancy services. Ivan joined Fimbank plc in 2006 as Group Head of Internal Audit, eventually also being appointed as MLRO and Group Chief Risk Officer. In 2015, Ivan went back to private practice and established Ivan Fsadni Advisory, focusing on internal audit, risk management and compliance consultancy and services. Ivan has been a regulated person with the MFSA for a number of years and is also a Fellow of the Malta Institute of Accountants and a member of the Institute of Management. Ivan holds the warrant to practice as a Certified Public Accountant and is a Certified Information Systems Auditor.

#### **Dr Stefan Sant; Independent Non-Executive director**

Dr. Stefan Sant is the Head of the Malta Qualifications Recognition Information Centre (MQRIC), and an Arbitrator on the Maritime Panel at the Malta Arbitration Centre.

Dr. Sant graduated from the University of Malta in 2003 with a Doctors of Law, and pursued his studies reading for a Masters in International Maritime Law (IMLI) in 2005. He joined the Diplomatic Corps, where inter alia he served overseas and helped establish the maritime desk at the Ministry for Foreign Affairs. He later joined the Malta Maritime Authority and drafted the Maritime Labour Convention Rules. Dr Sant subsequently carried over the experience he achieved within the shipping sphere to the Civil Aviation Directorate. In 2013 he was appointed Chairman of the MQRIC Appeal's Board, and later in 2015 moved on to head the same MQRIC.

#### **Capt. Daniel Gatt; Executive Director, Chief Executive Officer**

Captain Gatt has over fifteen years of experience in the yachting industry. Whilst working within the real estate sector and managing local yachts Capt. Gatt worked his way through the ranks and took full command of his first vessel at nineteen years of age. Daniel has overseen several high profile charters which included many notable guests throughout the Mediterranean. Throughout the years Daniel has organised and managed complete refits of several super yachts in local and overseas yards. With a vast knowledge of the planning and execution of such refits Daniel has launched and is currently operating Allure Yachting Ltd which provides yacht maintenance, charter and brokerage services. Before Allure Yachting and Yacht Lift, Captain Gatt had launched a yacht brokerage and charter company, Super Yachting Malta, alongside a reach back into the property market with Pinnacle Estates.





### Mr Giuseppe Farrugia; Executive Director

Mr Farrugia is a local entrepreneur. For a number of years Mr Farrugia has been involved with great success in the property trading and development sector in Malta. He also owns and operates a number of establishments on the island spanning from a hospitality sector and the telecommunications sector. Mr Farrugia also owns and manages a successful gym in Malta ([www.wiseguysgym.com](http://www.wiseguysgym.com)), a traditional barbershop outlet (Joe's Barber- Bugibba) as well as being a partner in Allure Yachting Ltd (C 83367).

## 8.2 IDENTITY OF DIRECTORS OF THE GUARANTOR

As at the date of this Admission Document, the Board of directors of the Guarantor is constituted by the following persons:

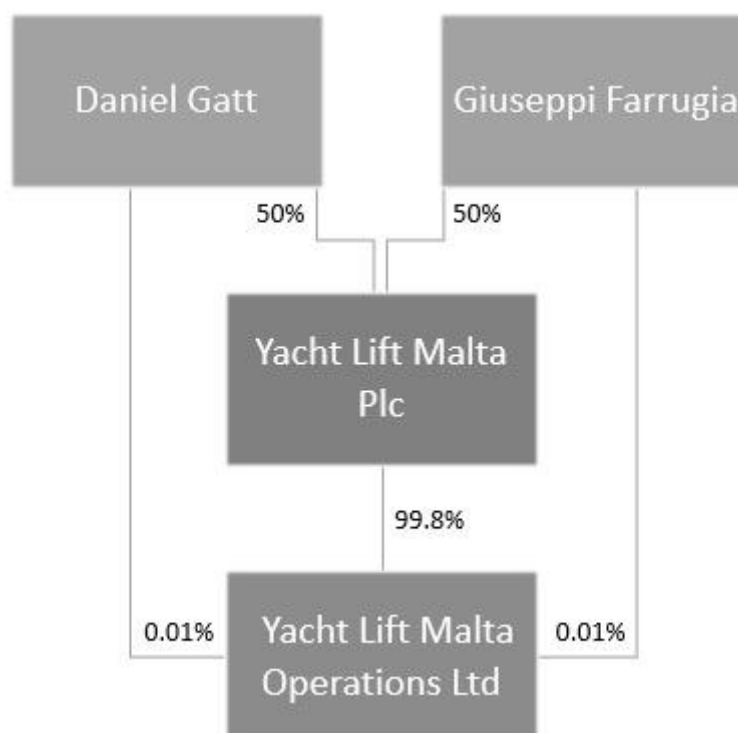
**Capt. Daniel Gatt; Executive Director (curriculum vitae set out in sub-section 8.1 above).**

**Mr Giuseppe Farrugia; Executive Director (curriculum vitae set out in sub-section 8.1 above)**

The business address of the directors of the Guarantor is 129-130 Ix-Xatt Ta' Xbiex, Ta' Xbiex, Malta, XBX 1028

## 9 GROUP ORGANISATIONAL STRUCTURE

The Guarantor is, effectively, a wholly-owned subsidiary of the Issuer, which, in turn, is owned directly by Mr Giuseppe Farrugia (ID Card No. 96095M) and by Captain Daniel Gatt (ID Card No. 16301L) in equal proportions between them. The shareholding structure of the Group as at the date of the Admission Document is illustrated in the diagram below:





## 10 TREND INFORMATION

### 10.1 Trend information of the Issuer and Guarantor

As at the time of publication of this Admission Document, the Issuer and Guarantor consider that generally they shall be subject to the normal risks associated with the industry in which they operate, and, barring unforeseen circumstances, do 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, the Guarantor and their respective business, at least with respect to financial year 2019. However, investors are strongly advised to carefully read the risk factors in this Document.

## 11 KEY FINANCIAL INFORMATION

### 11.1 Historical financial information of the Issuer and Guarantor

The Issuer was registered and incorporated on the 24 November 2016 as a private limited liability company and was subsequently converted to a public limited liability company on the 8 August 2019. As at the date of this Admission Document, the Issuer has not conducted any business and has no trading record. There has not been any significant change in the financial or trading position of the Issuer, which has occurred since the Company's date of incorporation up until the date of this Admission Document.

The Guarantor is a subsidiary of the Issuer and was incorporated on 8 August 2019. As at the date of this Admission Document, the Guarantor has not conducted any business and has no trading record. Since incorporation to the date of this Document, no financial statements have been prepared in respect of the Guarantor.

### 11.2 Forecast Financial Information for the Group for the period 2020-2022

The Group has included below forecast financial information covering the periods from 2020, 2021 and 2022. The Group's financial year end is currently 31 December. The Guarantor was incorporated on 8 August 2019. The Board of Directors of both the Issuer and the Guarantor have on 30 August 2019 resolved to change the financial year end to 30 September of each calendar year and the notification forms of alteration of accounting reference period have been filed with the Malta Business Registry on 3 September 2019. The director's assumptions on which such forecast information is based are attached to the document under Annex G.

<b>Income Statement</b>			
<b>€000</b>	<b>2020 Y1</b>	<b>2021 Y2</b>	<b>2022 Y3</b>
<b>Total Revenue</b>	<b>785.0</b>	<b>1,065.5</b>	<b>1,378.0</b>
Direct labour costs	(34.1)	(47.2)	(62.5)
Other direct costs	(23.4)	(32.4)	(41.7)
<b>Total direct costs</b>	<b>(57.5)</b>	<b>(79.5)</b>	<b>(104.2)</b>
Indirect costs	(190.0)	(208.8)	(259.0)
Other indirect costs	(245.0)	(197.5)	(120.5)
<b>Total indirect expenses</b>	<b>(435.0)</b>	<b>(406.3)</b>	<b>(379.5)</b>
<b>EBITDA</b>	<b>292.5</b>	<b>579.7</b>	<b>894.4</b>
Depreciation and amortization	(32.0)	(177.3)	(179.3)
<b>EBIT</b>	<b>260.6</b>	<b>402.4</b>	<b>715.1</b>
Bond Interest	(110.0)	(110.0)	(110.0)
Amortisation of Bond Issue costs	(10.7)	(10.7)	(10.7)
<b>Profit before tax</b>	<b>139.9</b>	<b>281.6</b>	<b>594.3</b>
Taxation	(48.9)	(98.6)	(208.0)
<b>Profit after tax</b>	<b>90.9</b>	<b>183.1</b>	<b>386.3</b>
Source: Management information			
Revenue growth (%)	n/a	35.7%	29.3%
Direct costs as % of revenue	7.3%	7.5%	7.6%
Indirect costs as % of revenue	55.4%	38.1%	27.5%
Total costs as % of revenue	62.7%	45.6%	35.1%
Gross margin (%)	92.7%	92.5%	92.4%
EBITDA margin (%)	37.3%	54.4%	64.9%
EBIT margin (%)	33.2%	37.8%	51.9%
PAT margin (%)	11.6%	17.2%	28.0%
Interest cover (EBIT/Interest)	2.4 x	3.7 x	6.5 x



## Cash flow statement

€000	2020 Y1	2021 Y2	2022 Y3
<b>EBITDA</b>	<b>292.5</b>	<b>579.7</b>	<b>894.4</b>
Movements in working capital	(33.3)	(17.8)	(20.9)
Taxation	-	(48.9)	(98.6)
Rent paid	(79.9)	(79.9)	-
<b>Operating cash flows</b>	<b>179.3</b>	<b>433.0</b>	<b>774.9</b>
Capital expenditure	(1,453.6)	(20.0)	(20.5)
<b>Investing cash flows</b>	<b>(1,453.6)</b>	<b>(20.0)</b>	<b>(20.5)</b>
Issue of share capital	100.0	-	-
Bond proceeds	2,000.0	-	-
Bond issue expenses	(75.0)	-	-
Bond Interest	(110.0)	(110.0)	(110.0)
Bond repayment	-	-	-
<b>Financing cash flows</b>	<b>1,915.0</b>	<b>(110.0)</b>	<b>(110.0)</b>
<b>Net cash movements</b>	<b>640.7</b>	<b>303.0</b>	<b>644.4</b>
Cash b/f	-	640.7	943.7
<b>Cash c/f</b>	<b>640.7</b>	<b>943.7</b>	<b>1,588.1</b>

Source: Management information

## Balance Sheet

€000	2020 Y1	2021 Y2	2022 Y3
Property, plant and equipment	1,453.6	1,328.2	1,201.4
<b>Total fixed assets</b>	<b>1,453.6</b>	<b>1,328.2</b>	<b>1,201.4</b>
Inventories	4.7	6.5	8.3
Debtors	39.3	53.3	68.9
Prepaid rent	48.0	95.9	63.9
Cash	640.7	943.7	1,588.1
<b>Total current assets</b>	<b>732.6</b>	<b>1,099.4</b>	<b>1,729.2</b>
<b>Total assets</b>	<b>2,186.2</b>	<b>2,427.6</b>	<b>2,930.6</b>
Trade creditors	(10.6)	(8.6)	(5.2)
Current tax	(48.9)	(98.6)	(208.0)
<b>Total current liabilities</b>	<b>(59.6)</b>	<b>(107.2)</b>	<b>(213.2)</b>
Debt securities in issue	(1,935.7)	(1,946.4)	(1,957.1)
<b>Total non-current liabilities</b>	<b>(1,935.7)</b>	<b>(1,946.4)</b>	<b>(1,957.1)</b>
<b>Total Liabilities</b>	<b>(1,995.3)</b>	<b>(2,053.6)</b>	<b>(2,170.3)</b>
<b>Net Assets</b>	<b>190.9</b>	<b>374.0</b>	<b>760.3</b>
Share Capital	100.0	100.0	100.0
Retained earnings	90.9	274.0	660.3
<b>Total shareholders' equity</b>	<b>190.9</b>	<b>374.0</b>	<b>760.3</b>

Source: Management information

## Bond ratios

<i>Interest cover (EBIT/Interest)</i>	<i>2.4 x</i>	<i>3.7 x</i>	<i>6.5 x</i>
<i>Asset cover</i>	<i>1.1 x</i>	<i>1.2 x</i>	<i>1.5 x</i>
<i>Gearing (Debt/Capital)</i>	<i>91%</i>	<i>84%</i>	<i>72%</i>
<i>Cash cover</i>	<i>0.3 x</i>	<i>0.5 x</i>	<i>0.8 x</i>
<i>NWC as % of revenue</i>	<i>4.2%</i>	<i>4.8%</i>	<i>5.2%</i>



## 12 MANAGEMENT AND ADMINISTRATION

### 12.1 The Board of Directors of the Issuer

The Memorandum of Association of the Issuer provides that the business and affairs of the Issuer shall be managed and administered by a Board of Directors to be composed of not less than four (4) and not more than six (6) Directors, who are appointed by the shareholders.

Directors of the Issuer are appointed by means of an ordinary resolution in general meeting.

The Issuer is currently managed by a Board of four (4) Directors, who are responsible for the overall direction and management of the Company. The Board currently consists of two (2) executive Directors, who are entrusted with the company's day-to-day management, and two (2) non-executive Directors, both of whom are independent of the Issuer, whose main functions are to monitor the operations of the executive Directors and their performance, as well as to review any proposals tabled by the executive Directors.

As at the date of the Document, the Board of the Issuer is composed of the individuals listed in sub-section 8.1 of this Document.

None of the directors of the Issuer have been:

- a. convicted in relation to fraud or fraudulent conduct;
- b. made bankrupt or associated with any liquidation or insolvency caused by action of creditors;
- c. the subject of any official public incrimination or sanction by any statutory or regulatory authority; or
- d. disqualified by a court from acting as director or manager.

The Directors believe that the Issuer's current organisational structure is adequate for its present activities. The Directors will maintain this structure under continuous review to ensure that it meets the changing demands of the business and to strengthen the checks and balances necessary for better corporate governance.

### 12.2 Directors' service contracts

None of the Directors have a service contract with the Issuer.

### 12.3 Conflicts of Interest

In addition to being directors of the Issuer, Daniel Gatt and Giuseppe Farrugia are also directors of the Guarantor, and are, effectively, the ultimate beneficial owners of the entirety of the Issuer and Guarantor.

In light of the foregoing, Daniel Gatt and Giuseppe Farrugia are susceptible to conflicts between the potentially diverging interests of the Issuer and the Guarantor, as the case may be, in transactions entered into, or proposed to be entered into, between them.

In view of the lender-borrower relationship which will arise between the Issuer and the Guarantor pursuant to the issue of the Bonds, there may be situations that could give rise to conflicts between the potentially diverging interests of said entities. In these situations, Daniel Gatt and Giuseppe Farrugia 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 Non-Executive Directors are independent of the Issuer and constitute two (2) of the four (4) members on the Board. The Non-Executive Directors' main functions are to monitor the operations of the Executive Directors and their performance, as well as to review any proposals tabled by the Executive Directors. In addition, the Non-Executive Directors have the role of acting as an important check on the possible conflicts of interest for the Executive Directors in view of their dual role as Executive Directors of the Company and their role as officers of the Issuer. The Audit Committee shall be appointed by the Board and the members shall not be less than three (3) in number. The Chair of the Committee shall be appointed by the Board of Directors and shall be an independent and non-executive member of the Board of Directors. In order to perform his or her role effectively, each Committee member should obtain an understanding of the detailed responsibilities of committee membership as well as the organisation's business, operations and risks. (see "Audit Committee" in Section 15 below).

### 12.4 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.



## **12.5 Removal of Directors**

In terms of the Issuer's Articles of Association, the first Directors of the Issuer shall serve until the end of the first annual general meeting during which the new directors shall be appointed. Thereafter, all other directors shall hold office from the general meeting at which they are elected until the end of the next annual general meeting. All retiring directors shall be eligible for re-election. The Directors of the Issuer currently in office are expected to remain in office at least until the next Annual General Meeting of the Issuer.

A director may, unless he resigns, be removed by an ordinary resolution of the shareholders as provided by Article 140 of the Act.

## **12.6 Powers of Directors**

By virtue of the provisions of the Articles of Association of the Issuer, the Directors are empowered to transact all business which is not by the Articles expressly reserved for the shareholders in general meeting.

## **12.7 Aggregate emoluments of the Issuer's Directors**

Pursuant to the Issuer's Articles of Association, the maximum annual aggregate emoluments that may be paid to the Directors are approved by the shareholders in general meeting.

The remuneration of Directors shall be deemed to accrue from day to day. 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 current financial year it is expected that the Issuer will pay an aggregate of €12,000 to its Directors.

## **12.8 Employees**

As at the date of this Admissions Document, the Guarantor does not have any employees. By 2021, the Group expects to have employed 6 employees.

## **12.9 Working capital**

As at the date of this Admission Document, the directors of the Issuer and of the Guarantor are of the opinion that the working capital available to the Issuer and the Guarantor, respectively, is sufficient for the attainment of their objects and the carrying out of their respective business for the next twelve (12) months of operations.

## **12.10 The Guarantor**

### **12.10.1 The Boards of directors**

The Memorandum of Association of the Guarantor provides that the business and affairs of the company shall be managed and administered by a Board of directors to be composed of not less than two and not more than four directors. As at the date of this Admission Document, the Board of the company is composed of the two (2) individuals listed in sub-section 8.2 of this Document who are responsible for the overall direction and management of the company. Directors of the Guarantor are appointed by means of an ordinary resolution in general meeting.

### **12.10.2 Directors' service contracts**

The directors of the Guarantor do not have a service contract with the Guarantor entity.

### **12.10.3 Aggregate emoluments of directors**

For the current financial year, no director emoluments are due by the Guarantor.

### **12.10.4 Loans to directors**

There are no loans outstanding by the Guarantor to its directors, nor any guarantees issued for their benefit by the Guarantor.



### 12.10.5 Powers of directors

By virtue of the Articles of Association of the Guarantor, its Board of directors is empowered to exercise all the rights of said company, except those rights as are expressly reserved for decision by the shareholders in general meeting.

## 13 MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

### 13.1 Major shareholders of the Issuer

The Issuer's current authorised share capital is one hundred thousand Euro (€100,000) divided into 100,000 ordinary shares of €1 each. The Issuer's issued share capital is €100,000 divided into 100,000 ordinary shares of €1 each.

NAME OF SHAREHOLDER	NUMBER OF SHARES HELD
CAPT. DANIEL GATT	50,000 ordinary shares of €1
MR GIUSEPPI FARRUGIA	50,000 ordinary shares of €1

To the best of the Issuer's knowledge, there are no arrangements in place as at the date of the Admission Document the operation of which may at a subsequent date result in a change in control of the Issuer.

### 13.2 Major shareholders of the Guarantor

The Guarantor's current authorised share capital is one thousand, two hundred Euro (€1,200) divided into 1,200 ordinary shares of €1 each. The Guarantor's issued share capital is €1,200 divided into 1,200 ordinary shares of €1 each, 20% paid up and subscribed as follows:

NAME OF SHAREHOLDER	NUMBER OF SHARES HELD
CAPT. DANIEL GATT	12 ordinary shares of €1 each
MR GIUSEPPI FARRUGIA	12 ordinary shares of €1 each
YACHT LIFT MALTA P.L.C.	1,176 ordinary shares of €1 each

To the best of the Guarantor's knowledge, there are no arrangements in place as at the date of the Admission Document the operation of which may at a subsequent date result in a change in control of the Guarantor.

### 13.3 Related party transactions of the Issuer

The Issuer adopts measures in line with the Code of Principles of Good Corporate Governance forming part of the Listing Rules (the "Code") with a view to ensuring that the all transactions are carried out at arm's length.

## 14 DIVIDEND POLICY

The Directors of the Issuer do not intend to distribute to the shareholders of the Issuer any dividend up to (and including) the maturity of the Bond. The Issuer covenants not to amend the said dividend distribution policy throughout the term of the Bond Issue.



## 15 BOARD COMMITTEES

In terms of the Rules, the Issuer has set up an Audit Committee. The terms of reference of the Audit Committee (the “Committee”) of the Issuer consist of *inter alia* its support to the board of the Issuer in its responsibilities in dealing with issues of risk, control and governance, and associated assurance. The board of the Company has set out formal terms of establishment and the terms of reference of the Audit Committee that establish its composition, role and function, the parameters of its remit, as well as the basis for the processes with which it is required to comply. The Audit Committee, which meets at least four (4) times a year, is a sub-committee of the Board of the Issuer and is directly responsible and accountable to the board of the Issuer. The Board of the Company has reserved the right to change the Committee’s terms of reference from time to time, with the prior notification to the Exchange.

The Board has resolved to formally appoint the following three (3) individuals as the first members of the Audit Committee:

Mr Ivan Fsadni – Chairman, independent, non-executive director

Dr Stephen Sant – Independent, non-executive director

Capt. Daniel Gatt – Executive director.

Dr. David Wain LL.D occupies the position of Secretary of the Committee.

Briefly, the Committee is expected to deal with and advise the Board of the Issuer 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 independent auditors;
- c) facilitating the independence of the external audit process and addressing issues arising from the audit process;
- d) preserving assets by understanding the risk environment in which the Issuer operates and determining how to deal with those risks.

Additionally, the Audit Committee has the role and function of considering and evaluating the arm’s length nature of any proposed transactions to be entered into in order to ensure that the execution of any such transaction is, indeed, at arm’s length and on a sound commercial basis and, ultimately, in the best interests of the Issuer. In this regard, the Audit Committee has the task of ensuring that any potential abuse which may arise is immediately identified and resolved. In situations where the Chairperson of the Audit Committee is either unavailable or has a conflict of interest the committee is to be chaired by the other independent member.

The Audit Committee is entrusted with the review of the financial position of the Issuer on a quarterly basis. To this effect, the Issuer shall submit to the Audit Committee bi-annual accounts, as well as quarterly comparisons of actuals against projections. The Audit Committee is composed of three members, with a majority of independent, non-executive directors, who are appointed for a period of three years.

Mr. Ivan Fsadni acts as Chairman whilst Capt. Daniel Gatt, and Dr. Stefan Sant act as members.

Mr. Ivan Fsadni is the independent, non-executive director who is competent in accounting and/or auditing matters. The CVs of the said Directors may be found in sub-section 8.1.

## 16 COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

### 16.1 The Issuer

The Company supports the Rules in their entirety and the stipulations of the said Rules in relation to dealing restrictions.

The Issuer complies with the Code of Principles of Good Corporate Governance forming part of the Listing Rules of the Listing Authority (the “Code”) with the exceptions mentioned below, and is confident that the adoption of the Code shall result in positive effects accruing to it. The Issuer adopts measures in line with the Code of Principles with a view to ensuring that all transactions are carried out at arm’s length.

The Board of Directors sets the strategy and direction of the Issuer and retains direct responsibility for appraising and monitoring the Issuer’s financial statements and annual report. The activities of the Board are exercised in a manner designed to ensure that it can



effectively supervise the operations of the Issuer so as to protect the interests of bondholders, amongst other stakeholders. The Board is also responsible for making relevant public announcements and for the Issuer's compliance with its continuing obligations in terms of the rules of Prospects MTF.

As required by the Act, the Issuer's financial statements are to be subject to annual audit by the Issuer's external auditors. Moreover, the non-executive Directors will have direct access to the external auditors of the Issuer who attend at Board meetings at which the Company's financial statements are approved. In ensuring compliance with other statutory requirements and with continuing admission obligations, the Board is advised directly, as appropriate, by its appointed corporate advisor, legal advisor and the external auditors. Directors are entitled to seek independent professional advice at any time on any aspect of their duties and responsibilities, at the Issuer's expense.

As at the date hereof, the Board considers the Issuer to be in compliance with the Code save for the following exceptions:

**Principle 8:** The Board of Directors considers that the size and operation of the Issuer does not warrant the setting up of nomination and remuneration committee. Also, the Issuer will not be incorporating a nominations committee. Appointments to the Board of Directors are determined by the shareholders of the Issuer in accordance with the company's Memorandum and Articles of Association. The Issuer considers that the members of the Board possess the level of skill, knowledge and experience expected in terms of the Code.

## 16.2 The Guarantor

The Guarantor is private company and, accordingly, is not required to endeavour to adhere to the provisions of the Code, including, *inter alia*, the requirement to set up an audit committee.

## 17 THIRD PARTY INFORMATION, STATEMENTS BY EXPERTS AND DECLARATIONS OF ANY INTEREST

Save for the architect's property valuation reports annexed to this Admission Document and marked as Annex I, J, K and L, respectively, and the accountants' report on the forecast consolidated financial information of Yacht Lift Malta plc annexed to this Admission Document and marked as Annex F, this Admission Document does not contain any statement or report attributed to any person as an expert.

The architect's property valuation reports dated 19 August 2019 have been included in Annex I, J, K and L, respectively, of this Document in the form and context in which they appear with the authorisation of Perit Lawrence A. Gatt who has given and has not withdrawn his consent to the inclusion of said reports herein. In terms of said property valuation reports, Security Property A, B, C and D are collectively valued at €1,495,000.

The accountants' report dated 30 August 2019 has been included in Annex F of this Document in the form and context in which it appears with the authorisation of Deloitte Services Limited of Deloitte Place, Mriehel Bypass, Mriehel, Birkirkara, BKR 3000, Malta, which has given and has not withdrawn its consent to the inclusion of said report herein.

Neither of the foregoing experts have any beneficial interest in the Issuer or the Guarantor. The Issuer confirms that the said architect's property valuation report and the accountants' report have been accurately reproduced in this Admission Document 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.

## 18 USE OF PROCEEDS

The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €1,925,000, shall be used by the Company for the following purposes, in the following amounts and order of priority:

- i. €1,068,389 will be loaned by the Issuer to the Guarantor for the purpose of the latter purchasing the Dock and the relative patent rights pertaining to the Patent bearing number EP 2 349 829 B1 in relation to the rights relevant for the construction of said floatable dry dock, which patent is owned by Welcome Inn Investments NV Curacao (AN); and the construction and completion of the Project and its delivery ex-works in Tuzla, Turkey, as certified by an Inspection/Acceptance Certificate issued by Bureau Veritas agent Tecnicas Consulting, Centrum IS Merkezi, Aydindevler Sanayi cad. No. 3 Kat. 1, 34854 Maltepe, Istanbul;





- ii. €455,480 will be loaned by the Issuer to the Guarantor for the purpose of the latter covering costs relative to the delivery, site preparation, installation and starting operation of the Dock; and
- iii. €401,131 will be loaned by the Issuer to the Guarantor to be used for general corporate funding purposes of the Guarantor.

In the event that the Bond Issue is not fully subscribed but subject in all cases to the Minimum Amount of €1,500,000 being subscribed, the Issuer will proceed with the admission to trading of the amount of Bonds subscribed for and the proceeds from the Bond Issue shall be applied in the manner and order of priority set out above. Any residual amounts required by the Issuer for the purposes of the uses specified above which shall not have been raised through the Bond Issue, shall be financed from the Company's general cash flow and/or bank financing.

For the purposes of the use of proceeds set out above, a loan agreement dated on or around 19 September 2019 will be entered into by and between the Issuer (as lender) and the Guarantor (as borrower). Such loan agreement is conditional upon the issue and allotment of the Bonds, which, in turn, is conditional upon: the Bonds being admitted to the Prospects MTF List, the granting of the Guarantee and the Collateral being constituted in favour of the Security Trustee in accordance with the provisions of the Security Trust Deed.

The issue and allotment of the Bonds is conditional upon:

- (i) the Bonds being admitted to the Prospects MTF List;
- (ii) the Guarantee being granted in terms of Annex A of this Admission Document; and
- (iii) the Collateral being constituted in favour of the Security Trustee in accordance with the provisions of the Security Trust Deed.

In the event that any of the aforesaid conditions is not satisfied, the Security Trustee shall, through the Placement Agent and Manager, return the proceeds of the Bond Issue to the Bondholders.

Professional fees and costs related to printing, fees relating to the admission to trading on Prospects MTF, registration, corporate advisor, management, selling commission and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €75,000 and shall be borne by the Issuer. There is no particular order of priority with respect to such expenses.

## **19 INFORMATION CONCERNING THE BONDS**

Each Bond shall be issued on the terms and conditions set out in this Document 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.

In the event that the Bond Issue is not fully subscribed but subject in all cases to the Minimum Amount of €1,500,000 being subscribed, the Issuer will proceed with the admission of the amount of Bonds subscribed for and the proceeds from the Bond Issue shall be applied in the manner and order of priority set out above. Any residual amounts required by the Issuer for the purposes of the uses specified above which shall not have been raised through the Bond Issue shall be financed from the Company's general cash flow and/or bank financing.

### **19.1 General**

- a. Each Bond forms part of a duly authorised issue of 5.5% secured callable bonds 2021-2025 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €2,000,000 (except as otherwise provided under sub-section 19.16 "Further Issues" below. The Bond Issue is guaranteed by the Guarantor pursuant to the terms of the Guarantee.
- b. The currency of the Bonds is Euro (€).
- c. Subject to admission to trading of the Bonds to Prospects MTF the Bonds are expected to be assigned the following ISIN: MT0002341205



- d. All outstanding Bonds not previously purchased and cancelled shall be redeemed by the Issuer at par (together with accrued interest to the date fixed for redemption) on the Redemption Date, unless otherwise redeemed at the option of the Issuer on any of the Early Redemption Date/s.
- e. The issue of the Bonds is made in accordance with the requirements of the Prospects MTF Rules.
- f. The Issue Period of the Bonds is between 9 September 2019 and 13 September 2019, both days included.
- g. There are no special rights attached to the Bonds other than the right of the Bondholders to payment of capital and interest (as detailed below), the benefit of the Collateral through the Security Trustee (as detailed in section 19.6 below), the right to seek recourse from the Guarantor pursuant to the Guarantee, in case of failure by the Issuer to pay any sum payable by it to Bondholders pursuant to the Terms and Conditions of the Bonds Issue and in accordance with the ranking specified in section 19.4 of this Admission Document.
- h. The Bond Issue is not underwritten. Should subscriptions for a total of at least €1,500,000 (the “Minimum Amount”) not be received, no allotment of the Bonds shall be made, the Applications for Bonds shall be deemed not to have been accepted by the Issuer and all money received from Applicants for Bonds shall be refunded accordingly. In the event that the Minimum Amount is reached but the Bond Issue is still not fully subscribed, the Issuer will proceed with the allotment of the amount of Bonds subscribed.

The Bonds will not be listed on the Official List or the Alternative Companies list of the Malta Stock Exchange or on any other regulated market.

## 19.2 Subscription

The Issuer has appointed Calamatta Cuschieri Investment Services Ltd as Placement Agent and Manager for the purposes of this Bond Issue and interested investors may contact the Placement Agent and Manager for the purposes of subscribing to Bonds during the Issue Period. Applications for subscriptions to the Bonds will be processed at the discretion of the Placement Agent and Manager and the offer may close earlier than that indicated in the timetable in the event of over subscription.

The Bonds are open for subscription to all categories of investors, provided that the Placement Agent and Manager shall be required to carry out an Appropriateness Test in respect of each Applicant for the purpose of assessing such Applicant's level of knowledge and experience prior to investing in the Bonds. Applications shall not be accepted by the Placement Agent and Manager unless, based on the results of such Appropriateness Test, the Placement Agent and Manager is satisfied that an investment in the Bonds may be considered appropriate for the Applicant. To the extent that the Placement Agent and Manager is providing advice in respect of a purchase of the Bonds by an Applicant, the Placement Agent and Manager shall also be required to conduct a Suitability Test in respect of the Applicant and, based on the results of such test, be satisfied that an investment in the Bonds may be considered suitable for the Applicant. In any case the Placement Agent and Manager shall ensure that subscribers to the Bonds are duly warned about the Risk Factors involved with investing in the Bonds and subscribers shall confirm that they have been so warned.

The Bond Issue is not underwritten. Should subscriptions for a total of at least €1,500,000 (the “Minimum Amount”) not be received, no allotment of the Bonds shall be made, the Applications for Bonds shall be deemed not to have been accepted by the Issuer and all money received from Applicants for Bonds shall be refunded accordingly. In the event that the Minimum Amount is reached but the Bond Issue is still not fully subscribed, the Issuer will proceed with the allotment of the amount of Bonds subscribed.

The total amount of €2,000,000 of Bonds is being reserved for subscription by the Placement Agent and Manager participating in the Placement Offer. The Issuer shall enter into a conditional subscription agreement with the Placement Agent and Manager for the subscription of Bonds, whereby it will bind itself to allocate Bonds thereto up to the total amount of €2,000,000 as aforesaid.

In terms of the said subscription agreement entered into with the Placement Agent and Manager, the Issuer will be conditionally bound to issue, and the Placement Agent and Manager will be conditionally bound to subscribe to, up to the total amount of €2,000,000 of Bonds as indicated therein, each subject to the Minimum Amount of €1,500,000 being subscribed.

## 19.3 Plan of distribution and allotment & Allocation Policy

The Bonds shall be allocated to the Placement Agent and Manager pursuant to the subscription agreement, details of which are included in section 19.2 immediately above, without priority or preference and in accordance with the allocation policy as determined by the Issuer.



It is expected that an allotment letter 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 and any verification of identity as required by the PMLFT Regulations. Such monies will not bear interest while retained as aforesaid.

Dealings in the Bonds shall not commence prior to (i) admission to trading of the Bonds by the MSE on Prospects MTF and (ii) the Collateral being constituted in favour of the Security Trustee.

Within five (5) Business Days from closing of the Issue Period, the Issuer shall announce the result of the Bond Issue and shall determine and announce the basis of acceptance of Applications and allocation policy to be adopted.

#### **19.4 Ranking of the Bonds**

The Bonds, as and when issued and allotted, shall constitute the general, direct and unconditional obligations of the Issuer, guaranteed by the Guarantor, and shall be secured by means of the Collateral granted in terms of the Security Trust Deed and the Pledge Agreement. The Bonds shall at all times rank *pari passu*, without any priority or preference among themselves. Saving rights of priority and preference afforded by law to other privileged creditors, Bondholders shall rank with priority in relation to other unsecured creditors of the Issuer and/or the Guarantor, if any, save for such exceptions as may be provided by applicable law, and with first ranking and priority over the security property forming part of the Collateral.

Pursuant to the Pledge Agreement and the Security Trust Deed, the Issuer has agreed to constitute in favour of the Security Trustee for the benefit of Bondholders as primary beneficiaries, security over the Collateral and to appoint the Security Trustee to hold and administer the Collateral under trust. The Collateral will secure the claim of the Security Trustee, for the benefit and in the interest of Bondholders, for the repayment of the principal and interest under the Bonds. Accordingly, following the issue of the Bonds and application of the proceeds as set out above, the Security Trustee for the benefit of Bondholders will have the benefit of security over the Collateral.

#### **19.5 Negative pledge**

The Issuer and Guarantor undertake, 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 and Guarantor, 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 and Guarantor;

"Permitted Security Interest" means: (A) any Security Interest arising by operation of law; (B) any Security Interest securing temporary bank loans or overdrafts or guarantees in the ordinary course of business; (C) any Security Interest securing any indebtedness of the Issuer and/or Guarantor 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 and/or Guarantor, in an aggregate outstanding amount not exceeding 80% of the difference between the value of the unencumbered assets of the Issuer and Guarantor 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 the aggregate principal amount of the Bonds still outstanding together with one (1) year's interest thereon;

"Unencumbered Assets" means assets which are not subject to a Security Interest.

#### **19.6 Security**

Security for the fulfilment of the Issuer's obligations in terms of the Bond Issue is to be granted in favour of the Security Trustee for the benefit of Bondholders, by way, *inter alia*, of the granting of the Collateral, as described hereunder.



Specifically, the Collateral Givers, the Issuer, the Guarantor, Capt Daniel Gatt and Giuseppe Farrugia, as the case may be, have agreed to grant the Collateral in favour of the Security Trustee for the benefit of Bondholders, as primary beneficiaries, in terms of the Deeds of Hypothec, the Pledge Agreement and the Security Trust Deed, and to appoint the Security Trustee to hold and administer the Collateral under trust. The Collateral will secure the claim of the Security Trustee, for the benefit and in the interest of Bondholders, for the repayment of the principal and interest under the Bonds. The initial Security Trustee is GVZH Trustees Limited.

The aforesaid security shall be constituted in favour of the Security Trustee for the benefit of all Bondholders from time to time registered in the CSD.

The Issuer, the Guarantor, the Collateral Givers, Capt Daniel Gatt and Giuseppe Farrugia, have entered into a Security Trust Deed with the Security Trustee which consists of the covenants of the Issuer to pay the principal amount under the Bonds on the Redemption Date and interest thereon on each Interest Payment Date in terms of this Admission Document, the Pledge Agreement, the hypothecary rights under the Deeds of Hypothec and all other ancillary rights and benefits enjoyed by the Security Trustee (for the benefit of Bondholders) under the Security Trust Deed. The Collateral will be vested in the Security Trustee for the benefit of the Bondholders in proportion to their respective holding of Bonds.

The Security Trustee's role includes holding of the Collateral for the benefit of the Bondholders and the enforcement of the said Collateral upon the happening of specified events of default. The Security Trustee shall have no payment obligations to Bondholders under the Bonds, which remain exclusively the obligations of the Issuer.

In terms of the Security Trust Deed, the Security Trustee reserves the right to demand to the Issuer that additional or alternative property be given as security in addition to and/or in place of the initial security property, should at any given time the aggregate value of the Collateral be reported, pursuant to an independent architect's valuation report, to be lower than the nominal value of outstanding Bonds in issue. In such case, the Issuer shall identify, at its discretion, unencumbered property/ies which would replace or be added to the existing security property for the purposes of securing the Bond Issue, and procure that such steps are taken as may be necessary for such unencumbered property/ies to replace or be added to the then-existing security property. In the event that, upon such request being made by the Security Trustee, the Issuer's property portfolio does not comprise any immovable property which is unencumbered, the Issuer shall either: provide a cash guarantee in favour of the Security Trustee sufficient to cover the difference between the nominal value of outstanding Bonds in issue and the revised value of the security property as set out in the above-mentioned independent architect's valuation report; or take such steps as may be necessary to free any one or more of the properties in the Issuer's property portfolio from any existing encumbrances, and grant a first ranking special hypothec thereon in favour of the Security Trustee for the purpose of securing the Bond Issue.

In the event where the Security Trustee makes declarations of trust indicating additional or alternative property settled on trust as indicated above, the Issuer shall make the necessary company announcement in accordance with the Prospects MTF Rules to that effect.

The Security Trustee shall hold the said property under trust in relation to a commercial transaction (as defined in the Trust and Trustees Act, Chapter 331 of the laws of Malta) and transactions connected or ancillary thereto. Furthermore, the Security Trustee shall hold the said property under a security trust as provided in Article 2095E of the Civil Code (Chapter 16 of the laws of Malta). A security shall be, therefore, constituted in the name of the Security Trustee in the manner provided for by applicable law of Malta for the benefit of the Bondholders and this for all amounts owing to the Bondholders by the Issuer in terms of this Admission Document, as may be amended from time to time, including all amounts of interest or charges due in terms thereof, in relation to the Bonds.

In the event that the Issuer commits any of the Events of Default set out in section 19.14 below, including default of its obligations to repay any Bonds (together with interest and charges thereon) in terms of this Admission Document, the Security Trustee shall have the authority to enforce the Collateral.

The Security Trustee shall not be bound to take any steps to ascertain whether any Events of Default or other condition, event or circumstance has occurred or may occur. Until it shall have actual knowledge or express notice to the contrary, the Security Trustee shall be entitled to assume that no such Events of Default or condition, event or other circumstance has happened and that all applicable parties are observing and performing all the obligations, conditions and provisions on their respective part pursuant to this Admission Document, the Security Trust Deed, the Pledge Agreement and the Deeds of Hypothec. Provided further that, in the event that the Security Trustee becomes aware of the fact that an Event of Default has occurred or is likely to occur, it shall notify in writing the Malta Stock Exchange, the Corporate Advisor and the Bondholders of such fact without delay.

In the event that it is ascertained that any of the Events of Default has taken place, the Security Trustee may take one or more actions in accordance with the Companies Act and the Civil Code, but in all cases it shall in writing promptly advise both the Exchange as well as the Corporate Advisor furnishing details of the circumstances leading to the Event/s of Default.



Without prejudice to other powers and discretions of the Security Trustee in terms of the Deeds of Hypothec, the Pledge Agreement, and the Security Trust Deed, the Security Trustee shall have the discretion to enforce the Collateral on its own accord or upon receiving notice from the Bondholders that any of the Events of Default has occurred in accordance with the provisions of this Admission Document.

Following the Security Trustee's enforcement of the Collateral, subject to any other mandatory legally privileged claims that may require prior settlement in terms of law, the Security Trustee shall apply any available funds as follows:

- First to pay any sums due to the Security Trustee as trust administration costs or liabilities of the Security Trustee; and
- Secondly to pay the Bondholders any outstanding dues by the Issuer in terms of this Admission Document.

The initial property held under trust shall include:

- part of the bond issue proceeds in an amount of €889,500 to be deposited with the Security Trustee and held on trust;
- A pledge over 12 Ordinary Shares having a nominal value of €1.00 per share held by Capt Daniel Gatt in the Guarantor;
- A pledge over 12 Ordinary Shares having a nominal value of €1.00 per share held by Giuseppe Farrugia in the Guarantor;
- A pledge over 1,176 Ordinary Shares having a nominal value of €1.00 per share held by the Issuer in the Guarantor;
- A first ranking Special Hypothec over the Security Property A owned by Collateral Givers A. Security Property A is valued at €490,000 in terms of an independent valuation report issued by Lawrence A. Gatt and dated 19 August 2019;
- A first ranking Special Hypothec over the Security Property B owned by Collateral Givers B. Security Property B is valued at €490,000 in terms of an independent valuation report issued by Lawrence A. Gatt and dated 19 August 2019;
- A second ranking Special Hypothec over the Security Property C owned by Capt Daniel Gatt. Security Property C is valued at €275,000 in terms of an independent valuation report issued by Lawrence A. Gatt and dated 19 August 2019 and is subject to a first ranking hypothec in favour of HSBC Bank (Malta) PLC up to an amount of €129,000 (plus bank charges & interest) in terms of a sanction letter dated 8 November 2010. Therefore, the value of the second ranking hypothec registered in the name of the Security Trustee over Security Property C is being taken at *circa* €125,000; and
- A second ranking Special Hypothec over the Security Property D owned by Giuseppe Farrugia. Security Property D is valued at €240,000 in terms of an independent valuation report issued by Lawrence A. Gatt and dated 19 August 2019 and is subject to a first ranking hypothec in favour of HSBC Bank (Malta) Plc up to an amount of €16,000 (plus bank charges & interest) in terms of a sanction letter dated 31 January 2012. Therefore, the value of the second ranking hypothec registered in the name of the Security Trustee over Security Property D is being taken at *circa* €220,000.

The aggregate value of the Security Properties is €1,495,000 (also taking into account the component of the first ranking hypothecs in favour of HSBC Bank (Malta) plc attaching to each of Security Property C and Security Property D). The aggregate value of the security being taken out over the Security Properties in terms of this Company Admission Document and the Security Trust Deed is €1,325,000 (discounting the first ranking hypothec in favour of HSBC Bank (Malta) PLC up to an amount of €129,000 (plus bank charges & interest) attaching to Security Property C and the first ranking hypothec in favour of HSBC Bank (Malta) Plc up to an amount of €16,000 (plus bank charges & interest) attaching to Security Property D).

Upon the manufacture and delivery of the Dock, the Security Trustee shall distribute such part of the bond proceeds amounting to €889,500 held on trust in terms of the Security Trust Deed to the Issuer in its capacity as a Residual Beneficiary so as to procure delivery of the Dock in terms of section 7 of this Company Admission Document. Upon delivery thereof, the dock will be registered with the Guarantor and a mortgage over the Dock shall be registered in favour of the Security Trustee as Trustee of the Yacht Lift Security Trust. Furthermore, a pledge over the Insurance Policy created by the Guarantor for the replacement value of the Dock shall be taken out in favour of the Security Trustee.

The Security Trustee shall have the discretion to postpone any sale of the assets held on trust if the best value reasonably achievable for the said assets on the open market for the time being would not be considered a fair value in the opinion of the Security Trustee or in the opinion of any advisor appointed by the Security Trustee for the valuation of the said assets.



No provision contained in this Admission Document, Deeds of Hypothec, the Pledge Agreements, and the Security Trust Deed, shall be construed as creating or otherwise acknowledging any obligation on the part of the Security Trustee in favour of the Bondholders for any payments that may fall due under the Bonds.

In terms of the Security Trust Deed, the Security Trust shall terminate in any of the following events, whichever is the earliest:

- upon the Issuer repaying all amounts outstanding to the Bondholders in terms of this Admission Document and upon the Security Trustee receiving confirmation in writing to this effect from the Issuer and/ or the MSE; or
- after one hundred and twenty-five (125) years from the date of the Security Trust Deed; or
- on such earlier date as the Security Trustee shall declare in writing to be the date on which the relative trust period shall end, provided that such action: (a) shall be preceded by the appointment by the Issuer of a new replacement security trustee at least thirty (30) days prior to the said date and the replacement appointment is duly announced by the Issuer on the market for as long as the Bonds remain admitted on any of the markets operated by the MSE; and (b) is in accordance with the terms of this Admission Document.

Every Bondholder shall be entitled to be entered in the Register of Bondholders and shall, thereupon, become a primary beneficiary under the Security Trust Deed. The beneficial interest of a primary beneficiary in terms of the Security Trust Deed shall terminate upon such time as a Bondholder is no longer registered in the Register of Bondholders maintained by the CSD, or upon the redemption of the principal amount of the Bonds and payment of all interests thereunder, as the case may be.

The Security Trustee shall, so far as is reasonable and within a reasonable time of receiving a request in writing to that effect, provide full and accurate information on the Security Trust Deed to beneficiaries of the 'Yacht Lift Security Trust'.

The net Bond Issue proceeds shall be transferred to the Security Trustee on or around 19 September 2019 to be held on escrow by the Security Trustee in terms of an escrow agreement to be entered into for this purpose. The Bond Issue proceeds will be released to the Issuer on condition that: (i) the Deeds of Hypothec are published and registered, pursuant to which all security over the Security Properties for the benefit of Bondholders is to be duly perfected and registered; (ii) the Pledge Agreement is duly and properly executed and registered with the competent authorities; and (iii) confirmation that the Bonds will be admitted to the Prospects MTF List by no later than 19 September 2019 is communicated to the Security Trustee.

Following registration of the Deeds of Hypothec and the presentation to the Security Trustee of the appropriate notes of hypothec, together with the execution of the Pledge Agreement, and upon the Bonds being admitted to the Prospects MTF List, the Security Trustee shall release the net Bond Issue proceeds to be applied for the purposes specified in section 18 of this Document.

## **19.7 Rights attached to the Bonds**

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

1. the payment of interest;
2. the payment of capital as and when due;
3. the benefit of the Collateral through the Security Trustee, in accordance with the provisions of section 19.6 of this Document;
4. ranking with respect to other indebtedness of the Issuer and the Guarantor in accordance with the provisions of sub-section 19.4 hereof;
5. seek recourse from the Guarantor pursuant to the Guarantee, in case of failure by the Issuer to pay any sum payable by it to Bondholders pursuant to the Terms and Conditions of the Bonds Issue;
6. attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issues; and
7. enjoy all such other rights attached to the Bonds emanating from the Admission Document.



## **19.8 Interest**

The Bonds shall bear interest from and including 13 September 2019 at the rate of 5.5% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 12 September 2020 (covering the period 13 September 2019 to 12 September 2020). 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. Each Bond will cease to bear interest from and including its due date for redemption, unless payment of the principal in respect of the Bond is improperly withheld or refused or unless default is otherwise made in respect of payment, in any of which events interest shall continue to accrue at the highest rate applicable by law. In terms of article 2156 of the Civil Code (Chapter 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 three hundred and sixty (360) day year consisting of twelve (12) months of thirty (30) days each and, in the case of an incomplete month, the number of days elapsed.

## **19.9 Yield**

For Bonds issued at the Bond Issue Price, 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 5.5% per annum.

## **19.10 Form, Denomination and Title**

- 19.10.1** 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 at 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), LEI 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 on such terms and conditions as may be specified, access to the register of bondholders held at the CSD for the purpose of inspecting information held on their respective account.
- 19.10.2** 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 in accordance with the MSE's applicable terms and conditions.
- 19.10.3** Upon submission of an Application Form, Bondholders who do not have an online e-portfolio account 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 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/>. Those Bondholders who opt not to avail themselves of this facility should indicate such on the Application Form. Further detail on the e-portfolio is found on <https://eportfolio.borzamalta.com.mt/Help>.
- 19.10.4** 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. The Placement Agent and Manager may subscribe for Bonds for its own account or for the account of underlying customers, including retail customers.
- 19.10.5** 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" as per the relative stipulations of the Admission Document.

## **19.11 Pricing**

The Bonds are being issued at par, that is, at €100 per Bond, with the full amount payable upon subscription.



## 19.12 Payments

- 19.12.1** 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 within the European Economic Area and any applicable charges shall be borne by the bondholder. 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. 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.
- 19.12.2** 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.
- 19.12.3** Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business fifteen (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 within the European Economic Area and any applicable charges shall be borne by the bondholder. 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.
- 19.12.4** 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.
- 19.12.5** **The Issuer shall not be liable for charges, expenses and commissions levied by parties other than the Issuer.**

## 19.13 Redemption and purchase

- 19.13.1** The Bonds shall be repayable in full upon maturity on 13 September 2025 unless previously re-purchased, cancelled or redeemed, provided that the Issuer reserves the right to redeem any one or more of the Bonds or any part thereof on any of the Early Redemption Dates, as the Issuer may determine with the prior approval of the Exchange on giving not less than thirty (30) days' notice to Bondholder.
- 19.13.2** Unless previously purchased and cancelled, the Issuer irrevocably covenants in favour of each Bondholder that the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 13 September 2025. The Issuer reserves the right to redeem all or any part of the Bonds on any of the Early Redemption Dates. The Issuer shall give at least thirty (30) days' notice in writing to all Bondholders of its intention to affect such earlier redemption, stating the number of Bonds that will be redeemed on that Early Redemption Date and the manner in which it shall select the Bonds for such early redemption.

## 19.14 Events of Default

Pursuant to the Security Trust Deed, the Security Trustee may in its absolute and unfettered discretion, and shall upon the request in writing of not less than sixty percent (60%) in value of the Bondholders qua primary beneficiaries and/or of the Corporate Advisor appointed under the Prospects MTF Rules and acting in its duty of care to the Exchange, the market and the Bondholders, by notice in writing to the Issuer and the Guarantor declare the Bonds to have become immediately due and repayable at their principal amount, together with any accrued interest, upon the happening of any of the following events ("Events of Default"):





- i. if the Issuer shall fail to pay any interest on any Bond when due and such failure shall continue for thirty (30) days after written notice thereof shall have been given to the Issuer by any Bondholder and/or by the Security Trustee; or
- ii. if the Issuer shall fail to pay the principal amount of a Bond on the date fixed for its redemption and such failure shall continue for thirty (30) days after written notice thereof shall have been given to the Issuer by any Bondholder and/or by the Security Trustee; or
- iii. if the Issuer and/or the Guarantor 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 sixty (60) days after written notice thereof shall have been given to the Issuer and the Guarantor by any Bondholder and/or by the Security Trustee; or
- iv. if the Issuer, the Guarantor, the Collateral Givers A, the Collateral Givers B, Giuseppe Farrugia (ID 96095M) and/or Daniel Gatt (ID 16301L) commits a breach of any of the covenants or provisions contained in the Pledge Agreement, the Deeds of Hypothec and the Security Trust Deed to be observed and performed on their respective parts and the said breach still subsists for thirty (30) days after having been notified by the Security Trustee (other than any covenant for the payment of interests or principal monies owing in respect of the Bonds); or
- v. the security constituted by any hypothec, pledge or charge upon the whole or any part of the undertaking or assets of the Issuer, the Guarantor, the Collateral Givers A, the Collateral Givers B, Giuseppe Farrugia (ID 96095M) and/or Daniel Gatt (ID 16301L) shall become enforceable and steps are taken to enforce the same and the taking of such steps shall be certified in writing by the Security Trustee to be, in its opinion, prejudicial to the Bondholders; or
- vi. any representation or warranty made or deemed to be made or repeated by or in respect of the Issuer or the Guarantor is or proves to have been incorrect in any material respect in the sole opinion of the Security Trustee; or
- vii. 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
- viii. the Issuer and/or the Guarantor 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
- ix. the Issuer and/or the Guarantor fail to maintain a valid insurance policy providing for the replacement value of the Dock; or
- x. the Issuer and/or the Guarantor is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or
- xi. there shall have been entered against the Issuer and/or Guarantor 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 one million Euro (€1,000,000) or its equivalent and ninety (90) days shall have passed since the date of entry of such judgment without its having been satisfied or stayed; or
- xii. any default occurs and continues for ninety (90) days under any contract or document relating to any Financial Indebtedness (as defined above) of the Issuer and/or Guarantor in excess of one million Euro (€1,000,000) or its equivalent at any time.

Upon any such declaration being made as aforesaid, the said principal monies and interest accrued under the Bonds shall be deemed to have become immediately payable at the time of the event which shall have happened as aforesaid.

Provided that in the event of any breach by the Issuer and/or Guarantor, as the case may be, of any of the covenants, obligations or provisions herein contained due to any fortuitous event of a calamitous nature beyond the control of the Issuer and/or Guarantor, then the Security Trustee may, but shall be under no obligation so to do, give the Issuer and/or Guarantor such period of time to remedy the breach as in its sole opinion may be justified in the circumstances and if in its sole opinion the breach is remediable within the short term and without any adverse impact on the Bondholders. Provided further that in the circumstances contemplated by this proviso, the Security Trustee shall at all times act on and in accordance with any instructions it may receive in a meeting of Bondholders satisfying the conditions set out in the Security Trust Deed. The Security Trustee shall not be bound to take any steps to ascertain whether any event of default or other condition, event or circumstance has occurred or may occur, and, until it shall have actual knowledge or express notice to the contrary, the Security Trustee shall be entitled to assume that no such event of default or



condition, event or other circumstance has happened and that the Issuer, the Guarantor, Giuseppe Farrugia (ID 96095M), Daniel Gatt (ID 16301L), the Collateral Givers A and the Collateral Givers B are observing and performing all the obligations, conditions and provisions on their part contained under the Bonds and the Security Trust Deed.

Provided further that, in the event that the Security Trustee becomes aware of the fact that an Event of Default has occurred or is likely to occur, it shall notify in writing the Malta Stock Exchange, the Corporate Advisor and the Bondholders of such fact without delay.

### **19.15 Transferability of the Bonds**

- 19.15.1** The Bonds are freely transferable and, once admitted to the Prospects MTF List, shall be transferable only in whole (in multiples in €100) in accordance with the rules and regulations of the MSE applicable from time to time. If Bonds are transferred in part, the transferee thereof will not be registered as a Bondholder.
- 19.15.2** 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. Provided always that if a Bond is transmitted in furtherance of this paragraph, a person will not be registered as a Bondholder unless such transmission is made in multiples of €100.
- 19.15.3** All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations.
- 19.15.4** 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 person to whom the transfer / transmission has been made.
- 19.15.5** 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 or the due date for redemption.
- 19.15.6** The minimum subscription amount of €2,000 shall only apply during the Issue Period. No minimum holding requirement shall be applicable once the Bonds are admitted on the Prospects MTF List and commence trading thereafter, subject to trading in multiples of €100.

### **19.16 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.



## 19.17 Meetings of Bondholders

- 19.17.1** The Issuer may, through the Security Trustee, from time to time, call meetings of Bondholders, **subject to the prior written approval of the Exchange until such time that the Bonds remain admitted on any of its markets**, for the purpose of consultation with Bondholders or for the purpose of any of the following: (i) considering and approving any matter affecting their interest, including the amendment, modification, waiver, abrogation or substitution of any of the Terms and Conditions of the Bonds and the rights of the Bondholders, whether or not those rights arise under the Admission Document; (ii) considering and approving the exchange or substitution of the Bonds by, or the conversion of the Bonds into, shares, debentures or other obligations or securities of the Issuer; and (iii) obtaining the consent of Bondholders on other matters which in terms of the Admission Document require the approval of a Bondholders' meeting in accordance with the below.
- 19.17.2** A meeting of Bondholders shall be called by the Directors by giving the Security Trustee and all Bondholders listed on the register of Bondholders as at a date being not more than thirty (30) days preceding the date scheduled for the meeting, not less than fourteen (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 Document that is proposed to be voted upon at the meeting and seeking the approval of the 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 at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.
- 19.17.3** The amendment of any of the Terms and Conditions of issue of the Bonds, **subject to the prior written approval of the Exchange until such time that the Bonds remain admitted on any of its markets**, may only be made with the approval of Bondholders at a meeting called and held for that purpose in accordance with the terms hereof.
- 19.17.4** 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 75% in nominal value of the Bonds then outstanding, shall constitute a quorum. If a quorum is not present within thirty (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 Security Trustee and to 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, together with a warning about the new quorum at such adjourned meeting. An adjourned meeting shall be held not earlier than seven (7) days, and not later than fifteen (15) days, following the original meeting. At an adjourned meeting the number of Bondholders present at the commencement of the meeting, 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 and decided upon during, the adjourned meeting.
- 19.17.5** 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.
- 19.17.6** 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 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.



**19.17.7** The voting process shall be managed by the Issuer's company secretary under the supervision and scrutiny of the auditors of the Issuer and the Security Trustee.

**19.17.8** The proposal placed before a meeting of Bondholders shall only be considered approved if at least sixty per cent (60%) 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.

**19.17.9** 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.

### **19.18 Authorisations and approvals**

The Directors of the Issuer authorised the Bond Issue and the publication of the Admission Document pursuant to a board of directors' resolution passed on 26 August 2019. The Guarantee being given by the Guarantor in respect of the Bonds has been authorised by a resolution of the board of directors of the Guarantor dated 26 August 2019.

### **19.19 Admission to trading**

Application has been made to the Malta Stock Exchange for the Bonds being issued pursuant to the Admission Document to be traded on Prospects MTF. The Bonds are expected to be admitted to the Prospects MTF with effect from 19 September 2019 and trading is expected to commence on 20 September 2019. Dealing may commence prior to notification of the amount allotted being issued to Applicants.

### **19.20 Representations and warranties**

The Issuer represents and warrants to Bondholders and to the Security Trustee for the benefit of Bondholders, that shall be entitled to rely on such representations and warranties, that:

1. it is duly incorporated and validly existing under the laws of Malta and has the power to carry on its business as it is now being conducted and to hold its property and other assets under legal title;
2. it has the power to execute, deliver and perform its obligations under the Document and that all necessary corporate, shareholder and other actions have been duly taken to authorise the execution, delivery and performance of the same, and further that no limitation on its power to borrow or guarantee shall be exceeded as a result of the Terms and Conditions or the Document; and
3. no litigation, arbitration or administrative proceedings are taking place, pending or, to the knowledge of the officers of the Issuer, threatened against the Issuer which could have a material adverse effect on the business, assets or financial condition of the Issuer.

The Admission Document contains all relevant material information with respect to the Issuer and the Guarantor and all information contained in the Document is in every material respect true and accurate and not misleading, and there are no other facts in relation to the Issuer, the Guarantor or their respective businesses and financial position, the omission of which would, in the context of issue of the Bonds, make any statement in the Admission Document misleading or inaccurate in any material respect.

### **19.21 Bonds held jointly**

In respect of any Bonds held jointly by several persons (including spouses), the joint holders shall nominate one (1) of their number as their representative and his/her name will be entered in the register with such designation. The person whose name shall be inserted in the field entitled "Applicant" on the Application Form, or the 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.

### **19.22 Bonds held subject to usufruct**

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-a-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, subject to the right of the usufructuary).

## 20 TERMS AND CONDITIONS OF THE BOND ISSUE

- 20.1** The issue and allotment of the Bonds is conditional upon (i) the Bonds being admitted to the Prospects MTF List; (ii) the Guarantee being granted in terms of Annex A of this Admission Document; and (iii) the Collateral being constituted in favour of the Security Trustee in accordance with the provisions of the Security Trust Deed. In the event that said conditions are not satisfied any 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. If no such bank account number is provided, or in the event that bank account details on the Application Form are incorrect or inaccurate, such returns will be made by means of a cheque mailed to the Applicant's address (or, in the case of joint Applications, the address of the first named Applicant) indicated in the Application Form.
- 20.2** 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 in the countries of their nationality, residence or domicile.
- 20.3** 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 Document and the Memorandum and Articles of Association of the Issuer.
- 20.4** Any person, whether natural or legal, shall be eligible to submit an Application and any one (1) person, whether directly or indirectly, should not submit more than one (1) Application Form. 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 shall be requested to submit the relative power of attorney/resolution or a copy thereof duly certified by a lawyer or notary public unless already known to the Placement Agent / Manager.**
- 20.5** 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.
- 20.6** 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 eighteen (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 eighteen (18) years.
- 20.7** 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.



- 20.8** No person receiving a copy of the Document 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.
- 20.9** It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself/herself/itself 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.
- 20.10** Subject to all other terms and conditions set out in the Document, 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. In the case of joint Applications, reference to the Applicant in these Terms and Conditions is a reference to each Applicant, and liability therefor is joint and several.
- 20.11** Save where the context requires otherwise or where otherwise defined therein, terms defined in the Document bear the same meaning when used in these Terms and Conditions, in the Application Forms, in any of the Annexes and in any other document issued pursuant to the Admission Document.
- 20.12** The Issuer has not sought assessment of the Bonds by any independent credit rating agency.
- 20.13** Subject to all other terms and conditions set out in the Document, the Issuer reserves the right to revoke the Issue at any time before the closing of the Issue Period. The circumstances in which such revocation might occur are expected to be exceptional, for example where a significant change in market conditions occurs.
- 20.14** The Bonds will be issued in multiples of €100. The minimum subscription amount of Bonds that can be subscribed for by all Applicants is €2,000.
- 20.15** **The completed Application Forms are to be lodged with the Placement Agent and Manager. The Placement Agent and Manager shall, prior to accepting an Application, conduct an Appropriateness Test in respect of the Applicant and, based on the results of such test, be satisfied that an investment in the Bonds may be considered appropriate for the Applicant. To the extent that the authorised financial intermediary is providing advice in respect of a purchase of the Bonds by an Applicant, the authorised financial intermediary shall also be required to conduct a Suitability Test in respect of the Applicant and, based on the results of such test, be satisfied that an investment in the Bonds may be considered suitable for the Applicant.**

For the purpose of this Document, the term “Appropriateness Test” means the test conducted by any licensed financial intermediary, when providing an investment service (other than investment advice or portfolio management) in relation to the subscription for and the trading of Bonds, for the purpose of such licensed financial intermediary determining (after collecting the necessary information) whether the investment service or the Bonds are appropriate for the prospective Applicant or prospective transferee. In carrying out this assessment, the licensed financial intermediary shall ask the Applicant or the prospective transferee to provide information regarding the Applicant or transferee’s knowledge and experience so as to



determine that the Applicant or transferee has the necessary experience and knowledge in order to understand the risks involved in relation to the Bonds or investment service offered or demanded, in accordance with Part BI of the Investment Services Rules for Investment Service Providers as promulgated by the Malta Financial Services Authority (the ISR). In the event that the licensed financial intermediary considers, on the basis of the test conducted, that the transfer of Bonds is not appropriate for the Applicant or prospective transferee, the licensed financial intermediary shall reject the prospective Applicant's request to subscribe for or acquire Bonds, irrespective of whether the Applicant or transferee is warned that the investment in the Bonds is not appropriate for the Applicant or transferee;

For the purpose of this Admission Document, the term "Suitability Test" means the process through which a licensed financial intermediary providing investment advice or portfolio management services in relation to the subscription for and trading of Bonds obtains such information from the Applicant or prospective transferee as is necessary to enable the licensed financial intermediary to recommend to or, in the case of portfolio management, to effect for, the Applicant or prospective transferee, the investment service and trading in Bonds that are considered suitable for him/her, in accordance with Part BI of the ISR. The information obtained pursuant to this test must be such as to enable the licensed financial intermediary to understand the essential facts about the Applicant or prospective transferee and to have a reasonable basis for believing, giving due consideration to the nature and extent of the service provided, that the specific transaction to be recommended, or to be entered into in the course of providing a portfolio management service, satisfies the following criteria:

- (a) it meets the investment objectives of the Applicant or prospective transferee in question;
- (b) it is such that the Applicant or prospective transferee is able financially to bear any related investment risks consistent with investment objectives of such Applicant or prospective transferee; and
- (c) it is such that the Applicant or prospective transferee has the necessary experience and knowledge in order to understand the risks involved in the transaction or in the management of his portfolio.

**20.16 For the purposes of the PMLFT Regulations, all appointed authorised financial intermediaries are under a duty to communicate to the CSD, all information including customer due diligence data about clients as is required under the Implementing Procedures issued by the Financial Intelligence and Analysis Unit in view of its placing of reliance on the said intermediaries under the said Regulations and Articles 1.2(d) and 2.4 of the "Members' Code of Conduct" appended as Appendix 3.6 to Chapter 3 of the Malta Stock Exchange Bye-Laws, irrespective of whether the said appointed authorised financial intermediaries are Malta Stock Exchange members or not. Such information shall be held, recorded and controlled by the Malta Stock Exchange in terms of the said PMLFT Regulations, GDPR and the Data Protection Act (Chapter 586 of the laws of Malta) for the purposes and within the terms of the Malta Stock Exchange Data Protection Policy as published from time to time.**

**20.17 Applications in the name of a corporation or corporate entity or association of persons need to include a valid Legal Entity Identifier ("LEI") in the space provided on the Application Form. Failure to include a valid LEI code will result in the Application being cancelled by the Issuer acting through the Placement Agent and Manager and subscription monies will be returned to the Applicant in accordance with Annex B below.**

**20.18 In the event that an Applicant fails to submit full information and/or documentation required with respect to an Application, the Applicant shall receive a full refund, without interest, by direct credit transfer to such account indicated in the Application Form at any time before the Bonds are admitted to the Prospects MTF List. The Issuer shall not be responsible for any charges, loss or delay arising in connection with such credit transfer.**



#### **20.19 By completing and delivering an Application Form, the Applicant:**

- i. agrees and acknowledges to have had the opportunity to read the Admission Document and to be deemed to have had notice of all information and representations concerning the Issuer, the Guarantor and the issue of the Bonds contained therein;
- ii. 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.
- iii. authorises the Placement Agent and Manager and the Directors of the Issuer to include his/her/its name or, in the case of joint Applications the first named Applicant, in the register of debentures of the Issuer in respect of the Bonds allocated to such Applicant and further 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 GDPR and Data Protection Act (Chapter 586 of the laws of Malta). The Applicant has the right to request access to and rectification of the personal data relating to him/her/it 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 Admission Document. The requests must further be signed by the Applicant to whom the personal data relates;
- iv. 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 Admission Document and, accordingly, agree/s that no person responsible solely or jointly for the Document or any part thereof will have any liability for any such other information or representation;
- v. agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his/her/its remittance and any verification of identity as required by the PMLFT Regulations, and that such monies will not bear interest;
- vi. agrees to provide the Placement Agent and Manager and/or the Issuer, as the case may be, with any information which it/they may request in connection with the Application;
- vii. 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/its Application in any territory, and that the Applicant has not taken any action which will or may result in the Issuer or the Corporate Advisor acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bonds or his/her/its Application;
- viii. warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- ix. 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) and that he/she/it is not accepting the invitation set out in the Admission Document 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;
- x. agrees that all documents in connection with the issue of the Bonds and any returned monies, including refunds of all unapplied Application monies, if any, will be sent at the Applicant's own risk and may be sent, in the case of documents, 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 and in the case of monies by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form;
- xi. 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;
- xii. irrevocably offers to purchase the number of Bonds specified in his/her/its Application Form (or any smaller number for which the Application is accepted) at the Bond Issue Price subject to the Admission Document, the terms and conditions thereof and the Memorandum and Articles of Association of the Issuer;
- xiii. warrants that his/her/its remittance will be honoured on first presentation and agrees that if such remittance is not so honoured he/she/it will not be entitled to receive a registration advice, or to be registered in the register of debentures or to enjoy or receive any rights in respect of such Bonds unless and until payment in cleared funds for such Bonds is received and accepted by the Issuer and/or the Corporate Advisor (which acceptance shall be made in the absolute discretion of the Issuer and/or the Corporate Advisor and may be on the basis that the Issuer and/or the Corporate Advisor is indemnified against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of such remittance to be honoured on first presentation) and that, at any time prior to unconditional acceptance by the Issuer and/or the Corporate Advisor of such late payment in respect of such Bonds, the Issuer and/or the Corporate Advisor may (without prejudice to other rights) treat the agreement to allocate such Bonds as void and may allocate such Bonds to some other person, in which case the Applicant will not be entitled to any refund or payment in respect of such Bonds (other than return of such late payment);
- xiv. agrees that all Applications, acceptances of applications and contracts resulting therefrom will be governed by, and construed in accordance with, Maltese law and that he/she/it submits to the exclusive jurisdiction of the Maltese Courts and agrees that nothing shall limit the right of the Issuer to bring any action, suit or proceeding arising out of or in connection with any such





Applications, acceptances of applications and contracts in any other manner permitted by law in any court of competent jurisdiction;

- xv. warrants that if he/she signs the Application Form on behalf of another party or on behalf of a corporation or corporate entity or association of persons, he/she has due authority to do so and such person, corporation, corporate entity or association of persons will also be bound accordingly, and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions;
- xvi. warrants that he/she is not under the age of eighteen (18) years or if he/she is lodging an Application in the name and for the benefit of a minor, warrants that he/she is the parent/s or legal guardian/s of the minor;
- xvii. confirms that, in the case of a joint Application entered into in joint names, the first named Applicant shall be deemed the holder of the Bonds; and
- xviii. agrees that, in all cases, any refund of unallocated Application monies, if any, will be sent to the Applicant by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form. No interest shall be due on refunds. The Issuer shall not be responsible for any changes, loss or delay in transmission. If no such bank account number is provided, or in the event that bank account details on the Application Form are incorrect or inaccurate, such refund will be made by means of a cheque mailed to the Applicant's address (or, in the case of joint Applications, the address of the first named Applicant) indicated in the Application Form.

## 21 TAXATION

### 21.1 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 the Bonds and 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 Admission Document, 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.

### 21.2 Malta Tax on Interest

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 (Chapter 123 of the laws of Malta), 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 said Income Tax Act. Interest payments made to Prescribed Funds will be subject to a final withholding tax at the rate of 10%. Bondholders who do not fall within the definition of a "recipient" do not qualify for the said rate 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.

This withholding tax is considered as 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 to further tax in respect of such income.

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. The Issuer is required to provide an account to the Commissioner for Revenue of all payments of interest made during any year, whether tax is deducted or otherwise. The annual account shall include details of the recipient's name, address and the income tax registration number as well as the amount of interest paid, and the tax deducted, where applicable, by the Issuer to the recipient during that year. 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.

### **21.3 Foreign Account Tax Compliance Act**

The United States has enacted rules, commonly referred to as "FATCA", that generally impose a new reporting regime and withholding requirements with respect to certain US source payments (including dividends and interest), gross proceeds from the disposition of property that can produce US source interest and dividends and certain payments made by, and financial accounts held with, entities that are classified as financial institutions under FATCA. The United States has entered into an intergovernmental agreement with Malta dated 6 December 2013 regarding the implementation of FATCA with Malta. Payments effected by the Issuer on or with respect to the Bonds are not expected to be subject to withholding under FATCA except to the extent that any Bondholder fails to comply with its obligations under FATCA. However, FATCA may affect payments made to custodians or intermediaries, if any, in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payments to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Bondholders should choose any custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. The Issuer's obligations under the Bonds are discharged once it has effected payment as stipulated in this Admission Document and therefore the Issuer has no responsibility for any amount thereafter transmitted through the payment chain.

FATCA requires participating financial institutions to satisfy applicable due diligence and reporting requirements in terms of the intergovernmental agreement entered into by Malta together with the relevant regulations and guidelines issued by the Commissioner for Revenue. Consequently certain confidential information in relation to the Bondholders and/or other relevant persons may be reported to the Commissioner for Revenue and automatically exchanged pursuant to these requirements.

FATCA is particularly complex. Each Bondholder should consult his own tax advisor to obtain a more detailed explanation of FATCA and to learn how it might affect such holder in his specific circumstance.

### **21.4 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 have been required to exchange information pursuant to this Directive since 30 September 2017 (subject to deferral under transitional rules in the case of Austria) 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 this may therefore be subject to reporting obligations.

### **21.5 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 instruments 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 on capital gains should be chargeable in respect of transfers of Bonds held as capital assets at the time of disposal.

## **21.6 Duty on documents and transfers**

In terms of the Duty on Documents and Transfers Act (Cap. 364 of the laws of Malta), duty is chargeable inter alia on the transfer or transmission causa mortis of marketable securities, defined in the said legislation as “a holding of share capital in any company and any document representing the same”.

Accordingly, the Bonds should not be treated as constituting marketable securities within the meaning of the legislation and that, therefore, the transfer or transmission thereof should not be chargeable to duty.

## **21.7 Tax status of the Issuer and Guarantor**

The Issuer and the Guarantor should be subject to tax in Malta at the standard corporate tax rate, which currently stands at 35%.

Income from foreign sources received (including capital gains, dividends, interest and any other income) is also subject to tax in Malta at the rate of 35% subject to claiming relief for double taxation in terms of the provisions of the Income Tax Act (Chapter 123 of the laws of Malta).

**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 BOND 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.**

## **22 MATERIAL CONTRACTS**

Save for the Agreement to purchase the Dock, the ten (10) year Lease Agreement with Marina di Valletta, the Pledge Agreement and the Security Trust Deed, no contracts outside the scope of the Project or not in the ordinary course of business, have been entered into by the Issuer and the Guarantor:

## **23 LITIGATION PROCEEDINGS**

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer and/or the Guarantor are aware) during the period covering the date of incorporation of the Issuer and Guarantor up to the date of the Admission Document which may have, or have had, in the recent past significant effects on the financial position or profitability of the Issuer and/or the Guarantor.

## **24 GOVERNING LAW**

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

## **25 NOTICES**

Notices will be mailed to Bondholders and to the Security Trustee at their registered addresses and shall be deemed to have been served at the expiration of twenty-four (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 and to the Security Trustee at his/her/its registered address and posted.

## 26 DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or certified copies thereof, where applicable, are available for inspection at the registered office of the Issuer at 129-130 Xatt Ta' Xbiex, Ta' Xbiex, Malta, XBX1028 during the term of the Bond Issue during office hours:

- the Memorandum and Articles of Association of the Issuer and of the Guarantor;
- the European Patent Specification no. EP 2 349 829 B1;
- the Agreement for the Purchase of the Dock;
- Lease agreement with Marina di Valletta;
- Architect's Valuation of Security Property A;
- Architect's Valuation of Security Property B;
- Architect's Valuation of Security Property C;
- Architect's Valuation of Security Property D;
- Security Trust Deed;
- Pledge Agreement;
- Escrow Agreement;
- Guarantee;
- Valuation of equity value of Yacht Lift Malta Operations Limited;
- Valuation of an operational floating dock in the UK similar to the Dock;
- Loan Agreement.;
- 2017 & 2018 audited financial statements.



## ANNEX A - THE GUARANTEE

To All Bondholders:

RE: GUARANTEE AND INDEMNITY

Reference is made to the issue of up to €2 million 5.5% Secured Callable Bonds 2021-2025 by Yacht Lift Malta p.l.c., a company registered in Malta bearing company registration number C 78281 (the “**Issuer**”) pursuant to and subject to the terms and conditions contained in the Company Admission Document to be dated 6 September 2019 (the “**Bonds**”).

Now, therefore, by virtue hereof we, Yacht Lift Malta Operations Limited (C 92887), hereby stand surety jointly and severally with the Issuer and irrevocably and unconditionally guarantee the due and punctual performance of all the obligations undertaken by the Issuer under the Bonds and, without prejudice to the generality of the foregoing, undertake to pay all amounts of principal and interest which have become due and payable by the Issuer to Bondholders under the Bonds, within sixty (60) days from the date such amount falls due and remains unpaid by the Issuer.

This guarantee shall be governed by the laws of Malta.

### Interpretation:

In this Guarantee, unless the context otherwise requires:

- (a) terms and expressions defined in or construed for the purposes of the Company Admission Document shall have the same meanings or be construed in the same manner when used in this Guarantee, unless defined otherwise in this Guarantee;
- (b) “**Indebtedness**” means any and all moneys, obligations and liabilities now or hereafter due, owing or incurred by the Issuer under the Bonds to the Bondholders (whether alone and/or with others) in terms of the Company Admission Document and in any and all cases whether for principal, interests, capitalised interests, charges, disbursements or otherwise and whether for actual or contingent liability; and
- (c) “**writing**” or “**in writing**” shall mean any method of visual representation and shall include e-mails, facsimile transmissions and other such electronic methods.

### Nature, scope and terms of the Guarantee:

#### 1. NATURE OF THE GUARANTEE

The offering of Bonds that will be made by the Issuer pursuant to the Company Admission Document will be made with the benefit of the joint and several corporate Guarantee of the Guarantor, the full terms of which are set out in clause 3 below.

#### 2. INFORMATION ABOUT THE GUARANTOR

The information about the Guarantor required pursuant to the Rules may be found in the Company Admission Document.

#### 3. TERMS OF THE GUARANTEE

##### 3.1 Covenant to pay

For the purposes of the Guarantee, the Guarantor, as primary obligor, hereby jointly and severally with the Issuer irrevocably and unconditionally guarantees to each Bondholder that if for any reason the Issuer fails to pay any sum payable by it to such Bondholder pursuant to the terms and conditions of the Bonds detailed in the Company Admission Document as and when the same shall become due under any of the foregoing, the Guarantor will pay to such Bondholder on written demand the amount payable by the Issuer to such Bondholder. All demands shall be sent to the address stated below in clause 3.11 as the same may be changed by company announcement issued by the Issuer from time to time.

Such payment shall be made in the currency in force in Malta at the time the payment falls due.



All payments shall be made to Bondholders without any withholding for taxes (and in so far as this obligation exists under any law the payment shall be grossed up by the amount of withholding) and without set-off for any amounts which may be then owing to the Guarantor by the Issuer.

This Guarantee shall apply to all Bonds issued on or after 13 September 2019 in accordance with the terms of the Company Admission Document.

### **3.2 Guarantor as joint and several surety**

The Guarantor will be liable under this Guarantee as joint and several surety with the Issuer.

### **3.3 Maximum liability**

This is a continuing Guarantee for the whole amount due or owing under the Bonds or which may hereafter at any time become due or owing under the Bonds by the Issuer, but the amount due by the Guarantor to the Bondholders under this Guarantee shall be up to and shall not be in excess of €2,000,000 (two million Euro), apart from interest due up to the date of payment and costs and expenses relating to the protection, preservation, collection or enforcement of the Bondholders' rights against the Issuer and/or the Guarantor, which shall be additional to the maximum sum herein stated.

### **3.4 Continuing and unconditional liability**

The liability of the Guarantor under this Guarantee shall be continuing until such time as the Indebtedness is fully repaid and shall in no way be prejudiced or affected, nor shall it in any way be discharged or reduced, by reason of:

- a. the bankruptcy, insolvency or winding up of the Issuer; or
- b. the incapacity or disability of the Issuer; or
- c. any change in the name, style, constitution, any amalgamation or reconstruction of either the Issuer or the Guarantor;
- d. a Bondholder conceding any time or indulgence, or compounding with, discharging, releasing or varying the liability of the Issuer or renewing, determining, reducing, varying or increasing any accommodation or transaction or otherwise dealing with the same in any manner whatsoever or concurring in, accepting or in any way varying any compromise, composition, arrangement or settlement or omitting to claim or enforce or extract payment from the Issuer; or
- e. any event, act or omission that might operate to exonerate the Guarantor without settlement in full of the Indebtedness towards the relevant Bondholder.

### **3.5 Indemnity**

As a separate and alternative stipulation, the Guarantor unconditionally and irrevocably agrees that any Indebtedness to be payable by the Issuer but which is for any reason (whether or not now known or becoming known to the Issuer, the Guarantor or any Bondholder) not recoverable from the Guarantor, will nevertheless be recoverable from it as if it were the sole principal debtor and will be paid by it to the Bondholder on demand. This indemnity constitutes a separate and independent obligation from the other obligations in this Guarantee, gives rise to a separate and independent obligation from the other obligations in this Guarantee, and gives rise to a separate and independent cause of action.

### **3.6 Representations and warranties**

#### **3.6.1 The Guarantor represents and warrants:**

- (i) that it is duly incorporated and validly existing under the laws of Malta and has the power to carry on its business;
- (ii) that it has power to grant this Guarantee and that this Guarantee is duly authorised and all corporate action has been taken by said Guarantor in accordance with its deeds of constitution and the laws of its incorporation and regulation;
- (iii) that this Guarantee constitutes and contains valid and legally binding obligations of such Guarantor enforceable in accordance with its terms;
- (iv) that this Guarantee does not and will not constitute default with respect to or run counter to any law, by-law, articles of incorporation, statute, rule, regulation, judgement, decree or permit to which said Guarantor is or may be subject, or any agreement or other instrument to which said Guarantor is a party or is subject or by which it or any of its property is bound;
- (v) that this Guarantee shall not result in or cause the creation or imposition of, or oblige the Guarantor to create, any encumbrance on the Guarantor's undertakings, assets, rights or revenues;



- (vi) that it is in no way engaged in any litigation, arbitration or administrative proceeding of a material nature (which for the purposes of this Guarantee shall mean proceedings relative to a claim amounting to at least €1,000,000) and nor is it threatened with any such procedures;
- (vii) that the obligations of the Guarantor under this Guarantee constitute general, direct and unsecured obligations of the Guarantor and rank equally with all their other existing and future unsecured obligations, except for any debts for the time being preferred by law;
- (viii) that it is not in breach of or in default under any agreement relating to indebtedness to which it is a party or by which it may be bound, nor has any default occurred in its regard;
- (ix) that all the information, verbal or otherwise, tendered in connection with the negotiation and preparation of this Guarantee is accurate and true and there has been no omission of any material facts; and
- (x) that the granting of this Guarantee is in the commercial interest of said Guarantor and that said Guarantor acknowledges that it is deriving commercial benefit therefrom.

3.6.2 As from the date of this Guarantee, until such time as the Indebtedness is paid in full to the Bondholders, and for as long as this Guarantee shall remain in force, the Guarantor shall hold true, good and valid all the representations and warranties given under this clause.

### **3.7 Deposit and production of the Guarantee**

The instrument creating this Guarantee shall be deposited with and be held by the Issuer at its registered address for the benefit of the Bondholders until all obligations of the Guarantor have been discharged in full, and until such time the Guarantor acknowledges the right of every Bondholder to obtain a copy of the instrument creating the Guarantee.

### **3.8 Subrogation**

Until all amounts which may be payable under the terms of the Bonds have been irrevocably paid in full, the Guarantor shall not by virtue of this Guarantee be subrogated to any rights of any Bondholder or claim in competition with the Bondholders against the Issuer.

### **3.9 Benefit of the Guarantee and no assignment**

This Guarantee is to be immediately binding upon the Guarantor for the benefit of the Bondholders. The Guarantor shall not be entitled to assign or transfer any of its obligations under this same Guarantee.

### **3.10 Amendments**

The Guarantor has the power to veto any changes to the terms and conditions of the Bonds which are issued with the benefit of this Guarantee.

### **3.11 Notices**

For notification purposes in connection with this Guarantee, the proper address and telephone number of the Guarantor is:

#### **Yacht Lift Malta Operations Limited**

**Address:** 129-130, Xatt Ta' Xbiex, Ta' Xbiex XBX 1028, Malta  
**Telephone number:** +356 21341965  
**Contact person:** Daniel Gatt

### **3.12 Governing law and jurisdiction**

This Guarantee is governed by and shall be construed in accordance with Maltese Law.

Any dispute, controversy or claim arising out of or relating to this Guarantee or as to the interpretation, validity, performance or breach thereof shall be brought exclusively before the Maltese courts.



Signed and executed on this the [ ] day of [ ] 2019.

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Giuseppi Farrugia (ID 96095M)  
Director  
Yacht Lift Malta Operations Limited (C 92887)

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Daniel Gatt (ID 16301L)  
Director  
Yacht Lift Malta Operations Limited (C 92887)





# ANNEX B - SPECIMEN APPLICATION FORMS

Yacht Lift Malta plc  
€2,000,000 5.5% Secured Callable Bonds 2021-2025

APPLICATION FORM  
Application No. \_\_\_\_\_

Please read the notes overleaf before completing this Application Form

<b>APPLICANT</b>				<b>A</b>
Non-Resident <input type="checkbox"/>	Minor (under 18) <input type="checkbox"/>	Corporate <input type="checkbox"/>	CIS <input type="checkbox"/>	
FULL NAME & SURNAME / REGISTERED NAME				<b>B</b>
ADDRESS				
MSE A/C NO. (if applicable)			POST CODE	<b>C</b>
DATE OF BIRTH			NATIONALITY	
I.D. CARD / PASSPORT /COMPANY REG. No.		DOCUMENT NUMBER	COUNTRY OF ISSUANCE	<b>D</b>
LEGAL ENTITY IDENTIFIER (LEI)				
E-MAIL ADDRESS			MOBILE NO.	<b>E</b>
Already Registered for e-Portfolio <input type="checkbox"/>	Please register me for e-Portfolio <input type="checkbox"/>	Please do NOT register me for e-Portfolio <input type="checkbox"/>		
<b>ADDITIONAL (JOINT) APPLICANTS</b> (please use additional application form if space is not sufficient)				<b>F</b>
TITLE (Mr/Mrs/Ms/..)		FULL NAME & SURNAME	DATE OF BIRTH	
I.D. CARD / PASSPORT		DOCUMENT NUMBER	COUNTRY OF ISSUANCE	<b>G</b>
MINOR'S PARENTS/LEGAL GUARDIANS (See Note 4)		(to be completed ONLY if the Applicant is a minor)		
TITLE (Mr/Mrs/Ms/..)		FULL NAME & SURNAME	DATE OF BIRTH	<b>H</b>
I.D. CARD / PASSPORT		DOCUMENT NUMBER	COUNTRY OF ISSUANCE	
TITLE (Mr/Mrs/Ms/..)		FULL NAME & SURNAME	DATE OF BIRTH	<b>I</b>
I.D. CARD / PASSPORT		DOCUMENT NUMBER	COUNTRY OF ISSUANCE	
I/We apply to purchase and acquire the amount set out below				<b>E</b>
AMOUNT IN FIGURES €		AMOUNT IN WORDS		
YACHT LIFT MALTA plc €2,000,000 5.5% Secured Callable Bonds 2021 - 2025 at the Bond Issue Price (at par) pursuant to the Admission Document dated 6 September 2019 (minimum €2,000 and in multiples of €100 thereafter)				<b>F</b>
<b>RESIDENT - WITHHOLDING TAX DECLARATION</b> (to be completed ONLY if the Applicant is a Resident of Malta)				
<input type="checkbox"/> I/We elect to have Final Withholding Tax deducted from my/our interest.				<b>G</b>
<input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without deduction of withholding tax).				
<b>NON-RESIDENT DECLARATION FOR TAX PURPOSES</b> (to be completed ONLY if the Applicant is a Non-Resident)				<b>H</b>
TAX COUNTRY		TOWN OF BIRTH		
T.I.N. (Tax Identification Number)		COUNTRY OF BIRTH		<b>I</b>
PASSPORT/NATIONAL I.D. CARD NUMBER		ISSUE DATE		
<input type="checkbox"/> I/We am/are NOT Resident in Malta but I/we am/are Resident in the European Union.				<b>H</b>
<input type="checkbox"/> I/We am/are NOT Resident in Malta and I/we am/are NOT Resident in the European Union.				
<b>INTEREST, REFUND AND REDEMPTION MANDATE</b> (completion of this panel is mandatory)				<b>H</b>
BANK		IBAN		
I/We have fully understood the instructions for completing this Application Form, and am/are making this Application on the basis of the Admission Document, and subject to its Terms and Conditions (as defined therein) which have been explained to me/us, and which I/we fully accept.				<b>I</b>
Signature/s of Applicant/s (All parties are to sign in the case of a joint Application)		Financial Intermediary		
FINANCIAL INTERMEDIARY'S STAMP		FINANCIAL INTERMEDIARY'S CODE		



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

The following notes are to be read in conjunction with the Admission Document dated 6 September 2019

1. This Application is governed by the Terms and Conditions of Application contained in the Admission Document. Capitalised terms not defined herein shall, unless the context otherwise requires, have the same meaning ascribed to them in the Admission Document.
2. The Application Form is to be completed in BLOCK LETTERS.
3. Applicants are to insert full personal details in Panel A and B. In the case of an application by more than one person (including spouses) full details of all individuals – including I.D. Card Numbers – must be given in Panels A, B and C but the person whose name appears in Panel B shall, for all intents and purposes, be deemed to be the registered holder of the Bonds (vide note 7 below).  
Upon submission of an Application Form, Bondholders who do not have an online e-portfolio account 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 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/>. Those Bondholders who opt not to avail themselves of this facility should indicate such on the Application Form. Further detail on the e-portfolio is found on <https://eportfolio.borzamalta.com.mt/Help>.
4. Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or by 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. The relative box in Panel A must also be marked appropriately. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption proceeds payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption proceeds shall be payable 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 eighteen (18) years.
5. Applicants who are Non-Resident in Malta for tax purposes must indicate their passport number in Panel B and complete Panel G. The relative box in Panel A must also be marked appropriately.
6. In the case of a body corporate, the name of the entity exactly as registered, LEI, and the registration number are to be inserted in Panel B. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
7. APPLICANTS WHO ALREADY HOLD SECURITIES ON THE MSE ARE TO INDICATE THEIR MSE ACCOUNT NUMBER IN PANEL B.
8. The amount applied for must be in multiples of €100 subject to a minimum application of €2,000. The Applicant must ensure that the relative Application Form is accompanied by payment of the full price of the amount of Bonds applied for. Payment of the amount, must be made in Euro in cleared funds to "The Placement Agent and Manager – Calamatta Cuschieri Investment Services Ltd". In the event that the cheque accompanying the Application Form is not honoured on the first presentation the Issuer reserves the right to invalidate the relative Application.
9. Only Applicants who hold an official Maltese Identity Card or companies registered in Malta will be treated as resident 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 he/she will be obliged to declare interest so received on his/her tax return. Authorised entities applying in the name of a Prescribed Fund (having indicated their status in the appropriate box in Panel A) will have Final Withholding Tax, currently 10%, deducted from interest payments.
10. In terms of Section 21 of the Admissions Document, 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 a person net of final withholding tax (currently 15%) of the gross amount of interest, pursuant to Article 33 of the Tax Act (Cap. 123 of the Laws of Malta).
11. If any Application is not accepted, after the closure of the subscription lists or is 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 the application form. Interest or redemption proceeds will be credited to the account designated or as otherwise amended by the Bondholder/s during the term of the Bond.
12. European Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments requires all payors established in the EU which pay interest to an individual resident in another EU Member State, to report the interest payment to the tax authorities of the Member State in which the payor is established. If the Applicant's permanent residential address is in an EU Member State or in another country to which the said Directive applies (called a "specified territory") then the interest paid will be reported.
13. Completed Application Forms are to be delivered to the Placement Agent and Manager, Calamatta Cuschieri Investment Services Ltd during normal office hours by not later than 12:00 noon on the 13 September 2019. 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 general terms and conditions of the Admissions Document. Any applications received by the Placement Agent and Manager after 12:00 noon on the 13 September 2019 will be rejected.
14. By completing and delivering an Application Form you (as the Applicant(s)):
  - a. acknowledge that the Issuer may process the personal data that you provide in the Application Form in accordance with the GDPR and Data Protection Act (Cap. 586 of the Laws of Malta);
  - b. acknowledge that the Issuer and the CSD may process such personal data for all purposes necessary for and related to the Bonds applied for; and
  - c. acknowledge that 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 and the CSD. Any such requests must be made in writing and addressed to the CSD for the duration of admission of the Bonds as dematerialised instruments at the CSD. 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 Investment Services Act (Cap. 370 of the Laws of Malta), for advice.



## **ANNEX C – SECURITY TRUST DEED**

The [-] day of [-] of the year 2019

### **DECLARATION OF TRUST**

**made by**

**GVZH Trustees Limited  
(the “Trustee”)**

**and**

**Yacht Lift Malta PLC  
(the “Issuer”)**

**and**

**Yacht Lift Malta Operations Limited  
(the “Guarantor”)**

**and**

**Giuseppi Farrugia  
(“GF”)**

**and**

**Daniel Gatt  
(“DG”)**

**and**

**Michael Gatt and Norma Gatt  
(“Collateral Givers A”)**

**and**

**Jack Farrugia and Helena Farrugia  
(“Collateral Givers B”)**

**Constituting**

**‘The Yacht Lift Security Trust’**





## THE YACHT LIFT SECURITY TRUST

THIS Trust Deed, known or referred to as the “**Yacht Lift Security Trust**”, is entered into on the [-] day of [-] of the year 2019 by and between:

BETWEEN

- (1) **GVZH Trustees Limited** a private limited liability company registered and existing under the laws of Malta with company registration number C 23095 and having its registered office at 192, Old Bakery Street, Valletta VLT 1455, Malta (hereinafter the “**Security Trustee**” or the “**Trustee**” which expression shall include any other person appointed as trustee under this Trust Deed);

AND

- (2) **Yacht Lift Malta P.L.C.**, a public limited liability company registered under the laws of Malta having its registered office at 129-130, Xatt ta' Xbiex, Ta' Xbiex, Malta and bearing company registration number C78281 (hereinafter the “**Issuer**”);

AND

- (3) **Yacht Lift Malta Operations Limited**, a private limited liability company registered under the laws of Malta having its registered office at 129-130, Xatt ta' Xbiex, Ta' Xbiex, Malta and bearing company registration number C 92887 (hereinafter the “**Guarantor**”);

AND

- (4) **Giuseppi Farrugia** (ID Card No. 96095M), residing at Juniper Mews Blk F, Flat 5, Triq San Gwann, Gharghur, Malta (hereinafter called “**GF**”);

AND

- (5) **Capt. Daniel Gatt** (ID Card No. 16301L) residing at 4, Block C Avenue Apartments, Triq Dun Frangisk Sciberras, Mellieha, Malta (hereinafter called “**DG**”);

AND

- (6) **Michael Gatt** (ID Card No. 0825947M) and **Norma Gatt** (IC Card No. 0363001L) both residing at Triq ta' Fuq il – Widien, Mellieha, Malta, jointly and severally between them shall be hereinafter referred to as “**Collateral Givers A**”;

AND

- (7) **Jack Farrugia** (ID Card No. 0531444M) and **Helena Farrugia** (IC Card No. 400801L) both residing at 24, Triq J Kepler, Mellieha, Malta, jointly and severally between them shall be hereinafter referred to as “**Collateral Givers B**”;

[Collateral Givers A and Collateral Givers B shall be jointly referred to as the “**Collateral Givers**”]

## WHEREAS

- (i) The Issuer by virtue of a resolution taken at the board meeting of the Issuer dated 26 August, has authorised the issue of the Bonds (as defined below) under the terms and conditions set out in the Company Admission Document (as defined below) and determined to secure the same in the manner hereinafter appearing;
- (ii) The Issuer, in terms of the Company Admission Document, has committed to complete the Project (as defined below) by virtue of the issue of the Bonds amounting to a maximum of two million Euro (€2,000,000);
- (iii) The Issuer shall secure its obligations to the Bondholders in terms of the Company Admission Document by depositing part of the bond issue proceeds in an amount of €889,500 on trust, to be held by the Security Trustee for the benefit of the Primary Beneficiaries and shall be distributed to the Issuer in its capacity as a Residual Beneficiary to procure the delivery and registration of the Dock in the name of the Guarantor;
- (iv) The Issuer, GF and DG shall secure the obligations of the Issuer to the Primary Beneficiaries by constituting a pledge over all their respective shares in the Guarantor in accordance to a Pledge of Shares Agreement, in favour of the Security Trustee for the benefit of the Primary Beneficiaries;



- (v) GF and DG shall further secure the obligations of the Issuer to the Primary Beneficiaries by constituting a second ranking special hypothec over Security Property C and Security Property D (as defined in the Company Admission Document) in favour of the Security Trustee for the benefit of the Primary Beneficiaries;
- (vi) The Collateral Givers shall secure the obligations of the Issuer to the Primary Beneficiaries by constituting a first ranking Special Hypothec over the Security Property A and Security Property B in favour of the Security Trustee for the benefit of the Primary Beneficiaries;
- (vii) Upon the manufacture and delivery of the Dock, the Guarantor shall further secure the Issuer's obligations to the Bondholders in terms of the Company Admission Document by constituting a mortgage over the Yacht Lift and a pledge over the Insurance Policy in favour of the Security Trustee for the benefit of the Primary Beneficiaries;
- (viii) The Security Trustee is a qualified trustee as defined under the Trusts and Trustees Act (Chapter 331 of the laws of Malta);
- (ix) The Trustee shall hold, manage and administer the Assets for the benefit of the Primary Beneficiaries; and
- (x) The Trustee acknowledges and agrees that it is not itself a creditor of the Issuer and that the creditors of the Issuer, in terms of the Yacht Lift Security Trust, shall be solely the Bondholders whose names and other details shall be entered in and maintained by the Central Securities Depository of the Malta Stock Exchange, and who shall be recognised as the Primary Beneficiaries under this Trust.

**NOW, THEREFORE, THIS TRUST DEED WITNESSES AS FOLLOWS:**

**1. DEFINITIONS AND INTERPRETATION**

1.1. In this Trust Deed, unless the context otherwise requires, the following definitions shall apply:

- 1.1.1. The term "**Assets**" shall mean the assets subject of the Collateral Rights;
- 1.1.2. The terms "**Beneficiary**" and "**Beneficiaries**" shall mean the Primary Beneficiaries and the Residual Beneficiaries as indicated in Schedule Two and Schedule Three of this Trust Deed;
- 1.1.3. The term "**Bond/s**" shall mean the issue of two million Euro (€2,000,000) secured callable bonds 2021-2025 of a nominal value of one hundred Euro (€100) per bond issued at par and redeemable on the redemption date, subject to the Early Redemption Schedule (as defined in the Company Admission Document), at their nominal value, bearing interest at the rate of 5.5% per annum under the terms and conditions set out in the Company Admission Document;
- 1.1.4. The term "**Bondholders**" shall mean the person or persons holding Admitted Debt Securities issued by the Issuer on Prospects MTF in terms of the Company Admission Document, as registered in the Register of Beneficiaries maintained on behalf of the Issuer by the CSD;
- 1.1.5. The term "**Company Admission Document**" shall mean the Company Admission Document dated 6 September 2019 and ancillary documents submitted to the Malta Stock Exchange and approved by the Malta Stock Exchange for the Bonds to be admitted to trading on Prospects MTF.
- 1.1.6. The term "**Corporate Advisor**" shall mean Calamatta Cuschieri Investment Services Ltd a limited liability company registered under the laws of Malta with company registration number C 13729, having its registered office at Ewropa Business Centre, Triq Dun Karm, Birkirkara, BKR 9034, Malta;
- 1.1.7. The term "**Collateral Rights**" shall mean:
  - 1.1.7.1. The deposit of part of the bond issue proceeds in an amount of €889,500 to be held on trust until the manufacture of the Yacht Lift;



- 1.1.7.2. A pledge by the Issuer, GF and DG over all of their respective shares held in the Guarantor, from time to time, in virtue of the Pledge Agreement, in favour of the Trustee in its capacity as trustee of the Yacht Lift Security Trust;
  - 1.1.7.3. first ranking special hypothecs over the Security Property A and Security Property B, respectively in favour of the Trustee in its capacity as trustee of the Yacht Lift Security Trust;
  - 1.1.7.4. second ranking special hypothecs over the Security Property C and Security Property D, respectively in favour of the Trustee in its capacity as trustee of the Yacht Lift Security Trust;
  - 1.1.7.5. a mortgage over the Yacht Lift in favour of the Trustee in its capacity as trustee of the Yacht Lift Security Trust, once the Yacht Lift is constructed, delivered and registered in the name of the Guarantor;
  - 1.1.7.6. a pledge over the proceeds from the Insurance Policy in favour of the Trustee in its capacity as trustee of the Yacht Lift Security Trust, once the Yacht Lift is constructed, delivered and registered in the name of the Guarantor.
- 1.1.8. The term **"Corporate Trustee"** shall mean any trustee that is constituted as a body corporate, wherever incorporated, and may include the Trustee and / or any other subsequently appointed trustee and, in any event, is to be an entity which is duly authorised and qualified to act as a trustee or co-trustee in terms of the Trusts and Trustees Act (Chapter 331 of the laws of Malta);
- 1.1.9. The term **"Deeds of Hypothec"** shall mean collectively the Deed of Hypothec A, the Deed of Hypothec B, the Deed of Hypothec C and the Deed of Hypothec D, as each is defined in the Company Admission Document;
- 1.1.10. The term **"Events of Default"** shall have the same meaning as set out in the Company Admission Document;
- 1.1.11. The term **"Future Property"** means any future property which shall be settled into the Yacht Lift Security Trust, including the Collateral Rights, at any time during the term of the Yacht Lift Security Trust;
- 1.1.12. The term **"Initial Property"** shall mean the following Collateral Rights:
- 1.1.12.1. A pledge by the Issuer, GF and DG over all of their respective shares held in the Guarantor, from time to time, in virtue of the Pledge Agreement, in favour of the Trustee in its capacity as trustee of the Yacht Lift Security Trust;
  - 1.1.12.2. first ranking special hypothecs over the Security Property A and Security Property B, respectively in favour of the Trustee in its capacity as trustee of the Yacht Lift Security Trust; and
  - 1.1.12.3. second ranking special hypothecs over the Security Property C and Security Property D, respectively in favour of the Trustee in its capacity as trustee of the Yacht Lift Security Trust.
- 1.1.13. The term **"Insurance Policy"** shall mean the insurance policy providing for the replacement value of the Yacht Lift;
- 1.1.14. The term **"Admitted Debt Securities"** shall mean the Bonds issued by the Issuer in terms of the Company Admission Document admitted on Prospects MTF;
- 1.1.15. The Term **"Parties"** shall mean the Issuer, the Trustee, the Collateral Givers, GF and DG;
- 1.1.16. The term **"person"** shall mean an individual or a company; the latter term "company" shall mean any body of persons corporate or unincorporate (of whatsoever kind) incorporated or otherwise brought into existence in any part of the world;
- 1.1.17. The term **"Pledge Agreement"** shall mean the pledge of shares agreement to be dated on or around 19 September 2019 to be entered into by and between the Issuer, the Guarantor, GF and DG and the Trustee pursuant to which the Issuer, GF and DG are to grant a pledge over all of their shares held in the Guarantor, from time to time, in favour of the Trustee in its capacity as trustee of the Yacht Lift Security Trust;
- 1.1.18. The term **"Primary Beneficiary"** or **"Primary Beneficiaries"** shall mean all and any of the persons specified in Schedule Two hereto;
- 1.1.19. The term **"Proper Law"** shall have the meaning granted to such term in clause 20 hereof;
- 1.1.20. The term **"Property"** shall mean property of any kind or description, whether movable or immovable, personal or real, and wherever situated, and in relation to rights and interests whether vested, contingent, voidable or future;



- 1.1.21. The term “**Prospects MTF**” shall mean the market regulated as a Multilateral Trading Facility (“MTF”) operated by the Malta Stock Exchange providing a venue for start-up and growth of small to medium-sized enterprises to float their capital (including equity or debt) on the market.
- 1.1.22. The term “**Residual Beneficiaries**” shall mean the person or persons specified in Schedule Three attached hereto;
- 1.1.23. The term “**Security Documents**” shall mean the documents relating to the Collateral Rights, as may be applicable, including but not limited to, the Pledge Agreement, the Deeds of Hypothec, and a pledge over the Insurance Policy;
- 1.1.24. The term “**Security Property A**” shall mean the immovable property as defined in the Company Admission Document;
- 1.1.25. The term “**Security Property B**” shall mean the immovable property as defined in the Company Admission Document;
- 1.1.26. The term “**Security Property C**” shall mean the immovable property as defined in the Company Admission Document;
- 1.1.27. The term “**Security Property D**” shall mean the immovable property as defined in the Company Admission Document;
- 1.1.28. The term “**Security Properties**” shall mean the Security Property A, Security Property B, Security Property C and Security Property D, collectively;
- 1.1.29. The term “**Placement Agent and Manager**” shall mean Calamatta Cuschieri Investment Services Ltd, a limited liability company registered under the laws of Malta with company registration number C 13729 and having its registered office at Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta;
- 1.1.30. The term “**Trust Deed**” whether used in this document or not, shall be interpreted as having the same meaning and shall refer to this Agreement;
- 1.1.31. The term “**Trust Documents**” shall mean this Trust Deed, any accounts of the Yacht Lift Security Trust as maintained by the Trustee in accordance with clause 18 hereof, and the Security Documents;
- 1.1.32. The terms “**Trust Property**” and “**Trust Assets**” shall mean the Initial Property, the Future Property and any proceeds arising from the sale or enforcement of any property or asset connected with the Collateral Rights;
- 1.1.33. The term “**Trust Period**” shall mean the duration of the Trust in terms of clause 8 hereof;
- 1.1.34. The term “**Trusts and Trustees Act**” shall mean The Trusts and Trustees Act, Chapter 331 of the laws of Malta;
- 1.1.35. The term “**Trustee**” or “**Trustees**” shall refer to the Original Trustees specified in this Instrument of Trust if such Trustees remain the sole Trustees, or (in the event that any additional Trustee or Trustees may subsequently be duly effectively appointed) to the Original Trustees (unless he has in the meantime resigned or been removed) and the additional Trustee/s;
- 1.1.36. The term “**Yacht Lift**” shall mean the manufacture and the subsequent delivery of a floating dry-dock which allows for the lifting and lowering of motor yachts, sailing yachts and catamarans and provide out of water service, as is to be registered with Transport Malta upon delivery thereof.

## 1.2 In the interpretation and construction of each and every provision hereof:

- 1.2.1. words in the singular shall include the plural and words in the plural shall include the singular;
- 1.2.2. words denoting any gender shall include all genders;
- 1.2.3. subject to any change in the Proper Law and as otherwise herein provided, the words used herein shall bear the meaning ascribed to them by the Interpretation Act, Chapter 249 of the laws of Malta, and the law on Trusts;



- 1.2.4. the headings and sub-headings to this Trust Deed are inserted only for reference to the provisions hereof and shall not affect the construction of such provisions;
- 1.2.5. unless the context otherwise requires, where this Trust Deed refers to any enactment, the reference is a reference to that enactment as extended or applied by or under any other enactment including any other provision of that enactment; and
- 1.2.6. this Trust Deed shall be considered valid in its entirety including the schedules and annexes attached hereto.

Unless the context otherwise requires, words and expressions not otherwise defined in this Trust Deed shall bear the same meanings as in the Company Admission Document.

## **2. DECLARATION OF TRUST**

- 2.1 The Trustee is hereby appointed to hold and administer the Trust Property in accordance with powers and discretions outlined in Schedule Four and subject to the provisions declared, contained and concerning the same in this Trust Deed. Upon the settlement of the Assets into the Trust, the Security Trustee shall notify and confirm to the appointed Placement Agent and Manager of the bonds that such Assets have been settled in the Yacht Lift Security Trust.
- 2.2 The trust constituted hereby shall be irrevocable subject to the terms hereof and any applicable terms contained in the Company Admission Document.

Provided that in any case of discrepancy, the provisions of the Trust Deed shall prevail over any provisions found in the Company Admission Document.

- 2.3 This Trust Deed shall be known or referred to under the name or reference first above stated or by such other name or reference as the Trustee in its absolute discretion shall from time to time think fit.
- 2.4 Subject to Article 10 of the Trusts and Trustees Act, the Trustee may, at any time during the Trust Period, accept as additions to the Trust Property additional settlements as an accretion to the Trust Property and such additional settlements shall, subject to any contrary direction, be held upon the Yacht Lift Security Trust and with and subject to the powers and provisions of this Trust Deed.
- 2.5 The Trustee shall make declarations of trust whenever any additional property is received under this Trust Deed and such declarations of trust shall be on the same terms as stated herein and shall form an integral part hereof.

Provided that every time the Trustee shall make declarations of trust indicating additional property settled on Trust as aforesaid, the Issuer shall be notified in writing of such fact immediately and the Issuer shall make the necessary Company Announcement in accordance with the Prospects MTF Rules to that effect.

## **3. PURPOSE OF THE TRUST**

- 3.1 The purpose of the Trust Deed is:

- 3.1.1 to hold the Trust Property as a guarantee in favour and for the interest and benefit of the Primary Beneficiaries up to the value of the Admitted Debt Securities, until such time as the Admitted Debt Securities are repaid in full in terms of the Company Admission Document (as may be amended from time to time);
- 3.1.2 to settle all liabilities relating to the Admitted Debt Securities which might be outstanding in terms of this Trust Deed and in terms of the Company Admission Document, as may be amended from time to time;





- 3.1.3 to hold property on trust for the benefit of the Primary Beneficiaries and Residual Beneficiaries according to the terms of this Trust Deed;
- 3.1.4 to distribute the Trust Property to the Residual Beneficiaries at any time after the debt in terms of the Company Admission Document, due to the Primary Beneficiaries, has been repaid in full and the rights of the said Primary Beneficiaries to receive capital and interest accrued up to the date of redemption of the Bonds have ceased to exist.

#### **4. SECURITY TRUST HOLDING FOR BONDHOLDERS**

- 4.1 In terms of the Company Admission Document, the Issuer, the Collateral Givers, GF and DG, as applicable, are to grant the Collateral Rights for the benefit of the Bondholders and to instruct the Trustee to hold the Trust Property as security for the outstanding amount due to the Bondholders, together with amounts of interest and charges thereon.
- 4.2 The Parties agree that, in terms and for the purposes of the Trusts and Trustees Act, the Yacht Lift Security Trust created hereby shall be treated as constituted in the context of a commercial transaction. Pursuant to the provisions of Article 21(7) of the Trusts and Trustees Act, each party agrees that the duties, liabilities, obligations and responsibilities incumbent upon the Trustee shall be limited to those expressly specified in this Trust Deed, and that the Yacht Lift Security Trust shall operate in accordance with the express provisions of this Trust Deed, unless any provision of the Trusts and Trustees Act is specifically hereby retained. Provided that nothing in this clause shall permit the Trustee to be exonerated from the effects of, or be indemnified for, its own fraud, willful misconduct or negligence.
- 4.3 The Trustee shall hold the Trust Property under a security trust as provided in Article 2095E of the Civil Code (Chapter 16 of the laws of Malta). A security shall be, therefore, constituted in the name of the Trustee in the manner provided for by applicable law of Malta for the benefit of the Primary Beneficiaries prior to the admission of the Bonds issued by the Issuer on Prospects MTF, and this for all amounts owing to the Primary Beneficiaries by the Issuer in terms of the Company Admission Document, as may be amended from time to time, including all amounts of interest or charges due in terms thereof, in relation to the Admitted Debt Securities, once and provided that all of the following conditions precedent have taken place:
  - 4.3.1 the Issuer has successfully obtained the necessary proceeds from the subscription of the Admitted Debt Securities in accordance with the Company Admission Document;
  - 4.3.2 part of the bond issue proceeds in an amount of €889,500 are deposited with the Security Trustee to be held on trust for the benefit of the Primary Beneficiaries;
  - 4.3.3 the Pledge Agreement is executed and the Pledged Shares (as defined therein) have been pledged in favour of the Trustee in its capacity as trustee of the Yacht Lift Security Trust;
  - 4.3.4 a first ranking special hypothec over the Security Property A and Security Property B has been successfully registered in favour of the Trustee in its capacity as trustee of the Yacht Lift Security Trust; and
  - 4.3.5 a second ranking special hypothec over the Security Property C and Security Property D has been successfully registered in favour of the Trustee in its capacity as trustee of the Yacht Lift Security Trust;
- 4.4 Provided that, upon the manufacture and delivery of the Yacht Lift, the Trustee shall distribute such part of the bond proceeds amounting to €889,500 held on trust in terms hereof to the Issuer in its capacity as a Residual Beneficiary so as to procure delivery of the Yacht Lift in terms of section 18 of the Company Admission Document and shall further guarantee its obligations by executing the following conditions:
  - (a) the registration of the Yacht Lift with Transport Malta in terms of Article 3 of the Merchant Shipping Act, Chapter 234 of the laws of Malta;
  - (b) the registration of a mortgage with Transport Malta over the Yacht Lift in terms of the Merchant Shipping Act in favour of the Trustee in its capacity of Trustee of the Yacht Lift Security Trust;
  - (c) the execution of a pledge over the Insurance Policy in favour of the Trustee.

Provided that, in the event that the Trustee becomes aware of the fact that an Event of Default has occurred or is likely to occur, it shall notify in writing the Malta Stock Exchange, the Corporate Advisor and the Primary Beneficiaries of such fact without delay.



Provided further that should the Issuer identify a more suitable asset and/or security right so as to achieve the purpose for a secured issue in terms of the Company Admission Document, the Issuer shall inform the Trustee and the Trustee shall, in its sole and absolute discretion and subject to an independent valuation report confirming that the value of the security being substituted and added to the rights constituting the Trust Property is at least equal to the value of the Collateral to be removed as a Trust Property at such date, have the option of accepting to hold said proposed alternative security on trust in terms hereof in lieu of existing security property, on the understanding that the said alternative security would be in the best interests of the Bondholders.

- 4.5 In terms of the Company Admission Document and in accordance with this clause, the Trustee shall be entitled to request at any point throughout the term of the Trust, that the Issuer, the Guarantor, DG, GF and/or the Collateral Givers provide further Collateral to be settled on trust for the benefit of the Primary Beneficiaries should the Trustee deem that the Trust Assets do not cover the principal amount and any interest accrued therefrom.
- 4.6 The Trustee shall, notwithstanding that it is not a Bondholder, be entitled to be registered as the holder of the Collateral Rights for the benefit of the Bondholders in accordance with the provisions of this Trust Deed and Article 2095E of the Civil Code.
- 4.7 All payment and other obligations to the Bondholders pursuant to the Company Admission Document shall be the exclusive obligations of the Issuer, and the Trustee shall not have, and nothing herein contained shall be construed as creating or otherwise acknowledging, any obligation on the part of the Trustee in favour of the Bondholders for any payments that may fall due under the Bonds.
- 4.8 Subject to clause 7 herein, in the event that the Issuer, the Collateral Givers, GF and/or DG commits any of the Events of Default, including default of the Issuer's obligations to repay any Bonds (together with interest and charges thereon) in terms of the Company Admission Document, the Trustee shall have the authority to enforce the Collateral Rights on its own accord or upon receiving notice from the Bondholders that any of the Events of Default has occurred. Provided that the Trustee shall not be bound to take any steps to ascertain whether any Event of Default or other similar condition, event or circumstance has occurred or may occur, and, until it shall have actual knowledge or express notice to the contrary, the Trustee shall be entitled to assume that no such Events of Default or condition, event or other circumstance has happened and that each of the Issuer, the Collateral Givers, GF and/or DG are observing and performing all the obligations, conditions and provisions on its part pursuant to the Company Admission Document, the Security Documents and this Trust Deed, as applicable. Provided further that, in the event that the Trustee becomes aware of the fact that an Event of Default has occurred or is likely to occur, it shall notify in writing the MSE and the Corporate Advisor (as defined in the Company Admission Document) until such time as the Bonds remain admitted on any of the markets operated by the MSE, as well as the Primary Beneficiaries of such fact without delay.
- 4.9 Following the Trustee's enforcement of the Collateral Rights in accordance with the provisions contained in this clause 4, where applicable, the Trustee shall apply the net proceeds of the sale of the Security Properties as follows:
- Firstly to pay any fees due to the Trustee for the administration of the trust and any costs or liabilities of the Trustee arising therefrom, in terms of Article 28 of the Trusts and Trustees Act;
  - Secondly to pay the Primary Beneficiaries any outstanding debt owed to them by the Issuer under the Bonds in terms of the Company Admission Document; and
  - Thirdly to hold any remaining balance in trust for the Residual Beneficiaries.
- 4.10 Immediately upon the Issuer repaying all amounts outstanding to the Primary Beneficiaries under the Bonds in terms of the Company Admission Document, and upon receiving confirmation in writing to this effect from the Issuer and/or the Malta Stock Exchange, the Trustee shall extinguish the Collateral Rights in favour of the Primary Beneficiaries and the Residual Beneficiaries shall become the sole beneficiaries of this Trust.

## **5. COVENANTS BY THE ISSUER, THE GUARANTOR, THE COLLATERAL GIVERS, GF AND DG**

- 5.1 The Issuer and/or the Guarantor and/or the Collateral Givers and/or GF and/or DG, as the case may be, covenants to the Trustee, for the benefit of the Primary Beneficiaries, that at all times during the continuance of admission of the Bonds to the list on Prospects MTF:
- 5.1.1 the Issuer shall pay to the Bondholders interest as set out in the Company Admission Document;
  - 5.1.2 the Issuer shall redeem the Bonds at their nominal value on the Redemption Date as set out in the Company Admission Document;
  - 5.1.3 the Issuer and the Guarantor shall maintain their respective corporate existence as companies duly organised and existing and in good standing under Maltese law;



- 5.1.4 the Issuer, the Guarantor, the Collateral Givers, GF and/or DG shall promptly notify the Trustee, upon the happening of any Event of Default;
- 5.1.5 the Issuer, the Guarantor, the Collateral Givers, GF and DG shall do all such acts as they may consider necessary or desirable, or as may be reasonably required by the Trustee, to ensure that during the period when the Bonds are outstanding and until their redemption in full, the Collateral Rights shall, save for any privileges and/or claims afforded priority in terms of law, rank with priority over all other claims of the Issuer, the Collateral Givers, GF and/or DG and in the event of a third party claim or any circumstances in which the Trustee's right, title and interest of the Collateral Rights is or may be prejudiced, the Issuer, the Collateral Givers, GF and/or DG shall defend the Trustee's right, title and interest in the Collateral Rights;
- 5.1.6 the Issuer shall maintain the admission of the Bonds on Prospects MTF and shall, at all times, comply with such requirements and furnish punctually to the Malta Stock Exchange and the Listing Authority, as applicable, such information as may be required to maintain the admission of the Bonds on the Prospects MTF market.
- 5.1.7 Furthermore, in the case of failure of the part of the Issuer, the Guarantor, the Collateral Givers, GF and/or DG to provide any requested information from the Trustee, the Issuer shall allow the Trustee to communicate directly with the Malta Stock Exchange so as to obtain any information required on the Bondholders.
- 5.1.8 The Issuer undertakes in favour of the Trustee, that for as long as any principal or interest under the Bonds or any indebtedness under the Bonds remains outstanding, not to create or permit to subsist any claim, charge, lien, encumbrance, hypothec, privilege or security interest, other than the Collateral Rights or security interest arising by law, upon the whole or any part of the Assets to secure any financial indebtedness of the Issuer in contravention of the applicable provisions set out in the Company Admission Document.
- 5.1.9 The Issuer and the Guarantor undertake to keep the Insurance Policy valid at all times during the Trust Period.
- 5.1.10 The Issuer, GF and DG undertake to fulfil their respective duties and obligations in terms of the Pledge Agreement.

## **6. REPRESENTATIONS AND WARRANTIES**

- 6.1 The Issuer, the Guarantor, the Collateral Givers, GF and/or DG hereby represent and warrant to the Trustee, which relies on such representations and warranties, that:
- 6.1.1 they are duly registered, incorporated, validly existing and in good standing under the laws of Malta and have the power to carry on their respective businesses as are now being conducted and to hold their respective property and other assets under legal title;
- 6.1.2 they have the power to execute, deliver and perform their respective obligations under this Trust Deed; all necessary corporate, shareholder and other action has been duly taken to authorise the execution, delivery and performance of the same and no limitation on the powers of the Issuer, the Collateral Givers, GF and/or DG to borrow or guarantee shall be exceeded as a result of this Trust Deed;
- 6.1.3 the obligations of the Issuer, the Guarantor, the Collateral Givers, GF and/or DG in terms of this Trust Deed constitute valid and legally binding obligations of the Issuer, the Guarantor, the Collateral Givers, GF and/or DG, as applicable;
- 6.1.4 the execution and performance of the obligations under, and in compliance with, the provisions of this Trust Deed by the Issuer, the Guarantor, the Collateral Givers, GF and/or DG shall not:
- (i) contravene any existing applicable law, statute, rule or regulation or any judgement, decree or permit to which the Issuer, the Guarantor, the Collateral Givers, GF and/or DG are subject;
  - (ii) conflict with, or result in any breach of, any terms of, or constitute a default under, any borrowing or bond or other instrument to which the Issuer, the Guarantor, the Collateral Givers, GF and/or DG are a party or are subject or by which they or any of their respective property is bound;
  - (iii) contravene any provision of the Issuer's or Guarantor's Memorandum and Articles of Association;
- 6.1.5 no litigation, arbitration or administrative proceedings is taking place, pending or, to the knowledge of the officers of the Issuer, the Guarantor, the Collateral Givers, GF and/or DG, threatened against the Issuer, the Guarantor, the Collateral Givers, GF and/or DG



which could have a material adverse effect on the business, assets or financial condition of the Issuer, the Guarantor, the Collateral Givers, GF and/or DG.

- 6.1.6 the Company Admission Document contains all material information with respect to the Issuer, the Guarantor and the Bonds and that all information contained therein is in every material respect true and accurate and not misleading and that there are no other facts in relation to the Issuer, the Guarantor, their respective business and financial position, the omission of which would in the context of issue of the Bonds make any statement in the Company Admission Document misleading or inaccurate in any material respect;
- 6.1.7 the Issuer further represents and warrants to the Trustee, that relies on such representations and warranties, that every consent, authorisation, approval or registration with or declaration to, governmental or public bodies or authorities or courts, required by the Issuer in connection with the execution, validity, enforceability of this Trust Deed or the performance of its obligations under this Trust Deed have been obtained or made and are in full force and effect and there has been no default in the observance of any of the conditions or restrictions, if any, imposed in, or in connection with, any of the same;
- 6.1.8 no default mentioned in this Trust Deed has occurred and is continuing.

## **7. EVENTS FOR ENFORCING THE COLLATERAL RIGHTS**

- 7.1 The Trustee shall have the power and legal interest to file any legal proceedings or any other legal actions as the case may be, for the enforcement of the Collateral Rights notwithstanding that under the terms of this Trust Deed the Trustee is not the creditor of the principal debt or obligation arising from or acknowledged by the Bonds and the Collateral Rights.
- 7.2 The Trustee shall have the discretion to enforce any of the Collateral Rights on its own accord or upon receiving notice in writing from not less than 60% in value of the Bondholders qua primary beneficiaries and/or from the Corporate Advisor appointed under the Prospects MTF Rules and acting in its duty of care to the Exchange, the market and from the Bondholders that any of the Events of Default have occurred in accordance with the provisions of the Company Admission Document.
- 7.3 The Trustee shall have the discretion to postpone any sale of the Assets if the best value reasonably achievable for the Assets on the open market for the time being would not be considered a fair value in the opinion of the Trustee or in the opinion of any advisor appointed by the Trustee for the valuation of the Assets.
- 7.4 Notwithstanding anything contained in clause 7.2 above, the Trustee shall not be bound to take any steps to ascertain whether any Event of Default or other condition, event or circumstance has occurred or may occur. Until it shall have actual knowledge or express notice to the contrary, the Trustee shall be entitled to assume that no such Event of Default or condition, event or other circumstance has happened and that the Issuer, the Collateral Givers, GF and/or DG are observing and performing all the obligations, conditions and provisions on their respective parts pursuant to the Company Admission Document, the Security Documents and this Trust Deed, as applicable.

## **8. THE TRUST PERIOD**

- 8.1 The Trustee shall hold and administer the Trust Property until the termination date of the Trust Period in accordance with clause 8.2 below.
- 8.2 The Yacht Lift Security Trust shall terminate in any of the following events, whichever is the earliest:
- a. subject to the provisions of clause 4.10 hereof and pursuant to the issue of the Bonds in terms of the Company Admission Document, upon the Issuer repaying all amounts outstanding to the Bondholders in terms of the Company Admission Document in full and upon the Trustee receiving confirmation in writing to this effect from the Issuer and/or the MSE; or
  - b. after one hundred and twenty-five (125) years from the date hereof; or
  - c. on such earlier date as the Trustee shall declare in writing to be the date on which the Trust Period shall end, provided that such action (i) is in accordance with the terms of Article 17 of the Trusts and Trustees Act (Chapter 331 of the laws of Malta), the Company Admission Document and the Pledge Agreements and (ii) shall be preceded by the appointment by the Issuer of a new



replacement security trustee at least thirty (30) days prior to the said date and the replacement appointment is duly announced by the Issuer on the market for as long as the Bonds remain admitted on any of the markets operated by the MSE.

## 9. PLACE OF ADMINISTRATION OF TRUST

9.1 The place of administration of the Yacht Lift Security Trust shall be in Malta or as decided from time to time by the Trustee, currently at the registered office of the Trustee.

9.2 All documents and acts relative to this Trust Deed shall be retained at the place of administration of the Yacht Lift Security Trust.

## 10. USE, CUSTODY, POSSESSION AND SALE OF THE ASSETS

10.1 The use and possession of the Assets shall be subject to the provisions of the Security Documents.

10.2 The Trustee shall, subject to any terms and conditions stipulated in the Security Documents, permit the Issuer, the Collateral Givers, GF and/or DG, if and until the Collateral Rights shall have become enforceable and the Trustee shall have determined or become bound to enforce the same, to hold and enjoy the Security Properties and to make use thereof in line with the Issuer's, the Collateral Givers, GF and/or DG objectives.

10.3 Whenever the Trust Property requires to be registered in public or private registers, the Trustee shall apply for registration thereof:

- in its capacity as Trustee/s of the Yacht Lift Security Trust; or
- in the name of the Trust; or
- in any other manner such as to reveal clearly the existence of the Yacht Lift Security Trust.

10.4 The Trustee hereby acknowledges that, in the event of unforeseen circumstances or where it may be in the best interest of the Parties and/or the Primary Beneficiaries, the Issuer may choose to propose to provide alternate security (hereinafter referred to as the **"Alternate Security"**). In such an event the Trustee shall have the power, in its absolute discretion and subject to the discretion afforded to it in terms of the Security Documents, to release the Collateral Right/s, provided that:

- (i) the Issuer shall provide sufficient reason/s supporting the proposed Alternate Security;
- (ii) prior to the deciding on whether to accept Alternate Security, an independent valuer is appointed in order to establish the fair value of the Trust Property and the proposed substitution thereof ("hereinafter referred to as the **"Fair Value"**); and
- (iii) the Issuer makes a settlement to the Yacht Lift Security Trust equivalent to the Fair Value immediately upon execution of the Alternate Security OR
- (iv) the Issuer executes any acts and/or agreements, as may be necessary so as to perfect the Alternate Security in favour of the Trustee for the benefit of the Bondholders.

Provided further, that the Trustee may require the Parties, as the case may be, to enter into such arrangement or arrangements as the Trustee may deem required or desirable for the protection of the Primary Beneficiaries' entitlement under the Yacht Lift Security Trust.



## 11. POWERS AND DISCRETIONS OF THE TRUSTEE

- 11.1 The Trustee shall have such powers and discretions as outlined in Schedule Four of this Trust Deed.

## 12. TRUSTEE'S REMUNERATION AND REIMBURSEMENT OF EXPENSES

- 12.1 Any Corporate Trustee hereof, or any other Trustee hereof being an advocate, solicitor, accountant or other individual or any person associated or in any way connected with the Trustee, being a person engaged in any profession or business shall be entitled to charge and be paid all usual professional charges for business transacted, time expended and acts done by its firm or other firms in the same group of companies in connection with the trusts hereof, including acts which a trustee not being engaged in any profession or business could have done personally. Any such Corporate Trustee, or other firms in the same group, shall be entitled to transact any business on behalf of the Yacht Lift Security Trust or of any of the Beneficiaries, which it is authorised to undertake upon the same terms as would be made with an ordinary customer. Any such Corporate Trustee shall be entitled to retain, without accounting for, any commission or brokerage received by it or by other companies in its group in connection with any investment of trust money or any insurance effected by the Trustee and any interest credited to its firm or other companies in the group in respect of any trust money at any time temporarily held by his firm in any bank account.
- 12.2 The Trustee and any other Corporate Trustee of this Trust shall be entitled to charge remuneration in accordance with such Original Trustee or Corporate Trustee's standard scale of fees from time to time in force or their usual and proper charges applicable from time to time, whether this is on an *ad-valorem* basis or on a time-spent basis or both, and shall be empowered to pay such remuneration out of the Trust Property.
- 12.3 The Trustee shall be entitled to recover all out-of-pocket expenses properly incurred by the Trustee in connection with the Yacht Lift Security Trust from the Trust Property.

## 13. POWER OF APPOINTMENT OF NEW TRUSTEE

- 13.1 Any Trustee may resign as trustee by notice in writing to his co-trustees, and in the case of there being no other trustee, to the Issuer, or, if impracticable or there are none to whom notice can be given, to the Beneficiaries or to the Trustee's duly appointed successor and the resignation shall take effect on delivery of the aforesaid notice. However, the duties, obligations and responsibilities of the outgoing Trustee shall not cease until the new Trustee is duly appointed and has received all the necessary information and documentation in relation to the Yacht Lift Security Trust.
- 13.2 If a Trustee dies, or being a corporation steps are taken for its winding up, or desires to be discharged from his office as Trustee hereof, or is made bankrupt or refuses or is unfit to act as Trustee or is incapable of acting as Trustee, then
- a. the continuing Trustee or Trustees, or if there are none,
  - b. the Trustee or Trustees desiring to be discharged from the trusts hereof, or if there are none,
  - c. the personal representatives or liquidator, as the case may be, of the last surviving or existing Trustee,
  - d. the Primary Beneficiaries by extraordinary resolution thereof,
- may in writing:
- remove the Trustee that is in the process of winding up, desiring to be discharged, bankrupt, refusing or unfit to act or incapable of acting as Trustee; and/or
  - appoint one or more other persons, who may be resident or domiciled in any part of the world and may include the person exercising this power, to be a Trustee or Trustees of the Yacht Lift Security Trust in the place of the Trustee who is dead, dissolved, desiring to be discharged, bankrupt, refusing or unfit to act or incapable of acting as aforesaid.



- 13.3 The Trustee for the time being may from time to time in writing appoint another person or persons to be an additional Trustee or Trustees.
- 13.4 The number of Trustees shall consist of a minimum of one and a maximum of three.
- 13.5 Where a person for any reason ceases to hold office as a Trustee and such person (including his personal representatives or the liquidator as the case may be) reasonably apprehend that he/they is, or are, or may be or become liable, including a contingent liability and a fiscal liability of any nature whatsoever arising in any part of the world and,
- a. such liability has been incurred or may be incurred by that person or his personal representatives or its liquidator in consequence of that person having been a Trustee of the Yacht Lift Security Trust; and
  - b. that person would have been entitled to discharge or reimburse himself for the same out of the capital or income of the Trust Property if that liability had been discharged at a time when that person was still a Trustee,
- the Trustee shall agree to indemnify or provide security to that person or his personal representatives or its liquidator out of the capital or income of the Trust Property against any such liability.
- 13.5.1 If for any reason the duty imposed by this sub-clause on the Trustee is unenforceable or otherwise invalid or ineffective the Trustees shall nevertheless have power, if in their discretion they think fit, to agree and to indemnify any such person or his personal representatives or its liquidator out of the capital or income of the Trust Property against such liability as aforesaid.
- 13.6 For the duration of the Trust Period, neither the Issuer nor the Collateral Givers, nor GF and/or DG shall have the power to remove the Trustee.

#### **14. VARIATION OF TRUST INSTRUMENT AND TERMINATION OF TRUST**

- 14.1 The Trustee may at any time during the Trust Period, by means of an instrument in writing, make any variation, alterations, deletions or additions to the provisions of this Trust Deed which they consider in their absolute discretion to be for the benefit of all or any one or more of the Primary Beneficiaries, or of the Residual Beneficiaries in case the right of Primary Beneficiaries has lapsed in terms of this Trust Deed.

Provided that this Power shall not be exercised in such a manner as to prejudice or invalidate any previous payment, transfer or application of or dealing with any income or capital of the Trust Property pursuant to the provisions of this Trust

#### **15. ACCOUNTABILITY AND BUSINESS INTERESTS OF TRUSTEES**

- 15.1 Any Trustee and any officer or employee or any associates, affiliates, agents or delegates of a Corporate Trustee shall not by reason of its or his fiduciary position, as the case may be, be in any way precluded from entering into or being interested in any contract or financial or other transaction or arrangement with the Issuer or any person or body corporate associated with the Issuer and may act as an officer, manager or employee of any company (or of a subsidiary of any company) the shares, debentures or securities of which form part of the Trust Property. Any such Trustee or Corporate Trustee, may retain for himself or itself, without accounting for any remuneration, fees or profits which he or it may receive in consequence of such Trustee (or in the case of a corporate Trustee its officer or employee) acting as such officer, director, manager or employee of such company notwithstanding that any votes or other rights attached to such shares debentures or securities may have been instrumental either alone or in conjunction with other matters or by reason of their non-exercise in procuring or continuing for such Trustee (and for such officer or employee or connected company of a Corporate Trustee) his or its position as such officer, director, manager or employee or that his or its qualification for any such position may be constituted in part or in whole by any such shares debentures or securities.
- 15.2 The Trustee may in the execution of any of the trusts herein, or in exercise of any of the powers conferred on it by the Yacht Lift Security Trust or by law, sell property or lend money to, or buy property, or borrow money from, or carry out any other transaction with the trustees of any other trust or the executors or administrators of any estate, notwithstanding that the Trustee or any of them are, or is the same person or persons as those trustees, executors or administrators or any of them and where the Trustee is the same persons as those trustees, executors or administrators the transaction shall be binding on all persons then or thereafter interested under the Yacht Lift



Security Trust though effected and evidenced only by an entry in the accounts of the Trustee.

- 15.3 The power of Trustee/s under Paragraph 7.14 of Schedule Four hereto, to appoint professional advisors shall be allowed, notwithstanding that one or more of the Trustees or any officer or employee of a corporate Trustee is a partner, officer, member or employee of the said firm or company employed, appointed or retained and notwithstanding that (in the case of a corporate Trustee) the issued share capital of such Trustee is wholly or partially owned by or held in trust for such firm or company and no Trustee or officer or employee of a corporate Trustee shall be liable to account for any remuneration, profit, gain or advantage which may be directly or indirectly derived by any person from the employment of his said firm or company by the Trustee as aforesaid. Provided that the Trustee shall, in the execution of its duties and the exercise of its powers and discretions (particularly for the purposes of this sub-section), at all times and in all circumstances act with the prudence, diligence and attention of a *bonus paterfamilias* and in utmost good faith in order to avoid any conflict of interest.
- 15.4 The Trustee shall have the powers and discretions afforded to it by this Trust Deed, notwithstanding that any personal interest they may have in the mode or result of exercising any such power or discretion, but any of the Trustees may abstain from acting except merely as a formal party, in any matter in which he may be personally interested as aforesaid, and may allow a co-Trustee to act alone in the exercise of the powers and discretions aforesaid in relation to such matter.

## 16. EXONERATION, LIABILITY AND INDEMNITY OF THE TRUSTEES

- 16.1 In the execution of the trusts and powers hereof no Trustee shall be liable for any loss to the Trust Property arising in consequence of the failure, depreciation or loss of any investments made in good faith or by reason of any act or omission made in good faith or due to the use, enjoyment and operation of the Security Properties by the Collateral Givers, GF and DG, or of any other matter or thing, provided that nothing in this clause shall permit the Trustee to be exonerated from the effects of, or be indemnified for, its own fraud, willful misconduct or negligence.
- 16.2 Every discretion or power hereby conferred on the Trustee shall be an absolute and uncontrolled discretion or power, and no Trustee shall be held liable for any loss or damage occurring as a result of his concurring or refusing or failing to concur in an exercise of any such discretion or power.
- 16.3 In addition to any right to indemnity provided by law, every Trustee shall be entitled in the purported exercise of his or its duties and discretions hereunder to be indemnified out of the Trust Property against all expenses and liabilities notwithstanding that such exercise constituted a breach of such Trustee's duties unless brought about by his own actual fraud, willful default, reckless misconduct, negligence, or the actual fraud, willful default reckless misconduct or negligence of its directors, officers and/or employees, and such indemnity shall extend to the expenses and liabilities incurred by a Trustee in any legal proceedings notwithstanding that such proceedings shall be brought in respect of an alleged breach of duty by such Trustee unless it shall be established that such breach of duty was brought about by such Trustee's own actual fraud, willful misconduct or negligence or that of its directors, officers, and/or employees.
- 16.4 Subject to the foregoing, each Trustee shall be held harmless against any claims, losses, death duties, taxes and impositions arising in connection with the Trust Assets or any part thereof. This indemnity shall extend to former Trustees and to directors, officers, and employees of any Corporate Trustee. Without limiting the generality of the foregoing and subject to same, the Trustee/s is/are authorised to indemnify and to enter into any indemnity in favour of any former Trustee or other persons in respect of any contingent or prospective liability, including any tax in respect of the Trust Property or the income thereof, or otherwise in connection with the trusts created pursuant to this Trust Deed. The Trustee may, in the exercise of an absolute discretion, apply the whole or any part of the Trust Property or the income thereof by way of mortgage, pledge or otherwise howsoever as security for such indemnity.
- 16.5 The Trustee shall be discharged from any further liability in respect of the whole or any part of the Trust Property which is not transferred to any person interested under this Trust or otherwise pursuant to the terms of the Trust.
- 16.6 While the Assets are in possession of the Issuer, the Collateral Givers, GF and/or DG, as applicable, the Trustee shall not itself be required, but shall insist on regular reporting from each of the Issuer, the Collateral Givers, GF and/or DG, as applicable, to check inventory, or monitor the state and condition of the Assets or the use and enjoyment of the Assets by the Issuer, the Collateral Givers, GF and/or DG, as applicable. It shall be the duty of the Issuer, the Collateral Givers, GF and/or DG, as applicable, to maintain the Assets.





It shall be the sole duty and responsibility of the Issuer, the Collateral Givers, GF and/or DG as applicable, to ensure that any repairs and/or alterations (whether structural or otherwise) made to the Security Properties and the Yacht Lift are carried out in line with established standards and that any necessary permits and/or licences required are obtained.

- 16.7 The Issuer shall insure and keep insured the Trustee or shall pay any additional premium which the Trustee may incur for any insurance taken out by it for any or all liabilities which it may incur in the performance of its functions under this Deed provided that any limit of indemnification set out in a professional indemnity insurance shall not in any way mean that the Trustee may only be indemnified up to the amount to which the cover is limited.
- 16.8 The Issuer, the Collateral Givers, GF and/or DG shall indemnify the Trustee with respect to any claim against the Trustee arising out of or in connection with the use and operations of the Security Properties and/or the Yacht Lift, whether collectively or individually.

## **17. BENEFICIARIES AND ADDITIONAL BENEFICIARIES**

- 17.1 The beneficiaries of this Trust shall be the Primary Beneficiaries and the Residual Beneficiaries, subject to the terms of this Trust Deed, as may be amended from time to time.
- 17.2 The Trustees shall have the power at any time during the Trust Period to add to the class of the class of Residual Beneficiaries, such one or more persons as the Trustees in their absolute discretion may determine.
- 17.3 Any such addition shall be made by virtue of a memorandum of decision by the Trustees and:
- a. naming or describing the person or persons to be thereby added to the class of Beneficiaries; and
  - b. specifying the date (not being earlier than the date of the declaration but during the Trust Period) from which such person or persons shall be so added;
- 17.4 The Trustees may, without prejudice to the terms of the Company Admission Document, at any time during the Trust Period revocably or irrevocably declare in writing that any person shall cease to be a beneficiary or shall cease to be capable of becoming a beneficiary, provided that no such declaration shall prejudice or invalidate any previous exercise by the Trustees of their powers in favour of that person. The beneficial interest of a Primary Beneficiary in terms of this Trust Deed shall terminate upon such time as a Bondholder is no longer registered in the register of Bondholders maintained by the CSD, or upon the redemption of the principal amount of the Bonds and payment of all interests thereunder, as the case may be.

## **18. THE RIGHT TO INFORMATION**

- 18.1 The Trustee shall, so far as is reasonable and within a reasonable time of receiving a request in writing to that effect, provide full and accurate information on the Trust Documents of the Yacht Lift Security Trust to the Primary Beneficiaries and the Residual Beneficiaries, as well as to the Malta Stock Exchange and to the Court.
- 18.2 Upon the enforcement of any Collateral Rights, the Trustee shall keep accounting records, including the valuation of Trust Assets, prepared in accordance with generally accepted accounting principles, unless the Trustee feels that adherence thereto is considered inappropriate considering the circumstances of the case and the cost and benefit involved.
- 18.3 Subject to the provisions of the Laws of Malta and to any order of the court of the jurisdiction of the Proper Law the Trustee shall not be obliged to disclose to the Primary Beneficiaries and Residual Beneficiaries or any other person having any interest in the Trust Settlement or any other person whatsoever:
- a. any document disclosing the deliberations of the Trustee as to the manner in which they have exercised a power or discretion or performed a duty conferred or imposed upon them; or



- b. any document disclosing the reason for any particular exercise of a power or discretion or performance of a duty or the material upon which such reason shall or might have been based; or
- c. any document relating to the exercise or proposed exercise of any power or discretion or the performance or proposed performance of any duty.

For the avoidance of any doubt, the abovementioned documents in points a. to c. shall not be considered as trust documents, subject to disclosure.

## **19. EFFECTIVE DATE OF TRUST**

19.1 This Trust Deed shall take effect on the day the Parties sign this Trust Deed.

## **20. JURISDICTION AND PROPER LAW**

20.1 The proper law of this Trust Deed shall be the laws of Malta, which laws shall govern its validity, interpretation, administration and effects.

20.2 The Courts of Malta shall be the exclusive forum and shall have exclusive jurisdiction in relation to any dispute or litigation relating to the Yacht Lift Security Trust.

## **21. CHANGE OF JURISDICTION**

21.1 If the Trustee has reason to believe that fiscal, social, political, military or other developments within the Maltese jurisdiction are likely to adversely affect the administration of the Yacht Lift Security Trust, then the Trustee may, in accordance with Article 5(3) of the Trusts and Trustees Act, change the proper law governing the Trust to be changed to that of another jurisdiction and shall, if necessary or desired:

- a. appoint a successor trustee in a different jurisdiction;
- b. declare that this Trust shall be governed by and take effect in accordance with the law of some other jurisdiction and the Proper Law referred to in Clause 20 shall from that date be changed accordingly;
- c. change the applicable forum;
- d. make such consequential alterations or additions in or to the trusts, powers and provisions of the Yacht Lift Trust as the Trustee may consider necessary or desirable to ensure that the trusts, powers and provisions of this trust shall be, *mutatis mutandis*, as much valid and effective as possible as they are at the date hereof under the laws of Malta, or insofar as the terms of this Trust Deed under the laws of Malta would be too onerous or incompatible with the new governing law.

## **22. GENERAL**

22.1 Notwithstanding anything to the contrary expressed or implied in any other provision of this Trust Deed, none of the provisions, powers, discretions or authorities conferred by this Trust Deed shall at any time be exercisable in such a manner as to infringe any provision of the Proper Law for the time being, and in the event that any such provision, power, discretion or authority shall not be valid in terms of the law, such clause shall insofar as it is capable in terms of law of being separated and severed, be so severed and separated from the rest of the Trust Deed provisions and shall not affect the validity of this Trust Deed or of the other provisions of the said Trust Deed.



EXECUTED by ..... for and on behalf of  
the Trustee on the      day of ..... 2019

in the presence of

Witness:

Name:

Address:

Occupation:

Signature:

EXECUTED by ..... for and on behalf of  
the Issuer on the      day of ..... 2019

in the presence of

Witness:

Name:

Address:

Occupation:

Signature:



EXECUTED by ..... for and on behalf of  
the Guarantor on the      day of ..... 2019

in the presence of

Witness:

Name:

Address:

Occupation:

Signature:

EXECUTED by ..... for and on behalf of  
Collateral Givers A on the      day of ..... 2019

in the presence of

Witness:

Name:

Address:

Occupation:

Signature:

EXECUTED by ..... for and on behalf of  
Collateral Givers B on the      day of ..... 2019



in the presence of

Witness:

Name:

Address:

Occupation:

Signature:

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EXECUTED by ..... for and on behalf of  
GF on the      day of ..... 2019

--

in the presence of

Witness:

Name:

Address:

Occupation:

Signature:

--

EXECUTED by ..... for and on behalf of  
DG on the      day of ..... 2019

--

in the presence of

Witness:

Name:

Address:

Occupation:

Signature:

--



## SCHEDULE ONE – “TRUST PROPERTY”

- The Initial Property
- Any Future Property which shall be settled into the Yacht Lift Security Trust, including, but not limited to the Collateral Rights which will be held by the Trustee in its capacity as trustee of the Yacht Lift Security Trust, at any time during the term of the Yacht Lift Security Trust



## SCHEDULE TWO – PRIMARY BENEFICIARIES

- the Bondholders



### SCHEDULE THREE – RESIDUAL BENEFICIAIRES

- The Issuer





#### SCHEDULE FOUR – POWERS AND DISCRETIONS OF THE TRUSTEE

1. The Trustee may employ and remunerate any nominee, valuer, agent, adviser or delegate, for any period and on any terms and to charge any expenses to capital or income or both, without being liable for the acts or defaults of any such nominee, agent, adviser or delegate appointed in good faith, provided that nothing in this clause shall permit the Trustee to be exonerated from the effects of, or be indemnified for, its own fraud, willful misconduct or negligence.
2. The Trustee shall be empowered to release any of the Collateral Rights as it deems fit, and/or, take in settlement any other rights, interests, assets, funds and/or property in their stead, in accordance with Clause 10.4 of the Yacht Lift Security Trust, whilst adhering to and maintaining its fiduciary obligations towards the Primary Beneficiaries.
3. The Trustee shall be further empowered to take on additional rights, interests, assets, funds and/or property throughout the term of the Trust, should the Collateral Rights not prove to be sufficient to cover the principal amount of the Bonds and any interests accrued therefrom.
4. The Trustee shall be empowered to lend and advance the whole or any part of the capital of the Trust Property, if any, to any of the Residual Beneficiaries, either free of interest or at such rate of interest as the Trustee may decide, with or without security for repayment, and generally on such terms as to repayment and otherwise as the Trustee thinks fit.
5. The Trustee shall be empowered to guarantee and to secure the obligations of any of the Residual Beneficiaries or of companies in which the Residual Beneficiaries have an interest, with or without security, and generally on such terms as the Trustee thinks fit. However, the Trust Property may not be utilised as collateral for any purpose whatsoever, saving the collateral granted in favour of the Bondholders hereon.
6. The Trustee shall be empowered to permit any of the Residual Beneficiaries to occupy, use or enjoy any moveable or immovable property which is part of the Trust Property upon any terms or conditions whatever which the Trustee thinks fit but such permission shall in each case be revocable at any time by the Trustee unless the Trustee has in writing declared otherwise.
7. In the administration of the Trust Property, in addition to all powers and discretions granted to them by virtue of this Trust Deed, the Trustees shall have all other additional powers and discretions conferred on them by the Proper Law of the Trust that are not specifically excluded in this Trust Deed.
8. In administration of the Trust, in addition to all powers and discretions granted to them by this Trust Deed, the Trustee shall have the widest administrative powers that are lawfully capable of being conferred on the Trustee in their capacity as Trustee of this Trust to the same effect as if such powers were expressly conferred on them by this Trust Deed and shall have the widest power of effecting any transaction whatsoever, including any sale, exchange, assignment, grant, lease, rent, let, charge, pledge, any type of hypothec, mortgage or charge, loan, release or other disposition, purchase, acquisition, borrowing, guarantee, covenant, contract, licence, exercise or renunciation of options or rights, suing or compromising claims by or against the Trust Property, partition, appropriation, insurance, expenditure or incorporation of corporate bodies which are lawfully capable of being conferred on the Trustee.
9. The Trustee shall have, in addition and without prejudice to all other powers conferred on them by this Trust or any enactment or the general law, the following powers exercisable at their discretion in respect of the Trust Property and each and every part thereof:

Power in respect of assets forming part of the Trust Property:

- to sell the same to any Beneficiary or grant to any Beneficiary an option to purchase the same;
  - to sell or grant options to purchase the same on terms under which the price is payable to the Trustee by installments;
  - otherwise to manage and deal with the same in the same unrestricted manner as if the Trustee were the absolute beneficial owners thereof and shall have all the powers of a natural person having the absolute title to such property;
10. Power to cause or permit any company, the shares or securities whereof are comprised in the Trust Property, to retain the whole or any part of its income undistributed notwithstanding that the effect of such retention may be to benefit those interested in capital at the expense of those interested in income and so that (whether or not the Trustee has a controlling interest in any such company) the Trustee shall not be under any obligation to take any step to remove directors of any such company who recommend such retention of



the company's income and if any Trustee is a director thereof he may recommend such retention;

11. Power to permit any funds and investments forming part of the Trust Property to be held in any part of the world by or in the name or names of any nominee or nominees of the Trustee on such terms (if any) as to execution of blank transfers or declarations of trust and as to custody of the documents of title relating to such investments or property and otherwise as the Trustee may think fit and so that (but without prejudice to the generality of the foregoing) this power may be exercised for the purpose of qualifying any nominee (including any Trustee) to act as a director of any company;
12. Power without any restriction to borrow money in connection with and for any purpose connected with the trusts on which the Trust Property is held including power to borrow for the purpose of acquiring investments as additions to the Trust Property;
13. Power for the purpose hereof (including the purpose of providing security for the repayment of any money borrowed), but subject to the terms of this Trust Deed, to mortgage, charge, pledge, guarantee or hypothecate any investments, immovable or movable property comprised in the Trust Property and to vary the terms of any such mortgage charge, pledge or hypothecation to the likely extent and in the same unrestricted manner as if the Trustee were the absolute beneficial owner thereof;
14. Power to purchase, effect or acquire by any other means, insurance policies, whether covering trust assets or property or covering sickness, accident or death or liability insurance, and in the case of life policies whether they are term or endowment or sinking fund policies or any other kind and annuities perpetual or terminable and for lives or any other periods;
15. Power in relation to any insurance policy held by the Trustee to make such arrangements for the payment of premiums or any premium thereon and at the expense of the trust income or trust capital or otherwise as they may think fit, and power to surrender, exchange, sell, charge or otherwise deal with the same in the same unrestricted manner as if they were the absolute beneficial owners thereof;
16. Power to guarantee the payment of money and the performance of obligations and to give indemnities to or on behalf of any persons in any form the Trustee think fit if the Trustees in their discretion consider that the giving of such guarantee or indemnity is for the benefit of the Trust or any Primary Beneficiary or Residual Beneficiary;
17. Power to agree to any scheme for the amalgamation or reconstruction of any company in which securities are held by the Trustee or any other scheme relating to any such company;
18. Power to obtain or join with others in obtaining from any Stock Exchange a quotation for, or permission to deal in, any securities which or some of which are comprised in the Trust Property and to sell or join with others in selling or disposing of any securities with a view to creating a market in such securities whether or not a sale or disposition would on any other ground be desirable or expedient;
19. Power at any time or times to accept any offer of and take up:
  - a. any bonus shares or other securities whatsoever, proposed to be issued or offered for issue to the Trustee on any capitalisation of profits or reserves; and
  - b. any rights to the allotment or issue of any securities offered to the Trustee as holder of any other securities with full power to subscribe for and pay for all securities issued pursuant thereto and to sell the rights to allotment or issue of such securities;
20. Power to, without the consent of any person, appropriate any part of the Trust Property in its actual state of investment in or towards satisfaction of the whole or any part of any share therein which has at any time become absolutely vested in any person of which ought in the opinion of the Trustee for any reason to be distinguished or separated from any other part or parts of the Trust Property and so that:
  - a. in making any such appropriation the Trustee may itself estimate the value of any component part of the Trust Property or may employ such person to make such valuations as they may select or think fit; and
  - b. any appropriation so made shall be final and binding on all persons claiming under the trusts herein;
21. The Trustee is empowered to pay out of the capital or income of the Trust Property any taxes of any kind which become payable anywhere in the world in respect of the income and / or capital of the Trust Property either by the Trustees or any other person who has transferred assets to this Trust or by any of the Primary Beneficiaries or Residual Beneficiaries notwithstanding that the payment of



taxes may be prejudicial to one or more of the Beneficiaries.

22. The Trustee may employ, appoint or retain any firm or company to provide professional, legal, tax, financial, investment, administrative or other services and advice to the Trustees in connection with the execution, administration and management of this Trust (including any acts or matters which could be performed by the Trustees personally) upon such terms as to remuneration and otherwise as the Trustees may in their absolute discretion think fit.
23. Subject to the provisions of Article 21(7) of the Trusts and Trustees Act, the Trustee shall have the power to rely on the advice, opinion, direction, report, statement, certificate, or other information furnished by any lawyer, broker, surveyor, valuer, accountant, auditor, architect, engineer or other professional person without incurring any liability for so relying notwithstanding that such professional person may have been employed by the Issuer and without incurring liability for any error in the transmission of any such advice, opinion, direction, report, statement, certificate or other information, or by reason of the same not being authentic, provided that nothing in this clause shall permit the Trustee to be exonerated from the effects of, or be indemnified for, its own fraud, willful misconduct or negligence. The Trustee may but shall not be bound to make any investigation or inquiry into any matters stated in such advice, opinion, direction, report, statement, certificate or other information.
24. The Trustee may exercise or omit to exercise all or any of the powers granted by this Trust Instrument, by law and by the exercise of this Clause in its absolute and unfettered discretion.
25. Provided that, the Trustee in terms of Article 37 of the Trusts and Trustees Act, may apply to the court for directives with respect to the manner in which the trustee is to act or should act in connection with any matter concerning the Yacht Lift Security Trust.
26. The Trustees may delegate to any person, including to any one or more of the Trustees, at any time and for any period in any manner and upon any terms, including remuneration, all or any of the powers conferred upon the Trustees by this Trust Instrument or by law without being liable for the acts or defaults of any delegate, provided that nothing in this clause shall permit the Trustee to be exonerated from the effects of, or be indemnified for, its own fraud, willful misconduct or negligence.
27. All or any of the powers and discretions conferred on the Trustee by this Trust Instrument may be exercised by a majority in number of the Trustees, in the case that there is more than one Trustee, after consultation so far as may be practically possible in the particular circumstances of the case between all the Trustees.
28. The Trustee may at any time, with the prior written consent of the Malta Stock Exchange for as long as the Bonds are admitted to any of the markets operated by the said Exchange, in writing extinguish, modify, release or restrict the exercise of any of the powers conferred on him/them by this Trust Instrument (including a power of appointment) or by law.



## ANNEX D – PLEDGE AGREEMENT

### Pledge of Shares Agreement

This Pledge of Shares agreement (hereinafter referred to as the “Agreement”) is made on the [-] 2019

Between

**GVZH Trustees Limited in its capacity as Security Trustee**, a limited liability company registered under the laws of Malta, bearing company registration number C23095, and having its registered office situated at 192, Old Bakery Street, Valletta VLT 1455, Malta (hereinafter referred to as the “**Pledgee**”);

AND

**Daniel Gatt**, residing at, 4, Block C, Avenue Apartments, Triq Dun Frangisk Sciberras, Mellieha, Malta, with Maltese Identity Card number: 16301L (hereinafter referred to as the “**Pledgor A**”);

AND

**Giuseppi Farrugia**, residing at, Juniper Mews, Block F, Flat 5, Triq San Gwann, Gharghur, Malta, with Maltese Identity Card number: 96095M (hereinafter referred to as the “**Pledgor B**”);

AND

**Yacht Lift Malta P.L.C.**, a public limited liability company registered under the laws of Malta having its registered office at 129-130, Xatt ta' Xbiex, Ta' Xbiex, Malta and bearing company registration number C 78281 (hereinafter referred to as the “**Pledgor C**” or “**Issuer**”);

**Pledgor A, Pledgor B and Pledgor C** shall hereinafter collectively be referred to as the “**Pledgors**”

AND

**Yacht Lift Malta Operations Limited**, a private limited liability company registered under the laws of Malta having its registered office at 129-130, Xatt ta' Xbiex, Ta' Xbiex, Malta and bearing company registration number C 92887 (hereinafter referred to as the “**Company**”)

hereinafter collectively referred to as the “**Parties**” or individually as a “**Party**”.

### WHEREAS:

(A) The Company has, as at the date hereof, an authorised and issued share capital of one thousand, two hundred Euro (€1,200) divided into one thousand, two hundred (1,200) Ordinary shares having a nominal value of €1 each, all of which are twenty per cent (20%) paid-up and issued in the capital of the Company, subscribed to as follows:

1. 12 Ordinary shares having a nominal value of €1.00 per share, 20% paid-up registered in the name of Pledgor A;
2. 12 Ordinary shares having a nominal value of €1.00 per share, 20% paid-up registered in the name of Pledgor B;
3. 1,176 Ordinary shares having a nominal value of €1.00 per share, 20% paid-up registered in the name of Pledgor C; (hereinafter referred to as the “**Pledged Shares**”);

(B) The Issuer made an offer for subscription to the issue of two million Euro (€2,000,000) worth of secured callable bonds 2021-2025 of a nominal value of one hundred Euro (€100) per bond to be issued at par, pursuant to and in terms of the company admission document dated 6 September 2019 (hereinafter the “**Company Admission Document**”). The €2,000,000 bonds to be issued by the Issuer shall be due for redemption on the Redemption Date, subject to the Early Redemption Schedule (as defined in the Company Admission Document) and shall bear interest at the rate of 5.5% per annum payable annually in arrears on 12 September of each year until the redemption date, with the first interest payment falling due on 12 September 2020. The nominal value of the bonds will be repayable in full at maturity on the Redemption Date, subject to the Early Redemption Schedule (as defined in the Company Admission Document) (hereinafter the “**Bonds**”);



- (C) In terms of the Company Admission Document, partial security for the fulfilment of the Issuer's Obligations (as defined below) in terms of the Bond Issue is to be granted in favour of the Pledgee in its capacity as trustee of the Yacht Lift Security Trust (as defined below) for the benefit of Bondholders by way, amongst other security, of the granting of the pledge over the Pledged Shares by the Pledgors contemplated herein, which pledge will secure the claim of the Pledgee, for the benefit and in the interest of Bondholders, for the repayment of the principal and interest under the Bonds in accordance with the terms of the Company Admission Document;
- (D) On [-] 2019, the Company, the Pledgors, the Collateral Givers (as defined therein) and the Pledgee, entered into a security trust deed (hereinafter the **"Trust Deed"**) in connection with the granting of the security referred to in preamble (C) above, including, therefore, the pledge over the Pledged Shares contemplated herein, in virtue of which the parties thereto established the Yacht Lift Security Trust (hereinafter the **"Yacht Lift Security Trust"**). In terms of the Trust Deed, the Pledgee is to hold property on trust, including the Pledged Shares, as security for the due and punctual payment by the Company in its capacity as Issuer to the Bondholders for the repayment of the amount of the principal and interest under the Bonds by a preferred claim over the Collateral Rights in terms of clause 19.6 of the Company Admission Document;
- (E) Thus, the Pledgors have agreed to enter into this Agreement with the Pledgee as security for the payment and performance of the Issuer's Obligations (as defined below) subject to the terms of this Agreement and to undertake all such acts and things as are required to validly create the Pledge, in accordance with the terms of this Agreement, including to procure the delivery of the share certificates and other documents (evidencing title) in respect of the Pledged Shares to the Pledgee;
- (F) The Parties are, therefore, entering into this Agreement in order to establish and regulate the terms and conditions under which the pledge of the Pledged Shares shall take place and under which the release and termination of such pledge shall be affected.

**NOW, THEREFORE**, it is hereby agreed as follows:

## **1. DEFINITIONS AND INTERPRETATION**

- 1.1 In this Agreement, unless the context otherwise requires and in addition to the definitions set out in the preambles above, the following definitions shall apply where the following terms are used in their capitalised form:
- 1.1.1 **"Bondholder/s"** means a holder of Bonds in terms of the Company Admission Document;
- 1.1.2 **"Corporate Advisor"** shall mean Calamatta Cuschieri Investment Services Ltd a limited liability company registered under the laws of Malta with company registration number C 13729, having its registered office at Ewropa Business Centre, Triq Dun Karm, Birkirkara, BKR 9034, Malta;
- 1.1.3 **"CSD"** means the Central Securities Depository of the Malta Stock Exchange authorised in terms of Part IV of the Financial Markets Act (Cap. 345 of the laws of Malta), having its address at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
- 1.1.4 **"Event of Default"** means an event of default construed in accordance with clause 14 of this Agreement;
- 1.1.5 **"Interest Payment Date/s"** means annually, on the 12 of September of each year commencing on the 12 of September 2020 and ending with and including the Redemption Date, 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;
- 1.1.6 **"Issuer's Obligations"** means the Company's obligations to repay interest and capital in respect of the Bonds in terms of the Company Admission Document;
- 1.1.7 **"Pledge"** means the pledge over the Pledged Shares as created under this Agreement;
- 1.1.8 **"Company Admission Document"** the company admission document dated 6 September 2019 with respect to the issue of €2,000,000 5.5% secured callable bonds 2021-2025 by the Issuer; and
- 1.1.9 **"Redemption Date"** means 13 September 2025;
- 1.1.10 **"Yacht Lift Security Trust"** means the trust established in virtue of the Trust Deed;



1.1.11 **"Secured Obligations"** means the obligations of the Issuer for the repayment of the principal and interest under the Bonds to Bondholders in terms of the Company Admission Document.

- 1.2 In this Agreement reference to the Parties includes reference to their lawful successors and assigns, except in the case of the Pledgors which are prohibited (except as otherwise provided herein) to assign this Agreement without the prior written consent of the Pledgee.
- 1.3 In this Agreement, unless the context otherwise requires, any reference to the singular shall include the plural and vice-versa; the use of the masculine pronoun shall include the feminine, the use of the neutral pronoun shall include the masculine or the feminine, as the case may be, and any reference to any statute, law or regulation having the force of law or any section thereof includes reference to any modification thereto or re-enactment of such statute, law or regulation having the force of law for the time being in force.
- 1.4 The headings in this Agreement are used and inserted for convenience only and shall be ignored in the interpretation of this Agreement.
- 1.5 Unless the context otherwise requires, words and expressions not otherwise defined in this Pledge Agreement shall bear the same meanings as in the Company Admission Document.

## **2. PLEDGE**

- 2.1 The Pledgors hereby pledge to the Pledgee, which accepts, the Pledged Shares as security for the due and punctual performance of the Issuer's Obligations. In constitution of the Pledge, the Pledgors are contemporaneously delivering the share certificates relating to the Pledged Shares to the Pledgee, which accepts to hold the said shares and certificates under the terms hereof. The parties hereto are entering into this Agreement to regulate the said Pledge.
- 2.2 It is expressly agreed that the Pledge is being granted by the Pledgors to the Pledgee as partial security for the Issuer's Obligations.
- 2.3 The Pledge confers upon the Pledgee the right to obtain payment out of the Pledged Shares with privilege over other creditors as provided by the Civil Code (Chapter 16 of the laws of Malta) in virtue of the special privilege accorded by law under Article 2009(a) of the said Code, as well as the right of retention over the said shares which entitles the Pledgee to retain the benefits of this Agreement until such time as the Secured Obligations have been settled in full. The Pledge is also regulated by Article 122 of the Companies Act, Chapter 386 of the laws of Malta.
- 2.4 Subject to Clause 6 of this Agreement, the Pledge shall extend to and include all dividends and all shares (and the dividends in respect thereof), rights, monies or other property accruing or offered at any time by way of redemption, substitution, bonus, preference, option or otherwise to or in respect of any of the Pledged Shares and all allotments, accretions, offers and other rights, benefits and advantages whatsoever at any time accruing, made, offered or arising in respect of any of the Pledged Shares.
- 2.5 Nothing in this Agreement shall be construed as placing on the Pledgee, prior to the eventual disposal or appropriation of the Pledged Shares, any liability whatsoever in respect of any calls, instalments or other payments relating to any of the Pledged Shares or to any rights, shares or other securities accruing, offered or arising as aforesaid, and the Pledgors shall at all times indemnify and hold harmless the Pledgee against and from all demands made against it or any of them, payments made by it, and costs, expenses, damages, losses or other liabilities incurred or suffered by it or any of them at any time in respect of any such calls, instalments or other payments as aforesaid.
- 2.6 Further to the provisions of sub-clause 2.5 above, it is hereby understood that nothing in this Agreement shall be construed as placing on the Pledgee any payment obligations or responsibilities to Bondholders under the Bonds, which remain exclusively the obligations and responsibilities of the Pledgors and/or the Issuer, as applicable, in terms of the Company Admission Document.
- 2.7 The Pledge is in addition to and independent of any other security which the Pledgee may hold at any time for any or all of the Issuer's Obligations.

## **3. REPRESENTATIONS AND WARRANTIES**

- 3.1 The Pledgors represent and warrant to the Pledgee that:
- (a) They are the sole owners of the Pledged Shares and the Pledged Shares are free from all and any encumbrances other than the charge created as a result of this Agreement;



- (b) the Pledgors have the power to enter into and perform, and has taken all necessary action to authorise the entry into, performance and delivery of, this Agreement;
- (c) this Agreement constitutes legal, valid and binding obligations enforceable in accordance with its terms;
- (d) all authorisations, regulatory approvals and third-party consents required or advisable in connection with the entry into, performance, validity and enforceability of the Pledge have been obtained or effected and are in full force and effect;
- (e) the entry into and performance by the Pledgors of, and the transactions contemplated by, the Pledge do not and will not:
  - (i) conflict with any law or regulation or judicial order; or
  - (ii) conflict with any document which is binding upon the Pledgors or any of their assets;
- (f) other than in accordance with this Agreement, including but not limited to clause 6 hereof, the Pledgors no longer enjoy any right to dispose of any of the Pledged Shares nor any rights to enjoy any dividends, capital or other distribution, nor the right to redeem the Pledged Shares or any other rights arising in connection with or from the Pledged Shares;
- (g) all rights arising from or in connection with the Pledged Shares are exercisable in the interest of the Pledgors and the Pledgee strictly in accordance with the terms of this Agreement and the Company Admission Document;
- (h) this Agreement and all the terms and obligations herein contained are valid and binding on the Pledgors and there exist no limitations in any agreement to which the Pledgors are a party or in any applicable law which would hinder the performance of any of the obligations of the Pledgors hereunder; and
- (i) for the purposes of EU Regulation 2015/848 of 20<sup>th</sup> May 2015 on Insolvency Proceedings (hereinafter referred to as the “**Regulation**”), the center of main interest of the Pledgors (as that term is used in Article 3(1) of the Regulation) is situated in its jurisdiction of incorporation.

3.2 The Pledgors also represent and warrant to and undertake in favour of the Pledgee that the foregoing representations and warranties in sub-clause 3.1 above will be true and accurate throughout the duration of this Agreement with reference to the facts and circumstances subsisting from time to time.

3.3 The Company represents and warrants to the Pledgee that:

- (a) the Company is an entity duly incorporated and validly existing under the laws of Malta and has the power to own their assets and carry on their business as it is being conducted;
- (b) the Company has the power to enter into and perform, and has taken all necessary action to authorise the entry into, performance and delivery of, this Agreement;
- (c) the Company has not issued or granted or resolved or agreed to issue or grant any option or other right to subscribe for or acquire any additional shares or stocks to any person;
- (d) the entry into and performance by the Company of, and the transactions contemplated by, the Pledge do not and will not:
  - (i) conflict with any law or regulation or judicial order; or
  - (ii) conflict with the documents of constitution of the Issuer; or
  - (iii) conflict with any document which is binding upon the Issuer or any of its assets;
- (e) this Agreement and all the terms and obligations herein contained are valid and binding on the Issuer and there exist no limitations in any agreement to which the Issuer is a party or in any applicable law which would hinder the performance of any of the obligations of the Company hereunder; and
- (f) for the purposes of EU Regulation 2015/848 of 20<sup>th</sup> May 2015 on Insolvency Proceedings (hereinafter referred to as the “**Regulation**”), the center of main interest of the Company (as that term is used in Article 3(1) of the Regulation) is situated in its jurisdiction of incorporation.



#### **4. COVENANTS**

##### **4.1 The Pledgors covenant and agree with the Pledgee:**

- (a) to warrant and to defend the right title and interest of the Pledgors and the Pledgee in and to the Pledged Shares against the claims and demands of all persons whomsoever;
- (b) that they will not sell, assign, transfer, pledge or encumber in any other manner any of the Pledged Shares or suffer to exist any encumbrance on the Pledged Shares except the Pledge constituted in terms of this Agreement;
- (c) that they will not request the repurchase of the Pledged Shares by the Company without the prior written consent of the Pledgee, to be granted in the Pledgee's sole and absolute discretion;
- (d) that they will notify, or consent to the Pledgee notifying, the Malta Registrar of Companies of the Pledge by filing the statutory notice [Form T(2)] in the form set out in Annex 1 to this Agreement immediately upon the execution of this Agreement;
- (e) that they will not grant in favour of any other person any interest in or any option or other rights in respect of any of the Pledged Shares;
- (f) that they will at all times remain the legal owner of the Pledged Shares;
- (g) that if they shall subscribe for, be allotted or otherwise acquire any such other shares in the Company at any time and from time to time after the date hereof, they shall forthwith deliver or procure that there be delivered to the Pledgee the relevant share certificates together with the undated signed share transfer instrument/s (in the form set out in Annex 4 to this Agreement) executed in blank in respect thereof, as well as a certified true copy of an extract of the register of members of the Company confirming that the Company has recorded the pledge of such shares on the same terms as those in this Agreement. In addition, they shall forthwith also deliver to the Pledgee an executed Additional Pledge Agreement in the form set out in Annex 5 to this Agreement under the terms of which they will pledge such further shares as further security for the Secured Obligations;
- (h) to ensure that the Pledge will be recorded in the register of members of the Company and that any share certificates issued throughout the duration of this Agreement and any entry in the register of members of the Company on the Pledged Shares will have an annotation referring to the Pledge in the form set out in Annex 2 to this Agreement;
- (i) that themselves and the Issuer will obtain and maintain in full force and effect all Maltese governmental and other regulatory approvals and consents and do or cause to be done all other acts and things necessary or desirable in connection herewith or for the performance of their obligations hereunder;
- (j) that they shall not take or omit to take any action which will or might impair the value of the Pledged Shares;
- (k) that in the event of the nomination of any new directors to the Company by the Pledgors, the Pledgors or any one of them shall procure the delivery of an undated resignation letter from such director/s to the Pledgee (in the form set out in Annex 3 to this Agreement); and
- (l) to procure that no amendment or supplement is made to the Company's Memorandum or Articles of Association which would have a material adverse effect on the performance by the Pledgors of their obligations under this Agreement or on the rights and remedies of the Pledgee under this Agreement.

##### **4.2 The Pledgors hereby deliver to the Pledgee, which confirms receipt thereof under the terms of this Agreement, the following:**

- (a) all existing share certificates in respect of the Pledged Shares, duly annotated in the form set out in Annex 2 to this Agreement;
- (b) undated letters of resignation of the directors of the Company appointed by the Pledgors in the form set out in Annex 3 to this Agreement;
- (c) undated share transfer instrument/s in respect of the Pledged Shares signed by the Pledgors, as transferors, in the form set out in Annex 4 to this Agreement, and
- (d) a certified true copy of an extract of the register of members of the Company confirming that the Company has recorded the pledge of the Pledged Shares in terms of this Agreement.

#### **5. TERMINATION AND RELEASE OF PLEDGE**

- 5.1 It is agreed that the Pledge is a continuing security for the due and punctual payment of the Issuer's Obligations, and subject to the terms of this Agreement, the Pledge may only be terminated in terms of sub-clause 5.2 hereunder or by the Pledgors and the Pledgee in writing.





- 5.2 On final and full settlement of the Issuer's Obligations to the satisfaction of the Pledgee and pursuant to the terms of the Company Admission Document and the Trust Deed, the Pledgee shall:
- (a) agree to terminate this Agreement and shall release all documents held by it hereunder to the Pledgors and the annotation of the share certificates shall be cancelled and this for no consideration other than the refund of expenses incurred and fees due for carrying out its obligations hereunder and in accordance with this Agreement;
  - (b) on a specific request in writing made by the Pledgors, file the necessary notification [Form T(3)] at the Registry of Companies in accordance with the Companies Act.
- 5.3 Notwithstanding the provisions of sub-clause 5.2 above, the Pledgee is entitled to retain this Pledge and decline to release it, even if the Issuer's Obligations shall have been paid in full, until such time as it is satisfied that any payment or settlement of the Issuer's Obligations will not be challenged or avoided at any time (whether as a preference or otherwise), provided, however, that the Pledgee shall not unreasonably withhold such release unless it has reason to believe that the Company is, at the time of such repayment of the Issuer's Obligations, likely to be dissolved by reason of insolvency. For all good intents and purposes, it is being expressly agreed that any release of this Pledge is subject to the condition that any payment towards the Secured Obligations shall not be reversed, revoked or declared null at any time.

## **6. VOTING POWER, DIVIDENDS AND ANCILLARY RIGHTS**

- 6.1 Prior to the issue of a Notice of Default (as hereinafter defined) by the Pledgee to the Pledgors, the rights pertaining to the Pledged Shares shall be exercised as follows:

### VOTING

- (i) The Pledgors may continue to exercise all voting and/or consensual rights and powers pertaining to the Pledged Shares or any part thereof for all purposes; PROVIDED THAT the Pledgors undertake not to exercise any of their voting rights or powers in a manner which negatively prejudices the interests of the Pledgee.

### DIVIDENDS

- (ii) Subject to applicable limitations emanating from the Company Admission Document, all dividends due on the Pledged Shares shall be paid to and shall be receivable by the Pledgors.

### CAPITAL DISTRIBUTIONS

- (iii) All capital distributions paid on the Pledged Shares upon the reduction of capital or redemption of any Pledged Shares shall be received by the Pledgors.

### NOTICES OF MEETINGS

- (iv) All notices of meetings required by Maltese law and the Articles of the Company shall also be sent to the Pledgee.

Without prejudice to the rights and remedies of the Pledgee under clause 9 below, upon the issue of a Notice of Default (as hereinafter defined) by the Pledgee to the Pledgors, the Pledgee shall immediately be vested with all rights pertaining to the Pledgors under the Pledged Shares and, in particular, without prejudice to the generality of the foregoing:

- (i) all dividends due on the Pledged Shares shall be paid to and shall be received by the Pledgee which shall apply the same in accordance with the terms of the Yacht Lift Security Trust;
- (ii) all voting and other rights and powers attaching to the Pledged Shares shall vest in their entirety in the Pledgee, and the Pledgee shall exercise such powers for the purposes of, and in accordance with, the terms of the Pledge;
- (iii) all capital distributions paid on the Pledged Shares upon any reduction of capital or redemption of any Pledged Shares shall be received by the Pledgee which shall apply the same in accordance with the terms of the Trust Deed and the Company Admission Document; and
- (iv) all notices of meetings required by Maltese law and/or the Company's memorandum and articles of association shall be sent to the Pledgee which shall have the right to attend and vote at same itself.



6.2 Subject to the terms of this Agreement, upon the issue of a Notice of Default (as hereinafter defined) by the Pledgee to the Pledgors and in so far as it is necessary and for the purposes of conducting business at any general meeting of the Company, the Pledgors irrevocably confer on the Pledgee, which accepts, the rights to receive and waive notice of, attend and vote at any meeting of the Company in respect of the Pledged Shares held by the Pledgors and, the Pledgors irrevocably recognize these rights of the Pledgee.

6.3 The non-exercise or partial exercise by the Pledgee of any of its rights, powers or remedies under this Agreement, even after a Notice of Default has been issued, shall not imply or operate as a waiver thereof on the part of the Pledgee and the granting of any new authorisations or permissions to the Pledgors by the Pledgee after any Event of Default (as hereunder defined) has taken place shall not operate as a waiver of any right or remedy hereunder nor shall it preclude any other or further exercise thereof.

6.4 The remedies herein provided are cumulative and are not exclusive of any remedies provided by law.

## **7. RESERVED MATTERS**

7.1 It is agreed that, with effect from the effective date of the Pledge, any resolution of the Company on any of the following matters shall require the consent of the Pledgors and the Pledgee:

- a. the sale of assets of the Company;
- b. the liquidation of the Company;
- c. the merger or amalgamation of the Company;
- d. the reduction of capital in the Company;
- e. any change in the share capital structure of the Company;
- f. any amendment or change to the Memorandum or Articles of Association of the Company; and/or
- g. the creation of any encumbrance over the Pledged Shares.

PROVIDED THAT after the issue of a Notice of Default (as hereunder defined), the Pledgee may act alone without the consent of the Pledgors even on the above matters.

## **8. RESPONSIBILITY FOR COMMERCIAL OPERATIONS**

### **8.1 Pledgors' Duties**

It is agreed that until such time as there is an Event of Default (as hereunder defined) and a Notice of Default (as hereunder defined) is sent by the Pledgee to the Pledgors, as well as after such events, the Pledgors shall be fully responsible for the continuing commercial operations of the Company and shall ensure that all agreements and laws binding the Company shall be fully and faithfully observed through the Board of Directors of the Company. Without prejudice to its rights hereunder, the Pledgee shall under no condition be responsible for the commercial operations of the Company.

### **8.2 Pledgee's Duties**

The powers conferred on the Pledgee hereunder are solely to protect its interest in the Pledged Shares in its capacity as trustee of the Yacht Lift Security Trust and shall not impose any duty upon it to exercise any such powers. Except for the accounting for moneys actually received by it hereunder, the Pledgee shall have no duty as to any Pledged Shares as to ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters in connection with any Pledged Shares (whether or not the Pledgee has or is deemed to have knowledge of such matters), or as to the taking of any necessary steps to preserve rights against any parties or any other rights pertaining to any Pledged Shares. The Pledgee shall exercise reasonable care in the preservation of the Pledged Shares and the Pledgee shall be deemed to have exercised reasonable care in the preservation of any Pledged Shares in its control if such Pledged Shares are accorded treatment substantially equal to that which the Pledgee accords its own property.

## **9. REMEDIES**

9.1 On notice (by judicial act or otherwise as required or permitted by Maltese law) being sent by the Pledgee to the Pledgors stating that an Event of Default (as defined below) has occurred and setting out the Event of Default (hereinafter referred to as the "Notice of Default"), the Pledgee may exercise in relation to any and all of the Pledged Shares all the rights and remedies possessed by it under this Agreement, the Company Admission Document, the Yacht Lift Security Trust or granted to it by law or otherwise for the benefit of the Bondholders, and in particular, may:

- (i) exercise all rights relating to the Pledged Shares without limitation, including appointing proxies, calling meetings, removing directors by dating the letters of resignation, approving or otherwise accounts, increasing or reducing capital, purchasing or selling assets, declaring dividends, undertaking or repaying loans or other indebtedness and other actions which in its sole and absolute discretion is deemed necessary to preserve the value of the Pledged Shares;
- (ii) appoint directors and officers of the Company;



- (iii) dispose of or appropriate and acquire the Pledged Shares in accordance with the provisions of the Companies Act; and/or
- (iv) apply to the Courts for the judicial auction of the Pledged Shares in accordance with the applicable law.

These remedies are in addition to the remedies granted to the Pledgee under Maltese law and in so far as it is necessary to do so the Pledgors authorise the Pledgee to avail itself of all and any of the above remedies in protection of its rights and the rights and interests of the Bondholders.

- 9.2 The Pledgors shall vote, in any applicable case, to ensure that the Company observes all formalities and other time limits set by the Companies Act.
- 9.3 It is agreed that, in the event that the Pledgee decides to exercise the rights specified in Article 122 of the Companies Act, for the “fair value” to be established in terms of the aforementioned article, the following rules shall be observed in order to achieve a fair and reasonable position for the Parties, unless otherwise directed by the Court:
- (i) the Pledgee shall immediately upon a Notice of Default and in terms of the Trust Deed and the Company Admission Document, inform the Malta Stock Exchange and the Corporate Advisor that an Event of Default has occurred;
  - (ii) the Pledgors and the Pledgee shall, within five (5) business days of the Notice of Default, meet to determine by agreement the value of the Pledged Shares or, if this is not possible, the method and time frame for the final determination of such value. The Pledgors are to produce and make available all relevant information to the Pledgee or to such other person entrusted with the determination of the value of the Pledged Shares;
  - (iii) it is agreed that the value of the Pledged Shares, whether by private calculation or by the court-appointed certified public accountant or auditor, shall be established on the basis of commonly used methods (as at the time of the establishment of the value);
  - (iv) the auditors shall then take into consideration any material events which have, in the view of either the Pledgee or the Pledgors, an impact on the valuation;
  - (v) in the event that the previous year’s audited accounts have not been maintained according to law, the Pledgors agree that the auditors are authorised, should they so wish, to base themselves on the most recent drafts and management accounts available;
  - (vi) in the event that such drafts and management accounts are not available, the Pledgors agree that the appointed auditors shall not be obliged to create accounts and audit them according to law but shall be entitled to receive evidence from the Pledgors and the Pledgee or such other person as they deem necessary in connection with the value of assets in the Company and to reach a reasonable conclusion as to the value of the Pledged Shares within fifteen (15) business days of appointment of the certified public accountant or auditor by the Court;
  - (vii) the non-co-operation of the Pledgors shall not hinder the court-appointed certified public accountant or auditor from making their report to the Court in accordance with this Agreement;
  - (viii) it is agreed that any valuation should be made within fifteen (15) business days of appointment of the auditor by the Court in view of the provisions of Article 122 of the Companies Act and it is acknowledged that if more than thirty (30) days elapse from the Notice of Default, there may be fluctuations in the value of shares which may prejudice the Parties hereto;
  - (ix) if the Pledgee applies to the Court for a valuation to be made pursuant to Article 122(9) of the Companies Act, the Pledgee shall be entitled to present as evidence to the Court appointed valuer any documents in its possession relating to the Company and all workings carried out until such date in connection with the valuation of the Pledged Shares.
- 9.4 Following the issue of a Notice of Default, but notwithstanding anything else stated above and notwithstanding any action taken by the Pledgee to exercise its rights to sell or appropriate the Pledged Shares privately, the Pledgee shall be entitled at any time to apply to the Court for the judicial sale of the Pledged Shares.
- 9.5 If and to the extent that the Pledgee opts to sell or appropriate the Pledged Shares in accordance with the remedies set out in Article 122 of the Companies Act, the Pledgors hereby agree that in the event that the sale or appropriation of the Pledged Shares in terms of paragraphs (iii) and (iv) of sub-clause 9.1 above only makes commercial sense (in the reasonable opinion of the Pledgee acting for the benefit of the Bondholders) if so sold or appropriated in their entirety, then the Pledged Shares will be so sold and appropriated, notwithstanding the fact that the proceeds or value thereof will exceed the value of the Secured Obligations recovered by the Pledgee in the case of a sale and any excess value appropriated by the Pledgee shall be released or reimbursed in favour of the Pledgors. In the event of such sale and for the avoidance of any doubt, the Pledgors hereby irrevocably appoint the Pledgee, which declares to have an interest in this mandate and accepts the same as part of its security, as its attorney (with full power of substitution) in relation to the sale of the Pledged Shares, and the Pledgors ratify and confirm and agree to ratify and confirm any agreement, instrument, act or thing which such attorney or substitute may execute or do in pursuance hereof.

- 9.6 If and to the extent that the Pledgee exercises its rights under this Agreement and the law and proceeds with the disposal of the Pledged Shares (or part of the Pledged Shares) or with their appropriation and acquisition by it of the Pledged Shares (or part of the Pledged Shares) in settlement of the Issuer's Obligations, the Pledgors hereby irrevocably and unconditionally waive any right of pre-emption in relation to such shares arising in the Memorandum or Articles of Association of the Company or otherwise.
- 9.7 The Pledgors and the Issuer shall make no claim against the Pledgee in respect of any loss arising out of any such sale or appropriation in terms of paragraphs (iii) and (vi) of sub-clause 9.1 above or any postponement thereof howsoever caused and whether or not a better price could or might have been obtained upon the sale of the Pledged Shares or any of them by deferring or advancing the date of such sale or appropriation or otherwise howsoever, provided there is no negligence or willful misconduct on the part of the Pledgee.
- 9.8 Upon any disposal by the Pledgee of the Pledged Shares, the purchaser shall not be bound to see or enquire whether the power of the sale of the Pledgee has arisen; the sale shall be deemed for all purposes hereof to be within the power of the Pledgee and the receipt by the Pledgee of the purchase money shall effectively discharge the purchaser who shall not be concerned with the manner of application of the proceeds of the sale or be in any way answerable therefor.
- 9.9 The Pledgee shall be entitled, at any time and as often as the Pledgee may deem appropriate, to delegate all or any of the rights, powers, remedies and discretions vested in it under and pursuant to this Agreement in such manner, upon such terms, and to such person or persons as the Pledgee may deem appropriate in accordance with the terms of the Trust Deed.
- 9.10 The remedies set out in this Clause 9 are in addition to the remedies granted to the Pledgee under Maltese law and, in so far as it is necessary to do so, the Pledgors hereby irrevocably and unconditionally authorise the Pledgee by way of security, which accepts, to avail itself of all and any of the said remedies in protection of its rights.

#### **10. IRREGULARITIES IN OTHER SECURITIES - INCAPACITY- INDEMNITY.**

This Agreement shall not be extinguished, discharged or otherwise effected by the total or partial invalidity or unenforceability or any irregularity or defect in any security (whether by way of mortgage, hypothec, pledge, guarantee, indemnity or otherwise) the Pledgee may now or at any time hold in respect of all or any of the Issuer's Obligations, and the Pledgors hereby agree to indemnify the Pledgee against all loss, damages, interest and expenses arising from the Company's failure to perform any obligation/s towards the Pledgee or occasioned by or arising from any invalidity, unenforceability, non-provability, non-liability, legal limitation, disability or want of capacity of or affecting the Company or any person acting or purporting to act on behalf of the Company (including the want of authority in such person) for any reason whatsoever in respect of all or any of the Issuer's Obligations, provided that the Pledgors are not acting on the instructions of the Pledgee.

#### **11. COSTS, CHARGES FEES AND EXPENSES**

The Pledgors shall on demand pay, on a full indemnity basis, all costs, charges, fees and expenses in any way incurred by the Pledgee in or incidental to the preservation or enforcement of this Agreement (including the costs of any proceedings in relation to this Agreement or the Issuer's Obligations).

#### **12. SUSPENSE ACCOUNT**

Without prejudice to the terms of the Trust Deed, all monies received, recovered or realised by the Pledgee under this Agreement may, at the discretion of the Pledgee, be credited to a suspense or impersonal account and shall bear interest at such rate, if any, as may be agreed in writing between the Pledgee and the Pledgors (and in default of agreement shall bear simple interest at the daily rate paid by the Pledgee on deposit accounts subject to seven (7) days' notice of withdrawal from time to time). The monies may be held in such account for as long as the Pledgee may deem fit pending the application from time to time (as the Pledgee shall be entitled to do as it may think fit) of such monies and any accrued interest thereon in or towards the discharge of any of the Issuer's Obligations.

#### **13. APPLICATION OF PROCEEDS**

All payments arising in relation to the Pledged Shares received by the Pledgee by way of dividends, capital distributions or otherwise as well as the proceeds of any sale of all or any part of the Pledged Shares and received by the Pledgee under this Agreement shall be administered and applied in accordance with the terms of the Trust Deed and the surplus, if any, after the Issuer's Obligations have been finally and fully repaid, shall be paid to the Pledgors or such other person as may for the time being be entitled thereto.

#### **14. EVENTS OF DEFAULT**

- 14.1 An Event of Default shall *ipso jure* occur under this Agreement, without the need of any authorisation and/or confirmation from a competent court, upon one or more of the "Events of Default" being declared and outstanding under section 19.14 of the Company Admission Document.



- 14.2 The Pledgee shall not be bound to take any steps to ascertain whether any Event of Default or other condition, event or circumstance has occurred or may occur, and, until it shall have actual knowledge or express notice to the contrary, the Pledgee shall be entitled to assume that no such Event of Default or condition, event or other circumstance has happened and that the Issuer and the Pledgors are observing and performing all the obligations, conditions and provisions on their respective part contained under this Agreement, the Company Admission Document and the Trust Deed. Provided that in the event that the Pledgee becomes aware of the fact that an Event of Default has occurred or is likely to occur, it shall notify in writing the Malta Stock Exchange, the Corporate Advisor (as defined in the Company Admission Document) and the Bondholders of such fact without delay.

## **15. ATTORNEY**

Subject to any limitations expressed elsewhere in this Agreement, the Pledgee is hereby irrevocably appointed the true and lawful attorney of the Pledgors for the purpose of carrying out the provisions of this Agreement and taking any action or executing any instruments which the Pledgee may deem necessary to accomplish the purposes hereof. This appointment as attorney is being given as part of this security and is being accepted by the Pledgee;

PROVIDED THAT the Pledgee shall have the option but not an obligation to utilise such power of attorney and the Pledgee shall in no way be responsible for not utilising the said power of attorney, nor shall the Pledgee be in any way responsible for anything done in virtue of the said power of attorney.

## **16. FURTHER ASSURANCES AND AGREEMENTS**

The Pledgors agree that at any time and from time to time upon the written request of the Pledgee, they will promptly and duly execute and deliver to the Pledgee any and all such further instruments and documents as the Pledgee may deem necessary for obtaining the full benefit of this Agreement and of the rights and powers herein granted.

## **17. SET-OFF & WAIVER OF RIGHTS**

- 17.1 In addition to the rights conferred by law, the Pledgee shall be entitled, in terms of the provisions of the Set-Off and Netting on Insolvency Act (Cap. 459 of the laws of Malta), to set-off against monies due to it under this Agreement on behalf of Bondholders all or any monies from time to time standing to the credit of the Pledgors (whether sole or joint with any other person(s)) with the Pledgee, whether on current or any other account, including those subject to a term whatsoever and any sums standing in a suspense or impersonal account.

For the purposes of the foregoing:

- (a) the Pledgee shall be entitled (as well before as after demand) to combine or consolidate all monies now or hereafter standing to the credit of the Pledgors on any account with the Pledgee and in any currency;
- (b) if the obligations are in different currencies, the Pledgee may convert either obligation at a market rate of exchange in its usual course of business for the purposes of the set-off; and
- (c) if either obligation is unliquidated or unascertained, the Pledgee may set-off in an amount estimated by it in good faith to be the amount of that obligation.

- 17.2 However, it is expressly agreed that the liability of the Pledgors under this Agreement shall in no way be extinguished, discharged or reduced or in any way affected by any right of set-off or counter-claim or any right whatsoever against the Pledgee and the Pledgors are hereby expressly waiving all rights (including any and all rights of action) the Pledgors may have against the Pledgee until after settlement in full of the Issuer's Obligations to the satisfaction of the Pledgee.

## **18. INSTRUCTIONS**

It is agreed and declared that the Issuer and the Pledgors shall procure that the Company shall act according to all and any instructions reasonably issued by the Pledgee in accordance with this Agreement without the necessity or obligation to verify whether the facts stated by the Pledgee, particularly whether an Event of Default has or has not taken place, are correct and shall not lose the benefit of this Agreement even if the Pledgors make any claims to the effect that the statements of the Pledgee on which the Company is relying are incorrect.

## **19. CERTIFICATION OF SUMS DUE**

Any certification or determination by the Pledgee of a rate or amount under this Agreement will be, in the absence of manifest error, conclusive evidence of the matters to which it relates.



## 20. NOTICES

Notices may be sent by registered mail or electronic mail. Where notice is sent by registered mail, it shall be deemed to have been served five (5) days following the date on which it was posted and in the case of notice sent by electronic mail, on the day of transmission. In proving such service it shall be sufficient to prove that the notice was addressed properly and posted or transmitted to such electronic mail address as may be notified to the other party/ies for this purpose.

For the purposes of this Agreement, the proper addresses (including electronic mail addresses) of the Parties are:

To the Issuer / Pledgor C:

Name: Yacht Lift Malta plc  
Attention: Daniel Gatt, Giuseppe Farrugia  
Address: 129-130, Xatt ta' Xbiex, Ta' Xbiex, Malta and  
E-mail address: daniel@allureyachting.com

To the Pledgor A:

Name: Daniel Gatt  
Address: 4, Block C, Avenue Apartments, Triq Dun Frangisk Sciberras, Mellieha  
E-mail address: daniel@allureyachting.com

To the Pledgor B:

Name: Giuseppe Farrugia  
Address: Juniper Mews, Block F, Flat 5, Triq San Gwann, Gharghur  
E-mail address: 1crewcut@gmail.com

To the Pledgee:

Name: GVZH Trustees Limited in its capacity as trustee of the Yacht Lift Security Trust  
Attention: The Directors  
Address: 192, Old Bakery Street, Valletta VLT 1455, Malta  
E-mail address: [luca.vella@gvzh.com.mt](mailto:luca.vella@gvzh.com.mt) / [katia.cachia@gvzh.com.mt](mailto:katia.cachia@gvzh.com.mt)

Provided that each Party may at any time change such address by giving five (5) days prior written notice to the other parties.

## 21. NOTIFICATION TO, AND ACKNOWLEDGEMENT OF, PLEDGE BY THE ISSUER AND COMPANY

- 21.1 In accordance with the requirements of Article 122(2) of the Companies Act, the Pledgors hereby notify the Company of the Pledge constituted by this Agreement, and hereby request the Company to register such pledge in the Company's register of members and on any share certificates which the Company may issue throughout the duration of this Pledge. Furthermore, the Pledgors are hereby giving notice of the Pledge constituted by this Agreement to the Issuer. The Pledgors hereby inform the Company that the Pledgors have agreed to pledge any future shares subscribed by it in the Company.
- 21.2 The Issuer appears on and sign this Agreement inter alia in order to, and do hereby through the execution by it of this Agreement, acknowledge receipt without reservation of the notice of Pledge effected by the Pledgors by means of sub-clause 21.1 hereof.
- 21.3 The acknowledgement referred to in sub-clause 21.2 above is granted by the Issuer for the benefit of the Pledgors and the Pledgee.
- 21.4 By signing this Agreement, the Company also:
- (a) confirms that it is concurrently with execution of this Agreement making a note of the Pledge in its register of members;
  - (b) binds itself for the benefit of the Pledgee to act in accordance with the terms of this Agreement;
  - (c) acknowledges that the share certificates in respect of the Pledged Shares have been delivered to the Pledgee upon execution hereof;
  - (d) undertakes for the benefit of the Pledgee not to pay out any monies relating to the Pledged Shares other than in accordance with this Agreement, and whenever the Company is required to carry out any act which has been imposed on the Pledgors in this Agreement, the Company shall carry out such act in accordance with this Agreement;
  - (e) recognizes that the Pledgee may carry out acts against the wishes of the Pledgors and confirms that the Pledgee shall be treated as a member of the Company in terms of this Agreement; and
  - (f) undertakes for the benefit of the Pledgee to inform any person requesting information relating to the Company of the Pledge.
- 21.5 The Pledgors and the Company declare that the Pledge notification and acknowledgement referred to in sub-clauses 21.1 and 21.2 hereof shall be deemed to have been given in full satisfaction of the procedural requirements of Article 122(2) of the Companies Act, and each of them agree that no further action is necessary on the part of the others in order to comply with the said legislative requirements.



## **22. SEVERANCE AND MODIFICATION OF CLAUSES**

- 22.1 If any of the clauses or part thereof of this Agreement is or becomes invalid or unenforceable for any reason whatsoever, the validity of the remaining clauses or part thereof will not in any way be affected or impaired.
- 22.2 If any invalid or unenforceable clause or part thereof of this Agreement would be valid or enforceable if its form or effect were modified in any way, it shall be deemed to have the modified form or effect provided that the Pledgee gives its consent.

## **23. GOVERNING LAW & JURISDICTION**

- 23.1 This Agreement shall be governed by and construed in accordance with the laws of Malta.
- 23.2 For the benefit of the Pledgee, the Pledgors agree that the Courts of Malta have exclusive jurisdiction to settle any disputes in connection herewith and accordingly submit to the exclusive jurisdiction of such Courts. The Pledgors waive any objection to the Maltese Courts on grounds of inconvenient forum or otherwise as regards proceedings in connection herewith and agrees that a judgement or order of such a Court shall be conclusive and binding on it and may be enforced against it in the Courts of any other jurisdiction.

## **24. COUNTER-PARTS**

This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts (including fax or electronic copies) were on a single copy of this Agreement.



## EXECUTION PAGE

IN WITNESS whereof the parties hereto have caused this Agreement to be duly executed as of the date first above written.

Pledgor A:

in the presence of:

\_\_\_\_\_  
Daniel Gatt

Pledgor B:

in the presence of:

\_\_\_\_\_  
Giuseppi Farrugia

Issuer / Pledgor C:

in the presence of:

\_\_\_\_\_  
[-]  
for and on behalf of  
**Yacht Lift Malta plc**

Company:

in the presence of:

\_\_\_\_\_  
[-]  
for and on behalf of  
**Yacht Lift Malta Operations Limited**

The Pledgee

in the presence of:

\_\_\_\_\_  
[-]  
for and on behalf of  
**GVZH Trustees Limited in its capacity as trustee of the Yacht Lift Security Trust**





# ANNEX 1

## Form T (2)

No. of Company C 92887

COMPANIES ACT, 1995

Notice of a pledge of securities

Pursuant to Section 122 (2)

Name of Company: **Yacht Lift Malta Operations Limited**

Delivered by: **Company Secretary**

To the Registrar of Companies:

**Yacht Lift Malta Operations Limited** hereby gives notice in accordance with Section 122 (2) of the Companies Act, 1995 that with effect from ..... the undermentioned securities have been pledged as follows:

Pledgor (Name and Address)	Pledgee (Name and Address)	Securities		
Yacht Lift Malta P.L.C. [C 78281] 129-130, Xatt ta' Xbiex, Ta' Xbiex, Malta	<b>GVZH Trustees Limited</b> (C 23095) of 192, Old Bakery Street, Valletta VLT 1455, Malta, in its capacity as trustee of the Yacht Lift Security Trust	Number  1,176	Type  Ordinary	Nominal Value €1
Daniel Gatt ID Number: 163011 4, Block C Avenue Apartments Triq Dun Frangisk Sciberras Mellieha, Malta	<b>GVZH Trustees Limited</b> (C 23095) of 192, Old Bakery Street, Valletta VLT 1455, Malta, in its capacity as trustee of the Yacht Lift Security Trust	Number  12	Type  Ordinary	Nominal Value €1
Giuseppi Farrugia ID Number: 96095m Juniper Mews Blk F, Flat 5 Triq San Gwann Gharghur, Malta	<b>GVZH Trustees Limited</b> (C 23095) of 192, Old Bakery Street, Valletta VLT 1455, Malta, in its capacity as trustee of the Yacht Lift Security Trust	Number  12	Type  Ordinary	Nominal Value €1

Signature .....

**Pledgor**

Dated this .....

***This form must be completed in typed form.***

\* Delete as necessary.



## ANNEX 2

### ANNOTATION TO PLEDGE

*"These one thousand, two hundred (1,200) Ordinary shares of one Euro (€1) each, 20% paid-up, have been pledged in favour of GVZH Trustees Limited, in its capacity as trustee of the Yacht Lift Security Trust in terms of a pledge of shares agreement dated on or around 19 September 2019, pursuant to and in accordance with the terms of a Company Admission Document dated 6 September 2019 in connection with the issue by Yacht Lift Malta p.l.c. (C 78281) of €2,000,000 worth of 5.5% secured callable bonds 2021 - 2025 of a nominal value of €100 per bond on the Prospects MTF List."*



### ANNEX 3

#### DIRECTOR'S RESIGNATION LETTER

To: The Board of Directors  
Yacht Lift Malta Operations Limited  
129-130, Xatt Ta' Xbiex,  
Ta' Xbiex XBX 1028, Malta

I, the undersigned, in my capacity as director of Yacht Lift Malta Operations Limited (C 92887) (the "Company") do hereby irrevocably and unconditionally resign with immediate effect from the office of director of said Company and I hereby acknowledge and confirm that I have no claims of whatsoever nature against the Company for compensation for loss of office or in any respect, and that I have received all outstanding director's fees or other remuneration due to me to date.

This the \_\_\_\_\_

-----  
[ ]



#### ANNEX 4

#### SHARE TRANSFER INSTRUMENT

This the ..... day of ....., 20...

By virtue of this private instrument, [ ] bearing Maltese ID Card number, and residing at [ ] (hereinafter referred to as the “**Transferor**”) sells and transfers to **GVZH Trustees Limited**, a limited liability company registered under the laws of Malta, bearing company registration number C 23095 and having its registered office situated at 192, Old Bakery Street, Valletta VLT 1455, Malta, in its capacity as trustee of the Yacht Lift Security Trust (hereinafter referred to as the “**Transferee**”), which accepts and purchases and acquires, [ ] Ordinary shares of €1.00 each in **Yacht Lift Malta Operations Limited**, a private limited liability company registered under the laws of Malta, bearing company registration number C [ ] and having its registered office situated at 129-130, Xatt Ta' Xbiex, Ta' Xbiex XBX 1028, Malta, for ....., for which price the Transferor hereby tenders due receipt.

Signed:

---

TRANSFEROR

---

For and on behalf of  
**GVZH Trustees Limited in its capacity as trustee of the Yacht Lift Security Trust**  
TRANSFEE

## ANNEX 5

### ADDITIONAL PLEDGE

ADDITIONAL SHARE PLEDGE AGREEMENT (the “**Additional Pledge**”) entered into this ....., 20..... between:  
**GVZH Trustees Limited in its capacity as Security Trustee**, a limited liability company registered under the laws of Malta, bearing company registration number C23095, and having its registered office situated at 192, Old Bakery Street, Valletta VLT 1455, Malta (hereinafter referred to as the “**Pledgee**”);

AND

**Daniel Gatt**, residing at, 4, Block C, Avenue Apartments, Triq Dun Frangisk Sciberras, Mellieha, Malta, with Maltese Identity Card number: 16301L (hereinafter referred to as the “**Pledgor A**”);

AND

**Giuseppi Farrugia**, residing at, Juniper Mews, Block F, Flat 5, Triq San Gwann, Gharghur, Malta, with Maltese Identity Card number: 96095M (hereinafter referred to as the “**Plegdor B**”);

AND

**Yacht Lift Malta plc**, a public limited liability company incorporated under the laws of Malta, bearing company registration number C 78281, and having its registered office situated at 129-130, Xatt Ta' Xbiex, Ta' Xbiex XBX 1028, Malta (hereinafter referred to as the **"Plegdor C"**);

**Pledgor A, Pledgor B and Pledgor C** shall hereinafter collectively be referred to as the “**Pledgors**”

AND

**Yacht Lift Malta Operations Limited**, a private limited liability company incorporated under the laws of Malta, bearing company registration number C 92887, and having its registered office situated at 129-130, Xatt Ta' Xbiex, Ta' Xbiex XBX 1028, Malta (hereinafter referred to as the **"Company"**)

WHEREBY

1. The Pledgors hereby pledges to the Pledgee, which accepts such pledge, the following additional shares in the Company:  
.....  
(the "Additional Pledged Shares")  
as a continuing security for the due and punctual settlement of the Issuer's Obligations as defined in the pledge of shares agreement between the parties hereto dated \_\_\_\_\_ 2019 (hereinafter the "Pledge of Shares Agreement");
2. In constitution of the said pledge:
  - (a) the Company hereby acknowledges the pledge of the Additional Pledged Shares and binds itself to enter such an annotation in its register of members; and
  - (b) the Pledgors are contemporaneously delivering to the Pledgee documents evidencing the registration of the Additional Pledged Shares in the name of the Pledgee. It is agreed that the statutory notice will be delivered by the Pledgors or the Pledgee to the Registrar of Companies in Malta.
3. This Additional Pledge is a transaction contemplated by and subject to all the terms and conditions of the Pledge of Shares Agreement and it is being specifically agreed that the Pledge of Shares Agreement is being incorporated *in toto*, including the recitals thereto, into this Additional Pledge and shall apply to and form an integral part of this Additional Pledge. Provided that any reference to Pledged Shares in the Pledge of Shares Agreement shall, unless the context otherwise requires, be deemed to also refer to the Additional Pledged Shares. The Pledgee shall enjoy all the rights, discretions, privileges and powers granted to it in the Pledge of Shares Agreement in relation to the Additional Pledged Shares.

IN WITNESS whereof the Parties hereto have caused this Agreement to be duly executed as of the date first above written.

Signed:	<u>The Pledgors</u>	<u>The Pledgee</u>	<u>The Company</u>
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## ANNEX E- CURRENT AND PAST DIRECTORSHIPS OF THE DIRECTORS OF THE ISSUER

### Daniel Gatt

#### Current Directorships

Allure Yachting	C83367
Pinnacle Estates Ltd	C 78089
Yacht Lift Malta Operations Limited	C 92887
Yacht Lift Malta Plc	C 78281

#### Past Directorships

None

### Joe Farrugia

#### Current Directorships

Allure Yachting	C83367
Pinnacle Estates Ltd	C 78089
PB Chartering Ltd	C 91220
Yacht Lift Malta Operations Limited	C 92887
Yacht Lift Malta Plc	C 78281
Wise Guys Boxing and Intense	
Fitness Centre Limited	C 42581

#### Past Directorships

None

### Ivan Fsadni

#### Current Directorships

Altinum Funds SICAV plc	SV309
Hermes Linder Fund SICAV plc	SV100
Integra Private Wealth Limited	C46966
Phoenix Payments Limited	C 77764
Alperton Limited	C 57147
Wok To Walk Malta Limited	C 84728
Yacht Lift Malta plc	C78281

#### Past Directorships

None

### Stefan Sant

#### Current Directorships

Yacht Lift Malta Plc	C 78281
----------------------	---------

#### Past Directorships

None



## ANNEX F – REPORTING ACCOUNTANTS REPORT

**Deloitte.**

Deloitte Services Limited  
Deloitte Place  
Mrieħel Bypass  
Mrieħel BKR 3000  
Malta  
Tel: +356 2343 2000, 2134 5000  
Fax: +356 2131 8196, 2134 4443  
info@deloitte.com.mt  
www.deloitte.com/mt  
Company Reg No: C51320  
VAT Reg No: MT2013 6212  
Exemption number: EXO2156

The Directors  
Yacht Lift Malta Plc  
129-130  
Ta' Xbiex Seafront,  
Ta' Xbiex XBX1028

30 August 2019

Dear Sirs,

Independent Accountants' Report on the Forecast Financial Information of Yacht Lift Malta [plc]

We report on the forecast statements of financial position, income and cash flow ("the Forecast Financial Information") of Yacht Lift Malta plc (the "Issuer") for the financial years ending 30 September 2020, 30 September 2021 and 30 September 2022. The Forecast Financial Information, the basis of preparation and the material assumptions upon which the forecasts are based, are set out in Annex [G] "Summary of significant assumptions and accounting policies" of the Company Admission Document issued by Yacht Lift Malta plc to be dated 6 September 2019.

This report is required in terms of Appendix 4.7 (4) in the Prospects MTF Rules issued by the Malta Stock Exchange dated January 2019 and is given for the purpose of complying with that regulation and for no other purpose.

Directors' responsibilities for the Forecast Financial Information

It is the responsibility of the Directors of the Issuer to prepare the Forecast Financial Information and the assumptions upon which it is based, as set out in Annex [G] "Summary of significant assumptions and accounting policies" of the Company Admission Document, in accordance with the requirements of the Prospects MTF Rules issued by the issued by the Malta Stock Exchange.

### **Accountants' responsibility**

It is our responsibility to form an opinion as required by Appendix 4.7 (4) in the Prospects MTF Rules as issued by the Malta Stock Exchange as to the proper compilation of the Forecast Financial Information, in so far as the application of the underlying assumptions and accounting policies and accuracy of calculations are concerned, and to report that opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed, to the fullest extent permitted by law, we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such person as a result of, arising out of, or in connection with report or our statement, required by and given solely for the purposes of complying with the Prospects MTF Rules.

## Basis of preparation of the Forecast Financial Information

The financial information has been prepared on the basis stated in Annex [G] “Summary of significant assumptions and accounting policies” of the Company Admission Document and is based on the forecasts for the years ending 30 September 2020, 30 September 2021 and 30 September 2022. The Forecast Financial Information is required to be presented on a basis consistent with the accounting policies of the Group.

## Basis of opinion

We have examined the basis of compilation and material assumptions of the accompanying Forecast Financial Information of the Issuer for the years ending 30 September 2020, 30 September 2021 and 30 September 2022 in accordance with ISAE 3000 “Assurance Engagements Other than Audits and Reviews of Historical Financial Information”. Our work included evaluating the basis on which the financial information included in the forecast has been prepared and considering whether the Forecast Financial Information has been accurately computed based upon the disclosed assumptions and the accounting policies of the Group.

The assumptions upon which the Forecast Financial Information is based are solely the responsibility of the Directors of Yacht Lift Malta [plc] and accordingly we express no opinion on the validity of the assumptions. However, we considered whether anything came to our attention to indicate that any of the assumptions adopted by the Directors which, in our opinion, are necessary for a proper understanding of the Forecast Financial Information have not been disclosed and whether any material assumption made by the Directors appears to us to be unrealistic.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Forecast Financial Information has been properly compiled on the basis stated, in so far as the application of the underlying accounting policies and accuracy of calculations are concerned.

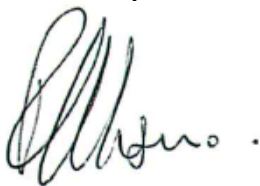
The Forecast Financial Information is not intended to, and does not provide all the information and disclosures necessary to give a true and fair view of the results of the operations and the financial position of the Issuer in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs).

Since the Forecast Financial Information and the assumptions on which it is based relate to the future and may therefore be affected by unforeseen events, we can express no opinion as to whether the actual results reported will correspond to those shown in the Forecast Financial Information and differences may be material.

## Opinion

In our opinion, the Forecast Financial Information has been properly compiled on the basis stated and the basis of accounting used is consistent with the accounting policies of the Group.

Yours sincerely,



Raphael Aloisio  
Director  
Deloitte Services Limited

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## ANNEX G - SUMMARY OF SIGNIFICANT ASSUMPTIONS AND ACCOUNTING POLICIES

### 1. Introduction

Yacht Lift Malta plc (the “Issuer”) Issuer was registered in Malta on the 24<sup>th</sup> November 2016 as a private company, subsequently converted into and now constituting a public limited liability company and has no trading record of operations. The principal object of the Issuer is supply goods and services to the yachting industry including but not limited to, import, export, selling of products, yacht lifting, and maintenance services and berthing.

Additionally the company may in terms of its Memorandum and Articles finance building operations of every description and also enter into any agreement or make any arrangement in connection with the Company's business and any governmental department or other authority, corporation, company or person whether in Malta or any other company, which the operation of the Board of Directors shall be deemed to be in the interest of the Company. The issue of bonds falls within the objects of the Issuer

The forecast statement of financial position, the forecast income statement, and the forecast statement of cash flows (“the Forecasts”) of the Issuer for the period of three years to September 2022 have been prepared to provide financial information for the purposes of inclusion in the Issuer's Company Admission Document, to be dated 6 September 2019. The Forecasts as presented in Annex H of the Company Admission Document, together with the assumptions set out below, are the sole responsibility of the Directors of the Company.

The Forecasts are intended to show a possible outcome based on assumptions relating to anticipated future events which the Directors expect to take place, and on actions the Directors expect to take. Events and circumstances frequently do not occur as expected, and therefore, actual results may differ materially from those included in the forecast and projected financial information. Attention is drawn in particular, to the risk factors set out in the Admission Document, which describe the primary risks associated with the business to which the Forecasts relate.

The Forecasts are not intended to and do not provide all the information and disclosures necessary to give a true and fair view of the financial results, financial position, and cash flows of the Group, in accordance with International Financial Reporting Standards as adopted by the EU, however the Directors have exercised due care and diligence in adopting the assumptions set out below.

The Forecasts were formally approved 26 August 2019 by the Directors, and the stated assumptions reflect the judgements made by the Directors at that date. The assumptions that the Directors believe are significant to the prospective financial information are described in Section 3 below.

### 2. Significant accounting policies

Since FY20 will be the first year of operations for the Issuer, the projections have been prepared solely on managements assumptions as summarised below

#### Income Statement

- Projected revenue for each service is projected as follows:

Revenue (€000s)	2020 Y1	2021 Y2	2022 Y3
<b>Total revenue</b>			
Single lift and clean package	165	228	292
Total Care package	540	747	996
Additional services	<u>80</u>	<u>90</u>	<u>90</u>
<b>Total (€000s)</b>	<b>785</b>	<b>1,066</b>	<b>1,378</b>

- Direct costs projected at 7.3%, 7.5% and 7.6% as a percentage of total revenue for 2019, 2020 and 2021 respectively
- Indirect costs projected at 55.4% , 38.1% and 27.5% as a percentage of total revenue for 2019, 2020 and 2021 respectively
- A depreciation rate of 5% per annum to write-off the cost of the fixed assets
- Bond coupon expense projected at €110k annually (5.5% coupon on face value of €2 million bond)
- Estimated bond issue expenses shall be amortised over the term of the bond.
- Corporate tax projected at 35%

## Balance Sheet

- PPE mainly consists of costs relating to the acquisition and setup of the Lift which is projected at €1.45m in Y1 (FY19)
- Debtors are projected at 5% of revenue per annum
- Inventories are projected at 20% of total direct costs excluding labour per annum
- Payables are projected at 20% of total costs excluding labour per annum
- Share capital is projected at €100k throughout the bond term.

## 3. Conclusion

The Directors believe that the assumptions on which the projections are based are reasonable. The Directors further believe that, in the absence of unforeseen circumstances outside their control, the working capital available to the Group will be sufficient for the carrying on of its business.

Approved by the Board of Directors on the 5th of September 2019 and signed on its behalf by:



**Capt. Daniel  
Gatt**



**Mr. Giuseppe  
Farrugia**



**Dr. Stefan  
Sant**



**Mr Ivan  
Fsadni**



## ANNEX H - FORECAST INFORMATION OF THE GROUP

### Income Statement

€000	2020 Y1	2021 Y2	2022 Y3
<b>Total Revenue</b>	<b>785.0</b>	<b>1,065.5</b>	<b>1,378.0</b>
Direct labour costs	(34.1)	(47.2)	(62.5)
Other direct costs	(23.4)	(32.4)	(41.7)
<b>Total direct costs</b>	<b>(57.5)</b>	<b>(79.5)</b>	<b>(104.2)</b>
Indirect costs	(190.0)	(208.8)	(259.0)
Other indirect costs	(245.0)	(197.5)	(120.5)
<b>Total indirect expenses</b>	<b>(435.0)</b>	<b>(406.3)</b>	<b>(379.5)</b>
<b>EBITDA</b>	<b>292.5</b>	<b>579.7</b>	<b>894.4</b>
Depreciation and amortization	(32.0)	(177.3)	(179.3)
<b>EBIT</b>	<b>260.6</b>	<b>402.4</b>	<b>715.1</b>
Bond Interest	(110.0)	(110.0)	(110.0)
Amortisation of Bond Issue costs	(10.7)	(10.7)	(10.7)
<b>Profit before tax</b>	<b>139.9</b>	<b>281.6</b>	<b>594.3</b>
Taxation	(48.9)	(98.6)	(208.0)
<b>Profit after tax</b>	<b>90.9</b>	<b>183.1</b>	<b>386.3</b>

Source: Management information

<i>Revenue growth (%)</i>	<i>n/a</i>	<i>35.7%</i>	<i>29.3%</i>
<i>Direct costs as % of revenue</i>	<i>7.3%</i>	<i>7.5%</i>	<i>7.6%</i>
<i>Indirect costs as % of revenue</i>	<i>55.4%</i>	<i>38.1%</i>	<i>27.5%</i>
<i>Total costs as % of revenue</i>	<i>62.7%</i>	<i>45.6%</i>	<i>35.1%</i>
<i>Gross margin (%)</i>	<i>92.7%</i>	<i>92.5%</i>	<i>92.4%</i>
<i>EBITDA margin (%)</i>	<i>37.3%</i>	<i>54.4%</i>	<i>64.9%</i>
<i>EBIT margin (%)</i>	<i>33.2%</i>	<i>37.8%</i>	<i>51.9%</i>
<i>PAT margin (%)</i>	<i>11.6%</i>	<i>17.2%</i>	<i>28.0%</i>
<i>Interest cover (EBIT/Interest)</i>	<i>2.4 x</i>	<i>3.7 x</i>	<i>6.5 x</i>

### Cash flow statement

€000	2020 Y1	2021 Y2	2022 Y3
<b>EBITDA</b>	<b>292.5</b>	<b>579.7</b>	<b>894.4</b>
Movements in working capital	(33.3)	(17.8)	(20.9)
Taxation	-	(48.9)	(98.6)
Rent paid	(79.9)	(79.9)	-
<b>Operating cash flows</b>	<b>179.3</b>	<b>433.0</b>	<b>774.9</b>
Capital expenditure	(1,453.6)	(20.0)	(20.5)
<b>Investing cash flows</b>	<b>(1,453.6)</b>	<b>(20.0)</b>	<b>(20.5)</b>
Issue of share capital	100.0	-	-
Bond proceeds	2,000.0	-	-
Bond issue expenses	(75.0)	-	-
Bond Interest	(110.0)	(110.0)	(110.0)
Bond repayment	-	-	-
<b>Financing cash flows</b>	<b>1,915.0</b>	<b>(110.0)</b>	<b>(110.0)</b>
<b>Net cash movements</b>	<b>640.7</b>	<b>303.0</b>	<b>644.4</b>
Cash b/f	-	640.7	943.7
<b>Cash c/f</b>	<b>640.7</b>	<b>943.7</b>	<b>1,588.1</b>

Source: Management information



## Balance Sheet

€000	2020 Y1	2021 Y2	2022 Y3
Property, plant and equipment	1,453.6	1,328.2	1,201.4
<b>Total fixed assets</b>	<b>1,453.6</b>	<b>1,328.2</b>	<b>1,201.4</b>
Inventories	4.7	6.5	8.3
Debtors	39.3	53.3	68.9
Prepaid rent	48.0	95.9	63.9
Cash	640.7	943.7	1,588.1
<b>Total current assets</b>	<b>732.6</b>	<b>1,099.4</b>	<b>1,729.2</b>
<b>Total assets</b>	<b>2,186.2</b>	<b>2,427.6</b>	<b>2,930.6</b>
Trade creditors	(10.6)	(8.6)	(5.2)
Current tax	(48.9)	(98.6)	(208.0)
<b>Total current liabilities</b>	<b>(59.6)</b>	<b>(107.2)</b>	<b>(213.2)</b>
Debt securities in issue	(1,935.7)	(1,946.4)	(1,957.1)
<b>Total non-current liabilities</b>	<b>(1,935.7)</b>	<b>(1,946.4)</b>	<b>(1,957.1)</b>
<b>Total Liabilities</b>	<b>(1,995.3)</b>	<b>(2,053.6)</b>	<b>(2,170.3)</b>
<b>Net Assets</b>	<b>190.9</b>	<b>374.0</b>	<b>760.3</b>
Share Capital	100.0	100.0	100.0
Retained earnings	90.9	274.0	660.3
<b>Total shareholders' equity</b>	<b>190.9</b>	<b>374.0</b>	<b>760.3</b>

Source: Management information

## Bond ratios

<i>Interest cover (EBIT/Interest)</i>	<i>2.4 x</i>	<i>3.7 x</i>	<i>6.5 x</i>
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<i>Asset cover</i>	<i>1.1 x</i>	<i>1.2 x</i>	<i>1.5 x</i>
<i>Gearing (Debt/Capital)</i>	<i>91%</i>	<i>84%</i>	<i>72%</i>

<i>Cash cover</i>	<i>0.3 x</i>	<i>0.5 x</i>	<i>0.8 x</i>
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<i>NWC as % of revenue</i>	<i>4.2%</i>	<i>4.8%</i>	<i>5.2%</i>
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## ANNEX I - Valuation of Security Property A



**LAWRENCE A. GATT, B.Arch., A. & C.E.**  
**Architect & Civil Engineer**

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### VALUATION REPORT

19/08/2019

NO. 2 "BEACHCOMBER FLATS", TRIQ IL- QAWRA, ST PAULS'S BAY



LAWRENCE A. GATT, B. ARCH., A. & C.E  
Architect & Civil Engineer  
Phone +356 21480000  
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Email: [gatt.lawrence@hotmail.com](mailto:gatt.lawrence@hotmail.com)  
Villa Gatt, Hope street, Mosta, MST 1627 Malta Vat-1260 9302

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The Board of Directors  
YACHT LIFT MALTA  
129, 130 Ta' Xbiex Seafront  
Ta' Xbiex

19/08/2019

Dear Sirs,

RE: PROPERTY VALUATION OF APARTMENT NO. 2 "BEACHCOMBER FLATS", TRIQ IL- QAWRA, ST  
PAULS'S BAY

In accordance with your instructions, I the undersigned architect and civil engineer holder of warrant number 60 have drawn up a valuation report of the freehold and unencumbered immovable property in caption for the inclusion with the Company admission document to be published in connection with the proposed bond issue.

Lawrence A. Gatt, B. Arch., A. & C.E

LAWRENCE A. GATT, B. ARCH., A. & C.E  
Architect & Civil Engineer

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Section B: Assumptions and conditions  
Section C: Property Description  
Section D: Title and occupation  
Section E: Location  
Section F: Valuation Analysis  
Annexes

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LAWRENCE A. GATT, B. ARCH., A. & C.E  
Architect & Civil Engineer

---

## SECTION A : BACKGROUND

Report date 19/08/2019

### **Valuation Date**

The effective date of the valuation is the 19th August 2019. It must be noted that to the best of my knowledge and belief there have been no material changes in circumstances between the date of the site visit and the date of this report.

### **Clients**

Yacht Lift Malta - C78281 129-130 Ta'Xbiex Seafront Ta'Xbiex, Malta  
Mr Michael Gatt holder of Maltese Id card number 825947M

### **Subject property**

This report relates solely to the property known as the apartment No 2 in the block BEACHCOMBER FLATS Triq Il Qawra, St Pauls Bay Malta.

### **Purpose of this valuation**

The purpose of this valuation is for the inclusion with the company admission documents to be published in connection with the proposed bond issue.

The valuation has been prepared in accordance with the proposed bond issue.

### **Compliance with valuation standards**

The valuation has been prepared in accordance with the following standards:

- Chapter 4 of the prospects rules (Rule 4.13.00) Published by the Malta stock exchange (MSE)
- The Royal institutes of the Chartered Surveyors (RICS) Valuation - Global standards 2017 hereinafter referred to as the "Valuation Standards"

### **Basis of valuation**

The Prospects Rules require that the valuation be made on the basis of an open market value (more frequently the term market value is applied, with the "open" adjective, regard being given to the Valuation Standards and the latest publications of related internationally accepted Standards such as the IVS, RICS and EVS and the local KTP Standard) for existing use.



LAWRENCE A. GATT, B. ARCH., A. & C.E

Architect & Civil Engineer

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**Market Value**, is defined in the Valuation Standards as “the estimated amount for which the property should exchange on the date of valuation between a willing buyer and a willing seller.

#### **Currency**

The currency used in the Valuation Report is euro (€).

#### **Capacity of Valuer**

The undersigned has taken on this assignment as an Independent Valuer as defined in the Valuation Standards.

Furthermore, it is hereby confirmed that the undersigned:

- Is a warranted architect in terms of section 7 (3) of the architecture and Civil engineering professionals (Perit) Act 1996 and is a fully paid member of the KTP, and is thus qualified to act as a valuer;
- Has sufficient current local knowledge of the particular property market involved and has the knowledge, skills and ability required to perform this valuation report competently;
- Is covered by Professional Indemnity Insurance which is updated in terms of standard provisions;
- Is not aware of any actual or potential conflict of interest in relation to the Property or to the Client, since the undersigned or his associates will not benefit from the Valuation instruction, other than the valuation fee.

#### **Consent to publication and use**

The undersigned acknowledges and agrees that the Valuation Report will be published in an unabbreviated form in the Company Admission Document and will be referred to in marketing and other materials prepared in the context of the issuance of bonds. The Company Admission Document will be accessible to potential Investors on the Company's website and the website of the MSE. Apart from that, neither the whole nor any part of this Valuation Report nor any reference thereto may be included in any published document, circular statement nor published in any way without our prior written approval of the form and context in which it will appear.

#### **Sources of information and verification**

The undersigned has taken reasonable care to ensure that the information is up-to-date, complete and correct and may be safely relied on, and to the best of my knowledge is in accordance with the facts as given to me, and contains no omission likely to affect the value of the building.

The undersigned has been supplied with the following information in order to carry out the valuation:

A Land Registry site plan indicating the site boundaries of the Property; The Approved Regularisation Permit document; The approved plan on the property. (Each found within the annexes).

#### **Property inspection**

The Property was inspected on the 25th May 2019 in the presence of the Mr. Michael Gatt

The inspections have been carried out externally and internally. Photographs of the current state of the property are available in the annexes.

LAWRENCE A. GATT, B. ARCH., A. & C.E  
Architect & Civil Engineer

---

#### SECTION B: ASSUMPTIONS & CONDITIONS

This valuation has been carried out on the basis of the following general and special assumptions. If any of these are subsequently found not to be valid, the valuation figures may also be incorrect or invalid and should be reconsidered.

##### **The market**

The state of the market, level of property values and other relevant circumstances were, on the date of exchange of contracts, the same as the date of valuation. the importance of the date of valuation must be stressed as property values can change over a relatively Short period.

##### **Litigation**

The Property is free from litigation whether threatened or pending.

##### **Insurance**

The Property would, in all respects, be insurable against all usual risks by material and personal liability insurance at normal and commercially acceptable premiums.

##### **Statutory requirements**

The Property is unaffected by any Statutory Notice and neither the Property nor its use, actual or intended, gives rise to a contravention of any Statutory Requirements.

##### **Defects**

The Property is free from any defects.

##### **Technical equipment**

It is also to be noted that this is a valuation report and not a condition report, and as a result only a visual inspection has been made of the exposed and readily accessible building services. No tests have been made.

##### **Public utility services**

The Property is connected to the public utility services of electricity, water, telephones and sewerage, as it is located within the urban fabric.

LAWRENCE A. GATT, B. ARCH., A. & C.E  
Architect & Civil Engineer

---

#### SECTION C: EXISTING PROPERTY DESCRIPTION

##### **Property type**

The property consists of a semi-detached three-bedroom apartment at second floor of a residential block, located on the seafront of the Qawra promenade, Triq il-Qawra, within the locality of Qawra, St. Paul's Bay. It therefore enjoys unobstructed sea views of Salina that may be enjoyed from the open plan living/dining/ kitchen located at the front of the property and its projecting front balcony, accessible through said open plan. Its location allows for a diversity of amenities, including ones of a diverse commercial nature, to be available within a short walking distance, together with the high amenity value of the long Qawra promenade stretch that may be enjoyed on foot. At the same time, being a prominent link road connecting Qawra to the main arterial road network and surrounding infrastructure, high volumes of traffic are often experienced. Also, the nature of the surrounding commercial land uses implies the presence of external traffic that is compounded by lack of car parking availability and the need for cars to navigate around the local roads in search of such amenity. The car parking issue is nonetheless alleviated by the fact that there is a significant amount of foreign residents and tourists, who are not car dependent, together with on- street parking management that in general allows for a manageable situation on weekdays (intensifying as expected over the weekends and public holidays, particularly during the summer months).

The property is constructed using reinforced concrete slabs spanning over load bearing walls. The property is structurally sound. In terms of utilities the property is directly connected to the main electrical grid, the mains water supply and the public sewerage network. It has a gross internal area of c.123.6sqm and a total external area (comprising a well-sized projecting front balcony and a small back projecting balcony) of c. 10.3sqm. This area exceeds the minimum area requirements for three-bedroom units as defined by Development Control Design Policy, Guidance and Standards 2015 (DC15) Policy P32 (which establishes the minimum area for a three-bedroom unit at 115sqm).

The apartment has a generous layout, with minimal circulation space limited to a corridor linking the open plan to the three bedrooms and bathroom. The master bedroom further contains an en-suite shower room, whereas one of the secondary bedrooms contains a projecting balcony onto the side curtilage. The apartment is well finished and is currently being upgraded to even higher standards, with plastered and painted walls and ceilings, high quality goes ceramic tiling, upgraded wall tiling and sanitary ware in the bathroom/ensuite and internal timber doors. The external apertures are also being upgraded into new aluminium-framed double-glazed ones, in order to match the rest of the residential block which is also undergoing refurbishment works in its entirety, having recently (2016) been approved for additional residential floors via PA/01279/16.

The semi-detached nature of the property allows for all habitable rooms to be naturally lit and ventilated directly, rather than relying on internal yards, which in this property is simply limited to a service shaft serving the bathroom and ensuite rooms. The property was recently approved by Mepa permit RG/03967/18 to be regularized and in line with the development control design policy, guidance and standards 2015. The regularization consisted of updated drawings and measurements on the interior of the building, no alterations were required to the construction of the property.

The above considerations are being taken into account in the establishment of the property's market value. The development permits of the apartment were not found, however it is legally built as it was developed around 1974.

LAWRENCE A. GATT, B. ARCH., A. & C.E  
Architect & Civil Engineer

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#### SECTION D: TITLE & OCCUPATION

Proprietor Mr Michael Gatt holder of Maltese Id card number 825947M

##### **Current occupation**

At the time of inspection, the Property was unoccupied by any tenants and is currently used by the owner during the summer months on occasional weekends.

##### **Details of charges, easements and other burdens**

Prospects MTF rule 4.13.04 requires that a valuation report provides details of registered mortgages and privileges and other charges, real rights thereon including details of emphyteutical concessions, easements and other burdens.

I have sought the input of legal advice in determining details of registered mortgages and privileges and other charges. I understand that Property is freehold and unencumbered.

There are no registered charges or mortgages over the Property.

The Property is also free from debts, special hypothecs, special privileges, charges and cautions, and is not subject to any requisition order or expropriation order.

#### SECTION E: LOCATION

##### **Local Authority**

St Pauls bay Local Council

##### **Locality**

Qawra is one of the most sought after localities both for leisure and entertainment properties with the area having a large inventory with many catering and entertainment business through the town as well as the adjacent town of Bugibba.

The street is made up and surfaced with tar-macadam, and are in a decent condition. Adjacent roads are also made up and surfaced and have street lighting installed.

The street is the promenade of Qawra which caters for frequent foot and vehicular traffic. There is ample parking in the vicinity during the weekdays. The property opposite a bus stop which gives the area easy access via public transport facilities.

LAWRENCE A. GATT, B. ARCH., A. & C.E

Architect & Civil Engineer

#### SECTION F: VALUATION ANALYSIS

##### **Determining market value**

The building (including the structure, finishes and building services):

Fixtures, furniture, fittings and equipment.

*For the purpose of this valuation, all of the above are being valued as one asset.*

##### **Present value in existing state**

On the basis of the characteristics and conditions described above, I estimate the value of current freehold property to be  
**€490,000 (four hundred and ninety thousand euro).**

##### **Disclaimer**

Valuations are not a prediction of price, nor a guaranteed of value, and whilst this valuation is one which I consider both reasonable and defensible, different valuers may properly arrive at different opinions of value.



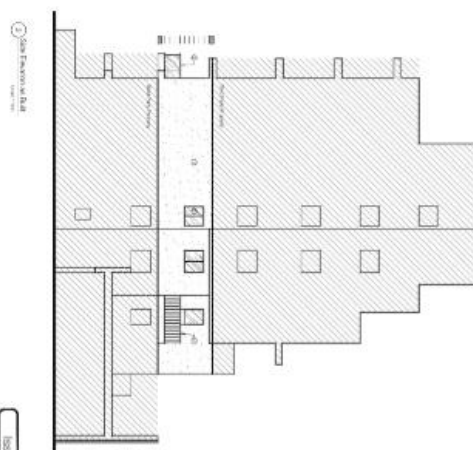
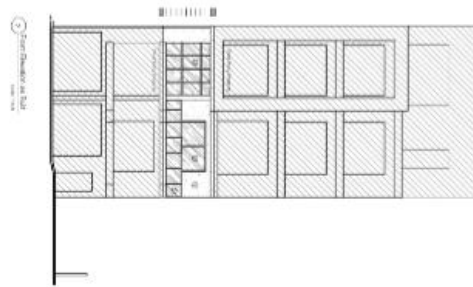
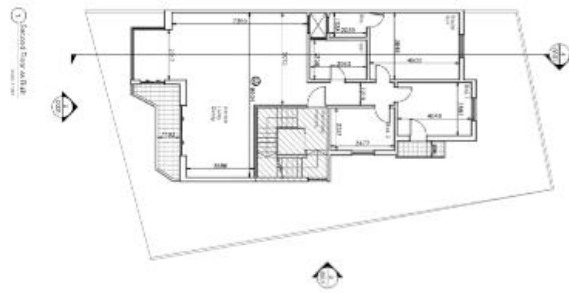


LAWRENCE A. GATT, B. ARCH., A. & C.E  
Architect & Civil Engineer

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**Annexes**

PROPERTY PLANS  
SITE PLANS  
REGULARIZATION DOCUMENTS RG/03967/18  
PROPERTY PHOTOS  
PERMIT RG/03967/18



Issued for PA	
1. To be used for PA	
2. To be used for PA	
3. To be used for PA	
4. To be used for PA	
5. To be used for PA	
6. To be used for PA	
7. To be used for PA	
8. To be used for PA	
9. To be used for PA	
10. To be used for PA	







Mr Michael Gatt

Date: 14 February 2019

Our Ref: RG/03967/18

Application Number: **RG/03967/18**

Application Type: Regularisation of Development Inside Development Zone (which may include CTB Concession)

Date Received: 06 August 2018

Approved Documents: RG 3967/18/1A/1B

Location: 'Beachcomber Flats' Flat 2, Triq il-Qawra, Qawra San Pawl il-Bahar, Malta

Proposal: To regularise apartment as built.

**Development Planning Act, 2016**  
**Regularisation Permission**

The Planning Authority hereby grants regularisation permission in accordance with the application and documents described above, subject to the following conditions:

1. a) In terms of Article 72(3) of the Development Planning Act (2016), the execution and validity of this permission are automatically temporarily suspended and the development permission may not be utilised before the lapse of the time period established in Article 13 of the Environment and Planning Review Tribunal Act and, subsequently, will remain so suspended if the Tribunal so decides in accordance with the Environment and Planning Review Tribunal Act.  
  
b) This development permission is valid for a period of FIVE YEARS from the date of publication of the decision in the press but will cease to be valid if the permission is not utilised by the end of this validity period.  
  
c) A Commencement Notice is to be submitted to the Planning Authority, by the permit on behalf of the applicant, at least FIVE DAYS prior to the date of utilisation of the permission. **If the applicant fails to submit the Commencement Notice or the Commencement Notice submitted is invalid, the relative permission shall be**



**considered as never having been utilised** - Article 72(4) of the Development Planning Act (2016).

d) This regularisation permission relates only to the development as specifically indicated on the approved drawings. This permission does not regularise any other illegal development that may exist on the site, nor does it grant any consent whatsoever to carry out any further development.

e) Where the approved drawings and/or documents are dimensioned, then the declared dimensions shall prevail over the actual size as depicted on the approved drawings and/or documents.

f) If the declaration of ownership, as contained in the application form, is determined as incorrect by a Court of Law, then the said Court of Law can declare this regularisation permission as null and void.

g) This regularisation permission does not remove or replace the need to obtain the consent of the land/building owner to this development. Furthermore, it does not imply that consent will necessarily be forthcoming nor does it bind the land/building owner to agree to this development. Where the land/building is owned or administered by the Government of Malta, a specific clearance and agreement must be obtained for this development from the Commissioner of Land and/or Government Property Department.

h) This regularisation permission is granted saving third party rights and shall not be deemed to confer any proprietary rights or any title whatsoever over the existing development to which the same permission relates.

i) This regularisation permission does not exonerate the applicant from obtaining any other necessary permission, license, clearance or approval required from any Government department, local council, agency or authority, as required by any law or regulation.

j) If the development hereby approved is modified (i.e. altered, extended, removed or redeveloped), the eventual development on site must conform to all the plans, policies and regulations applicable at that time.

k) This regularisation permission does not authorise any storage of substances listed in the Occupational Health and Safety Authority (Cap. 424) – Control of Major Accident Hazards Regulations, 2003, as amended, in quantities that would render this site an establishment within the scope of these regulations. The storage and handling of said substances may require a new development permission in line with current policies and regulations.

l) For any non-residential uses hereby being approved, or any eventual permitted change of use, the applicant shall be required to contact the Environment and Resources Authority to obtain any necessary operational permit or registration. This requirement does not apply to Class 2B, 2C, 4A and 4B uses as listed in the Development Planning (Use Classes) Order 2014, or its subsequent amendments.

m) The applicant is required to comply with any obligations emanating from any other relevant legislation, codes or standards.

n) This regularisation does not constitute an amendment to the official building alignment, and if applicable, total redevelopment shall be subject to retain within the official building alignment.



2. Any replacement of aluminium apertures/balconies on the facade in the future shall be carried out using a suitable material and colour excluding gold, silver or bronze aluminium; and which respects more the character and urban design of the streetscape.

Where the approved drawings and/or documents are dimensioned, then the declared dimensions shall prevail over the actual size as depicted on the approved drawings and/or documents.

If the declaration of ownership, as contained in the application form, is determined as incorrect by a Court of Law, then the said Court of Law can declare this regularisation permission as null and void. This regularisation permission is granted saving third party rights. This permission does not exonerate the applicant from obtaining any other necessary permission, license, clearance or approval required from any Government department, local council, agency or authority, as required by any law or regulation.

This regularisation permit does not authorise any storage of substances listed in Occupational Health and Safety Authority (Cap. 424) – Control of Major Accident Hazards Regulations, 2003, as amended, in quantities that would render this site an establishment within scope of these regulations. The storage and handling of said substances may require a new development permission in line with current policies and regulations.

For any non-residential uses hereby being approved, or any eventual permitted change of use, the applicant shall be required to contact the Environment and Resources Authority to obtain any necessary operational permit or registration. This requirement does not apply to Class 2B, 2C, 4A and 4B uses as listed in the Development Planning (Use Classes) Order 2014, or its subsequent amendments.

***This decision is being published on 27 February 2019.***

Claudine Faure  
Secretary Planning Commission (Regularisation Permissions)

RG/03967/18



### Notes to Applicant and Perit

#### Right for appeal

You have a right to submit an appeal, against the decision, to the Environment and Planning Review Tribunal in terms of Article 13 of the Environment and Planning Review Tribunal Act, 2016.

#### Time limits

Requests for appeals must be made within 30 days from the publication of the decision notification in the local press as required by regulation 14(1) of Legal Notice 162 of 2016, Regulation 77 of Development Act and Regulation 5(5) of LN285 of 16.

#### Fees to submit a request for appeal

A fee is to be paid which should accompany the request for the appeal. The fee is calculated as follows:

For appeal - 5% of DPF (Development Permit Fee) paid in respect of the original application, subject to a minimum of €150 + €50 administrative fee (LN 112 of 2016).

#### Submission of request for appeal

With regards to appeal request, as required by Article 13 of the Environment and Planning Review Tribunal Act, 2016, the submission must include the detailed grounds for appeal and the requests being made by the appellant. Appeals must be submitted physically at the offices of the Environment and Planning Review Tribunal, St. Francis Ditch, Floriana.



RG/03967/18 - 23a - Valid - Antoine Zammit (Dr.) - 02/04/2019

23a

### **Important Notice**

**In view of the provisions of Article 72(4) of the Development Planning Act (2016), a Commencement Notice is to be submitted to the Planning Authority, by the perit on behalf of the applicant, at least FIVE DAYS prior to the date of utilisation of the permission. Failure to submit the Commencement Notice or the Commencement Notice submitted is invalid, the relative permission shall be considered as never having been utilised.**

-DocRGDCNEndorsed-

Page 5 of 5













## ANNEX J - Valuation of Security Property B



**LAWRENCE A. GATT, B.Arch., A. & C.E.**  
**Architect & Civil Engineer**

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Email: gatt.lawrence@hotmail.com  
Fax: +356 21423660

### VALUATION REPORT

19/08/2019

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NO. 13 "HELIOPOLIS", TRIQ SAN PAWL, ST PAULS'S BAY

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LAWRENCE A. GATT, B. ARCH., A. & C.E  
Architect & Civil Engineer  
Phone +356 21480000  
Mobile +356 99490461  
Email: Gatt.lawrence@hotmail.com  
Villa Gatt, Hope street, Mosta, MST 1627 Malta Vat-1260 9302

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The Board of Directors  
YACHT LIFT MALTA  
129, 130 Ta'Xbiex Seafront  
Ta' Xbiex

19/08/2019

Dear Sirs,

RE: PROPERTY VALUATION OF APARTMENT NO. 13 "HELIOPOLIS", TRIQ SAN PAWL, ST PAULS'S BAY

In accordance with your instructions, I the undersigned architect and civil engineer holder of warrant number 60 have drawn up a valuation report of the freehold and unencumbered immovable property in caption for the inclusion with the Company admission document to be published in connection with the proposed bond issue.

Lawrence A. Gatt, B. Arch., A. & C.E

LAWRENCE A. GATT, B. ARCH., A. & C.E  
Architect & Civil Engineer  
Villa Gatt, Hope street, Mosta, MST 1627 Malta Vat-1260 9302

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Section C: Existing Property Description  
Section D: Title and occupation  
Section E: Location  
Section F: Valuation Analysis  
Annexes

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LAWRENCE A. GATT, B. ARCH., A. & C.E  
Architect & Civil Engineer

---

## SECTION A : BACKGROUND

Report date 19th August 2019

### **Valuation Date**

The effective date of the valuation is the 19th August 2019. It must be noted that to the best of my knowledge and belief there have been no material changes in circumstances between the date of the site visit and the date of this report.

### **Clients**

Yacht Lift Malta - C78281 129-130 Ta'Xbiex Seafront Ta'Xbiex, Malta  
Mr James Farrugia holder of Maltese Id card number 531444M

### **Subject property**

This report relates solely to the property known as the apartment No 13 in the block HELIOPOLIS Triq San Pawl, St Pauls Bay Malta.

### ***Purpose of this valuation***

The purpose of this valuation is for the inclusion with the company admission documents to be published in connection with the proposed bond issue.

The valuation has been prepared in accordance with the proposed bond issue.

### **Compliance with valuation standards**

The valuation has been prepared in accordance with the following standards:

- Chapter 4 of the prospectus rules (Rule 4.13.00) Published by the Malta stock exchange (MSE)
- The Royal Institutes of the Chartered Surveyors (RICS) Valuation - Global standards 2017 hereinafter referred to as the "Valuation Standards"

### **Basis of valuation**

The Prospectus Rules require that the valuation be made on the basis of an open market value (more frequently the term market value is applied, with the "open" adjective, regard being given to the Valuation Standards and the latest publications of related internationally accepted Standards such as the IVS, RICS and EVS and the local KTP Standard) for existing use.

LAWRENCE A. GATT, B. ARCH., A. & C.E  
Architect & Civil Engineer

---

**"Market Value"**, is defined in the Valuation Standards as "the estimated amount for which the property should exchange on the date of valuation between a willing buyer and a willing seller.

**Currency**

The currency used in the Valuation Report is euro (€).

**Capacity of Valuer**

The undersigned has taken on this assignment as an Independent Valuer as defined in the Valuation Standards. Furthermore, it is hereby confirmed that the undersigned:

- Is a warranted architect in terms of section 7 (3) of the architecture and Civil engineering professionals (Perit) Act 1996 and is a fully paid member of the KTP, and is thus qualified to act as a valuer;
- Has sufficient current local knowledge of the particular property market involved and has the knowledge, skills and ability required to perform this valuation report competently;
- Is covered by Professional Indemnity Insurance which is updated in terms of standard provisions;
- Is not aware of any actual or potential conflict of interest in relation to the Property or to the Client, since the undersigned or his associates will not benefit from the Valuation instruction, other than the valuation fee.

**Consent to publication and use**

The undersigned acknowledges and agrees that the Valuation Report will be published in an unabbreviated form in the Company Admission Document and will be referred to in marketing and other materials prepared in the context of the issuance of bonds. The Company Admission Document will be accessible to potential Investors on the Company's website and the website of the MSE. Apart from that, neither the whole nor any part of this Valuation Report nor any reference thereto may be included in any published document, circular statement nor published in any way without our prior written approval of the form and context in which it will appear.

**Sources of information and verification**

The undersigned has taken reasonable care to ensure that the information is up-to-date, complete and correct and may be safely relied on, and to the best of my knowledge is in accordance with the facts as given to me, and contains no omission likely to affect the value of the building.

Furthermore, it has been assumed that any information supplied can, if necessary, be verified. Should any of the information provided be found to be inaccurate or incomplete there could be a variation in value.

It is also recommended that should any further reports or audits, inter alia, to condition, legal or environmental issues become available, then copies should be forwarded to the undersigned in order for one to comment upon their impact on value.

The undersigned has been supplied with the following information in order to carry out the valuation:

A Land Registry site plan indicating the site boundaries of the property; The relevant development permit documents.

**Property inspection**

The Property was inspected on the 26th May 2019 in the presence of Mr. James Farrugia

The inspections have been carried out externally and internally. Photographs of the current state of the property are found in the annexes.

LAWRENCE A. GATT, B. ARCH., A. & C.E  
Architect & Civil Engineer

---

#### SECTION B: ASSUMPTIONS & CONDITIONS

This valuation has been carried out on the basis of the following general and special assumptions. If any of these are subsequently found not to be valid, the valuation figures may also be incorrect or invalid and should be reconsidered.

##### **The market**

The state of the market, level of property values and other relevant circumstances were, on the date of exchange of contracts, the same as the date of valuation. The importance of the date of valuation must be stressed as property values can change over a relatively Short period.

##### **Litigation**

The Property is free from litigation whether threatened or pending.

##### **Insurance**

The Property would, in all respects, be insurable against all usual risks by material and personal liability insurance at normal and commercially acceptable premiums.

##### **Statutory requirements**

The Property is unaffected by any Statutory Notice and neither the Property nor its use, actual or intended, gives rise to a contravention of any Statutory Requirements.

##### **Defects**

The Property is free from any defects.

##### **Technical equipment**

It is also to be noted that this is a valuation report and not a condition report, and as a result only a visual inspection has been made of the exposed and readily accessible building services. No tests have been made.

##### **Public utility services**

The Property is connected to the public utility services of electricity, water, telephones and sewerage, as it is located within the urban fabric.

LAWRENCE A. GATT, B. ARCH., A. & C.E  
Architect & Civil Engineer

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#### SECTION C: EXISTING PROPERTY DESCRIPTION

##### **Property type:**

The property built in 2004 and completed in 2005 consists of a third floor apartment in a residential block of 13 units, located on the seafront of the sought after village of Xemxija. It therefore enjoys unobstructed views of Xemxija bay and St. Paul's islands. There are ample green areas and nature walks nearby as well as many shore side destinations and access to all amenities. The property enjoys a large open plan living/dining located at the front of the property with a large private north facing balcony with unobstructed views of the bay, accessible through said open plan. At the back there is a kitchen, bathroom and two large bedrooms.

The property is constructed using reinforced concrete slabs spanning over load bearing walls. The property is structurally sound. In terms of utilities the property is directly connected to the main electrical grid, the mains water supply and the public sewerage network. It has a gross internal area of c.173 sqm and a total external area of c. 10sqm.

The apartment has a generous layout, with minimal circulation space limited to a corridor linking the open plan to the kitchen, two bedrooms and bathroom. The master bedroom further contains an en-suite bathroom. The apartment is well finished with plastered and painted walls and modern gypsum ceilings, high quality ceramic tiling, upgraded sanitary ware in the bathroom/ensuite and internal solid doors.

##### **Views**

The Property enjoys unobstructed views of Xemxija bay.

##### **Property boundaries and orientation**

Site boundaries of the Property are clearly defined by party walls on three sides, with the North-East side being defined by a frontage on a public road (Trig Sir Frederick C. Ponsonby).

##### **Common areas, easements and servitudes**

The property is accessed either from a common staircase or a four bedroom passenger lift.

There are no signs of any easements or servitudes observed. The Client has no knowledge of the existence of any easements or servitudes.



LAWRENCE A. GATT, B. ARCH., A. & C.E  
Architect & Civil Engineer

---

#### SECTION D: TITLE & OCCUPATION

##### **Proprietor**

Mr James Farrugia holder of Maltese Id card number 531444M

##### **Current occupation**

At the time of inspection, the Property was not occupied by any tenants and is used by family members from time to time.

##### **Details of charges, easements and other burdens**

Prospects rule 4.13.04 requires that a valuation report provides details of registered mortgages and privileges and other charges, real rights thereon including details of emphyteutical concessions, easements and other burdens.

I have sought the input of legal advice in determining details of registered mortgages and privileges and other charges. I understand that Property is freehold and unencumbered. There are no registered charges or mortgages over the Property. The Property is also free from debts, special hypothecs, special privileges, charges and cautions, and is not subject to any requisition order or expropriation order.

The development permits of the property were issued in 2004 with official Planning Authority number PA3134/04

#### SECTION G: LOCATION

##### **Local Authority**

St Pauls bay Local Council

##### **Locality**

Xemxija is a very sought after area both especially locations on the seafront. The town enjoys unobstructed views of Xemxija bay and St. Paul's islands with ample green areas and nature walks nearby as well as many shore side destinations and access to all amenities.

The street is well built and is made up and surfaced with tar-macadam. Adjacent roads are also made up and surfaced and have street lighting installed.

The street is moderately quiet street during the day and evenings with ample public parking as most traffic is diverted through the bypass of St Pauls bay. There is average amount of foot traffic along the promenade.

#### SECTION H: VALUATION ANALYSIS

##### **Determining market value:**

The building (including the structure, finishes and building services):

Fixtures, furniture, fittings and equipment.

*For the purpose of this valuation, all of the above are being valued as one asset.*

##### **Present capital value in existing state**

On the basis of the characteristics and conditions described above, I estimate the value of current freehold development property to be €490,000 (four hundred and ninety thousand euro).

# **Disclaimer**

Valuations are not a prediction of price, nor a guaranteed of value, and whilst this valuation is one which I consider both reasonable and defensible, different valuers may properly arrive at different opinions of value.

# **ANNEXES**



SITE PHOTOGRAPHS

PERMIT DOCUMENTS: PA/3134/04

SITE PLAN







Awtorita' ta' Malta dwar l-Ambjent u l-ippjanar  
Malta Environment & Planning Authority

To: Mr Fredrick Stivala  
334, St. Paul's Street  
St. Paul's Bay SPB 09

Date: 15 March, 2005  
Our Ref: PA 03134/04

Application Number: PA 03134/04  
Application Type: Full Development Permission / 01  
Date Received: 25 May, 2004  
Approved  
Documents: PA 3134/04/1C/4C/4D/12B/12C/12D/11/23E/26A

Location: Site at, Triq San Pawl, San Pawl il-Bahar  
Proposal: To demolish existing building and construct semi-basement garages/shop and office, ground, first, second and third floor flats (5 flats on each floor) two penthouses at roof level. Also to sanction part of the building.

**Development Planning Act 1992 Section 33**  
**Full Development Permission**

The Malta Environment & Planning Authority hereby grants development permission in accordance with the application and plans described above, subject to the following conditions:

1. a) This development permission is valid for a period of FIVE YEARS from the date of this notice but will cease to be valid if the development is not completed by the end of this five year period.
- b) It should be noted that a third party may have the right of appeal against this permission. Any development which is carried out when such an appeal has been made, or until the time limit for the submission of such an appeal has expired, is undertaken at the risk that this permission may be revoked by the Planning Appeals Board or quashed by the Court of Appeal.
- c) This development permission does not remove or replace the need to obtain the consent of the land/building owner to this development before it is carried out. Furthermore, it does not imply that consent will necessarily be forthcoming nor does it bind the land/building owner to agree to this development. Where the land/building is owned or administered by the Government of Malta a specific clearance and agreement must be obtained for this development from the Land and/or Estate Management Departments.
- d) All works shall be carried out strictly in accordance with the approved plans and the conditions of this permission. Where a matter is not specified on the plans then the conditions of this permission and of Development Control Policy and Design

PA 03134/04

J P ATTARD BSc Hons A&T  
206 HIGH STREET  
HAHRUM HAR 04  
TEL 21222122





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(ii) be without openings, except those required for access. Access openings shall be equipped with solid gates which shall be kept closed and locked when the site is unattended and shall be maintained in place until completion of the construction or demolition activity.

Authorisation for these arrangements must be obtained from the Local Council.

k) No building material, waste material, machinery or plant shall obstruct the pavement or the smooth flow of traffic on the road in the vicinity of the site. The deposit of materials or the placing of equipment in the street must be authorised by the Police.

l) Any soil on the site shall not be built over but shall be collected for reuse. A permit from the Director of Agriculture is required to remove the soil from the site. All soil shall be deposited at the place indicated by the Director of Agriculture.

m) Rock spoil, boulders and other waste materials resulting from excavations or from demolition on this site shall be deposited at an official waste disposal site or used as fill material. If waste materials from the development are not to be reused, they shall not be disposed of other than at an official waste disposal site. A permit from the Environmental Protection Directorate is required to this effect.

n) The height of the building shall not exceed both the permitted number of 4 floors (plus the overlying penthouse level and the underlying basement of not more than 6 courses above finished road level) and the maximum allowable height of 17.75 metres measured from the highest street level.

o) The facade of the building shall be constructed in local stone, except where other materials, finishes and colours are indicated on the approved plans and drawings.

p) Apertures and balconies shall not be constructed of gold, silver or bronze aluminium.

q) A water cistern with a volume in cubic metres of 30% of the total roof area (in square metres) of the building(s) shall be constructed to store rainwater run-off from the built-up area of the development. This cistern shall be completed and available for use prior to the development hereby permitted being first brought into use.

r) The development hereby permitted shall not be brought into use until the Final Compliance (Completion) Certificate, certifying that the development has been carried out in full accordance with the plans approved by this permission and with the other conditions imposed in this permission, has been issued by the Malta Environment & Planning Authority.

s) This permit is being issued on condition that, where applicable, any excavation shall be subject to the requirements of the Civil Code regarding neighbouring tenements.

2. The garages shall only be used for the parking of private cars.

3. The balcony(ies) shall not project more than 0.75 metres from the facade of the building.

J P ATTARD BERA ASFT  
208 HIGH STREET  
HARRON HAR 04  
TEL 2122512

Guidance shall take precedence and modify the plans accordingly.

e) All building works shall be erected in accordance with the official alignment and proposed/existing finished road levels as set out on site by the Malta Environment & Planning Authority's Land Surveyor. The Setting Out Request Notice must be returned to the Land Survey Unit of the Malta Environment & Planning Authority when the setting out of the alignment and levels is required.

f) Before any part of the development hereby permitted commences, the enclosed green copy of the Development Permit shall be displayed on the site. This must be mounted on a notice board, suitably protected from the weather and located not more than 2 metres above ground level at a point on the site boundary where it is clearly visible and can be easily read from the street. The copy of the permit must be maintained in a good condition and it shall remain displayed on the site until the works are complete.

g) The enclosed Commencement Notice shall be returned to the Malta Environment & Planning Authority so that it is received at least five days prior to the commencement of the development hereby permitted.

h) Copies of all approved plans and elevations shall be available for inspection on site by Malta Environment & Planning Authority staff at all reasonable times.

i) Where the street bordering the site is unopened, it shall be opened up prior to the commencement of the building operations hereby permitted.

j) Work shall not commence on the construction (including excavation), alteration or demolition of the building until a covered way or a fence, boarding or barricade has been constructed as follows

A Where the construction or demolition activity is located less than 2 metres from a public way used by pedestrians a covered way shall be provided (unless the work is carried out within a solid enclosure; site work conditions are more than 2 metres from a public way used by pedestrians, or the work duration does not exceed 5 days). This covered way shall

- (i) have a clear height of not less than 2.5 metres;
- (ii) have a clear width of not less than 1.5 metres or the width of the public way whichever is the lesser;
- (iii) be designed and constructed to safely support all loads that may be reasonably be expected to be applied to it;
- (iv) have a weather tight roof sloped towards the site or it flat be equipped with a splash board not less than 300mm high on the road side;
- (v) be totally enclosed on the site side with an enclosure having a reasonably smooth surface facing the public way;
- (vi) have a railing 1 metre high on the road side where the covered way is supported by posts on the road side, and
- (vii) be adequately lighted between sunset and sunrise.

B Where the construction or demolition activity is located 2 metres or more from a public way used by pedestrians, a strongly constructed hoarding, boarding or barricade shall be erected between the site and the public way or open sides of a construction site, and the hoarding, boarding or barricade shall

- (i) be not less than 1.8 metres high;
- (ii) have a reasonably smooth surface facing the public way;

J P ATTARD & SONS AGT  
208 HIGH STREET  
HAMMAM  
TEL 2122251

PA 03134/04

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4. The drive-way at basement level beneath the proposed development shall be well maintained and its link with the existing drive-way kept open at all times.
5. All services located on the roof of structures on the roof of the building shall be screened by a wall 1.4 metres (5 courses) high constructed in franka stone. The services shall not exceed the height of this wall.
6. Air conditioning units shall not be located on the facades of the building which are visible from a public space. Any such units located at roof level shall be set back from the facade by at least 1 metre.
7. There shall be no service pipes, cables or wires visible on the front elevation or on any other elevations of the building which are visible from the street.

This permit is granted saving third party rights. The applicant is not excused from obtaining any other permission required by law. The applicant should contact the following regarding the location and provision of services prior to commencing development:- Enemalta, Water Services Corporation, Maltacom, Drainage Department and Melita Cable.

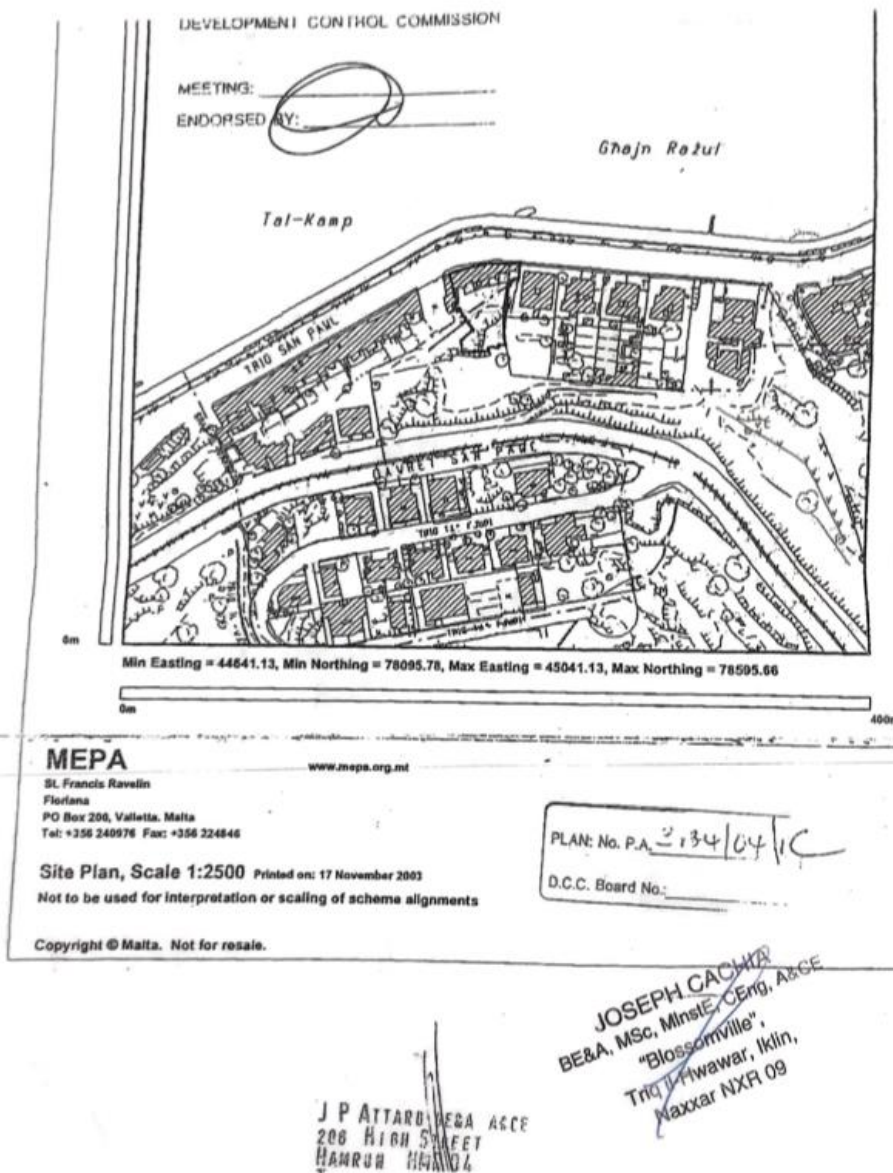


Frances Pisani  
Secretary  
Development Control Commission

J P ATTARD BARRISTER  
3208 HIGH STREET  
HAMRUM HAMRUM  
TEL 21222511

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20 May 2019  
12:28







## ANNEX K - Valuation of Security Property C



**LAWRENCE A. GATT, B.Arch., A. & C.E.**  
**Architect & Civil Engineer**

Phone: +356 21480000  
Mobile: +356 99490461  
Email: gatt.lawrence@hotmail.com  
Fax: +356 21423660

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### VALUATION REPORT

19/08/2019

NO. 4 Block C "AVENUE APARTMENTS", TRIQ DUN FRANGISK SCIBERRAS, MELLIEHA

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LAWRENCE A. GATT, B. ARCH., A. & C.E  
Architect & Civil Engineer  
Phone +356 21480000  
Mobile +356 99490461  
Email: Gatt.lawrence@hotmail.com  
Villa Gatt, Hope street, Mosta, MST 1627 Malta Vat-1260 9302

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The Board of Directors  
YACHT LIFT MALTA  
129, 130 Ta'Xbiex Seafront  
Ta' Xbiex

19/08/2019

Dear Sirs,

RE: PROPERTY VALUATION OF APARTMENT NO. 4 Block C "AVENUE APARTMENTS", TRIQ DUN  
FRANGISK SCIBERRAS, MELLIEHA

In accordance with your instructions, I the undersigned architect and civil engineer holder of warrant number 60 have drawn up a valuation report of the freehold and unencumbered immovable property in caption for the inclusion with the Company admission document to be published in connection with the proposed bond issue.

Lawrence A. Gatt, B. Arch., A. & C.E



LAWRENCE A. GATT, B. ARCH., A. & C.E  
Architect & Civil Engineer

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## CONTENTS

Section A: Background  
Section B: Assumptions and conditions  
Section C: Property Description  
Section D: Title and occupation  
Section E: Location  
Location F: Valuation Analysis  
Annexes

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LAWRENCE A. GATT, B. ARCH., A. & C.E  
Architect & Civil Engineer  
Villa Gatt, Hope street, Mosta, MST 1627 Malta Vat-1260 9302

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## SECTION A : BACKGROUND

Report date 19/08/2019

### **Valuation Date**

The effective date of the valuation is the 19th August 2019. It must be noted that to the best of my knowledge and belief there have been no material changes in circumstances between the date of the site visit and the date of this report.

### **Clients**

Yacht Lift Malta - C78281 129-130 Ta'Xbiex Seafront Ta'Xbiex, Malta  
Mr Daniel Gatt holder of Maltese Id card number 16301L

### **Subject property**

This report relates solely to the property known as the apartment No 4 in the block C Avenue Apartments Triq Dun Frangisk Sciberras, Mellieha, Malta.

### **Purpose of this valuation**

The purpose of this valuation is for the inclusion with the company admission documents to be published in connection with the proposed bond issue.

The valuation has been prepared in accordance with the proposed bond issue.

### **Compliance with valuation standards**

The valuation has been prepared in accordance with the following standards:

- Chapter 4 of the prospects rules (Rule 4. 13 .00) Published by the malta stock exchange (MSE)
- The Royal institutes of the Chartered Surveyors (RICS) Valuation - Global standards 2017 hereinafter refereed to as the "Valuation Standards"

### **Basis of valuation**

The Prospects Rules require that the valuation be made on the basis of an open market value (more frequently the term market value is applied, with the "open" adjective, regard being given to the Valuation Standards and the latest publications of related internationally accepted Standards such as the IVS, RICS and EVS and the local KTP Standard) for existing use.

LAWRENCE A. GATT, B. ARCH., A. & C.E  
Architect & Civil Engineer

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**Market Value**, is defined in the Valuation Standards as "the estimated amount for which the property should exchange on the date of valuation between a willing buyer and a willing seller.

**Currency**

The currency used in the Valuation Report is euro (€).

**Capacity of Valuer**

The undersigned has taken on this assignment as an Independent Valuer as defined in the Valuation Standards. Furthermore, it is hereby confirmed that the undersigned:

- Is a warranted architect, holding warrant 60, in terms of section 7 (3) of the architecture and Civil engineering professionals (Perit) Act 1996 and is a fully paid member of the KTP, and is thus qualified to act as a valuer;
- Has sufficient current local knowledge of the particular property market involved and has the knowledge, skills and ability required to perform this valuation report competently;
- Is covered by Professional Indemnity Insurance which is updated in terms of standard provisions;
- Is not aware of any actual or potential conflict of interest in relation to the Property or to the Client, since the undersigned or his associates will not benefit from the Valuation instruction, other than the valuation fee.

**Consent to publication and use**

The undersigned acknowledges and agrees that the Valuation Report will be published in an unabbreviated form in the Company Admission Document and will be referred to in marketing and other materials prepared in the context of the issuance of bonds. The Company Admission Document will be accessible to potential Investors on the Company's website and the website of the MSE. Apart from that, neither the whole nor any part of this Valuation Report nor any reference thereto may be included in any published document, circular statement nor published in any way without our prior written approval of the form and context in which it will appear.

**Sources of information and verification**

The undersigned has taken reasonable care to ensure that the information is up-to-date, complete and correct and may be safely relied on, and to the best of my knowledge is in accordance with the facts as given to me, and contains no omission likely to affect the value of the building.

The undersigned has been supplied with the following information in order to carry out the valuation:

A Land Registry site plan indicating the site boundaries of the Property

The property drawings

The relevant development permit documents

**Property inspection**

The Property was inspected on the 25th May 2019 in the presence of the Mr. Daniel Gatt

The inspections have been carried out externally and internally. Photographs of the current state of the property are provided in the annexes.

LAWRENCE A. GATT, B. ARCH., A. & C.E  
Architect & Civil Engineer

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#### SECTION B: ASSUMPTIONS & CONDITIONS

This valuation has been carried out on the basis of the following general and special assumptions. If any of these are subsequently found not to be valid, the valuation figures may also be incorrect or invalid and should be reconsidered.

##### **The market**

The state of the market, level of property values and other relevant circumstances were, on the date of exchange of contracts, the same as the date of valuation. The importance of the date of valuation must be stressed as property values can change over a relatively Short period.

##### **Litigation**

The Property is free from litigation whether threatened or pending.

##### **Insurance**

The Property would, in all respects, be insurable against all usual risks by material and personal liability insurance at normal and commercially acceptable premiums.

##### **Statutory requirements**

The Property is unaffected by any Statutory Notice and neither the Property nor its use, actual or intended, gives rise to a contravention of any Statutory Requirements.

##### **Defects**

The Property is free from any defects.

##### **Technical equipment**

It is also to be noted that this is a valuation report and not a condition report, and as a result only a visual inspection has been made of the exposed and readily accessible building services. No tests have been made.

##### **Public utility services**

The Property is connected to the public utility services of electricity, water, telephones and sewerage, as it is located within the urban fabric.



LAWRENCE A. GATT, B. ARCH., A. & C.E  
Architect & Civil Engineer

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#### SECTION C: EXISTING PROPERTY DESCRIPTION

##### **Property type:**

The property built in 2009 consists of a second floor apartment in a residential block of seven units, located in the highly sought after village of Mellieha, within Triq Dun Frangisk Sciberras. It therefore enjoys the quiet surrounding areas with ample green areas, walking distance to Malta's largest sandy beaches, as well as access to all amenities. The property enjoys an open plan living/dining/ kitchen located at the back of the property and its private west facing balcony with unobstructed views of the valley, church, Mellieha bay and the island of Gozo, accessible through said open plan. Its location allows for a diversity of amenities, including ones of diverse commercial nature.

Property is constructed using reinforced concrete slabs spanning over load bearing walls. The property is structurally sound. In terms of utilities the property is directly connected to the main electrical grid, the mains water supply and the public sewerage network. It has a gross internal area of c.100 sqm and a total external area (comprising a well-sized projecting back balcony) of c. 8qm.

The apartment has a generous layout, with minimal circulation space limited to a corridor linking the open plan to the two bedrooms and bathroom. The master bedroom further contains an en-suite shower room, whereas the secondary bedroom contains a projecting balcony onto the facade of the property. The apartment is well finished with plastered and painted walls and modern gypsum ceilings, high quality ceramic tiling, upgraded sanitary ware in the bathroom/ ensuite and internal timber doors.

Complimenting the property is a lockup 1 car garage at -3 level forming part of the block internally numbered 18. This is accessed by a lift direct to the property entrance and a shared drive with electric garage door.

The property permit PA/1576/07 can be found in the annex of this document.

The above considerations are being taken into account in the establishment of the property's market value.

##### **Views**

The Property enjoys unobstructed views of Mellieha bay, the surrounding valley, church and the island of Gozo.

##### **Property boundaries and orientation**

Site boundaries of the Property are clearly defined by party walls on three sides, with the East side being defined by a frontage on a public road (Triq Dun Frangisk Sciberras).

##### **Common areas, easements and servitudes**

The Property shares a common area with the block which consists of a landing and a four person lift with access to the underground garages. The party walls are assumed co-owned in equal parts with the owners of the adjacent properties. No signs of any easements or servitudes were observed. The Client has no knowledge of the existence of any easements or servitudes.



LAWRENCE A. GATT, B. ARCH., A. & C.E  
Architect & Civil Engineer

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#### SECTION D: TITLE & OCCUPATION

Proprietor Mr Daniel Gatt holder of Maltese Id card number 16301L

##### **Current occupation**

At the time of inspection, the Property was occupied by the proprietor as his main residence.

##### **Details of charges, easements and other burdens**

Prospects rule 4.13.04 requires that a valuation report provides details of registered mortgages and privileges and other charges, real rights thereon including details of emphyteutical concessions, easements and other burdens.

I have sought the input of legal advice in determining details of registered mortgages and privileges and other charges. I understand that the property is freehold and there is a registered mortgage over the property with HSBC for the remaining balance amount of €129,000.

The Property is free from additional debts, special hypothecs, special privileges, charges and cautions, and is not subject to any requisition order or expropriation order.

##### **Development permits**

The property was developed in 2010 to the relevant Planning Authority permit PA/1576/07.

#### SECTION G: LOCATION

##### **Local Authority**

Mellieha Local Council

##### **Locality**

Mellieha, perched on a series of hills to the north-west of Malta lies the small town of Mellieha. Its elevated maritime position, being surrounded on three sides by the Blue Mediterranean Sea, gives it magnificent views all around. It is about 150 meters above sea level and it overlooks the beautiful sandy beach of Mellieha Bay. Mellieha is a very popular destination with both locals and tourists alike with many commercial activities taking place within the town.

The street is a cul de sac with a slight inclination and no known unusual characteristics. It is made up and surfaced with tar-macadam, and is in a good condition. Adjacent roads are also made up and surfaced and have street lighting installed. The street is relatively quiet with limited public parking and exposure as there is little foot or vehicular traffic.

#### SECTION H: VALUATION ANALYSIS

##### **Determining market value:**

The building (including the structure, finishes and building services):

Fixtures, furniture, fittings and equipment.

For the purpose of this valuation, all of the above are being valued as one asset.

##### **Present capital value in existing state**

On the basis of the characteristics and conditions described above, in particular once acknowledging that there is the development potential for additional floors over and above what this valuation report has summed, I estimate the value of current freehold development property to be €275,000 (two hundred and seventy-five thousand euro).

# Disclaimer

Valuations are not a prediction of price, nor a guaranteed of value, and whilst this valuation is one which I consider both reasonable and defensible, different valuers may properly arrive at different opinions of value.

## ANNEXES

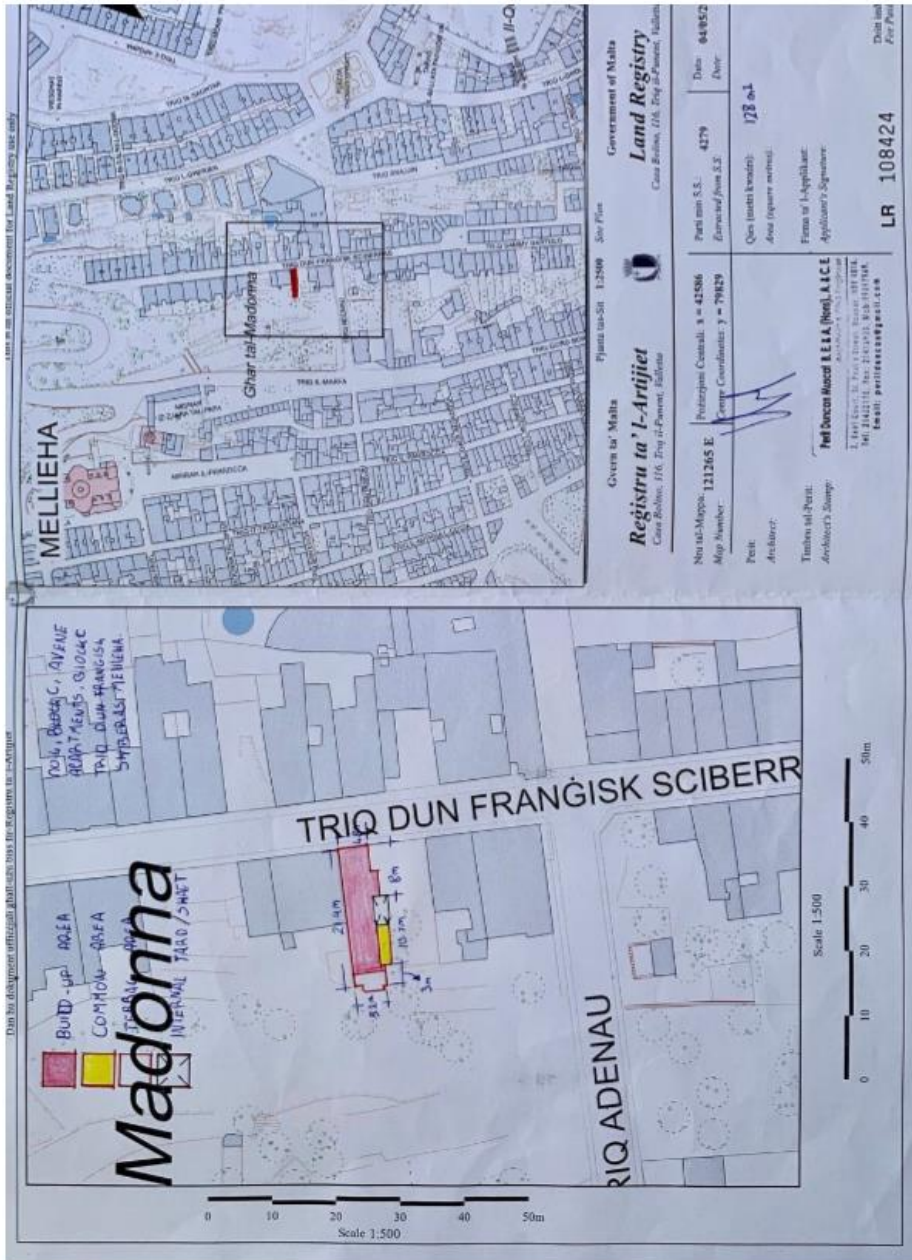
SITE PLAN

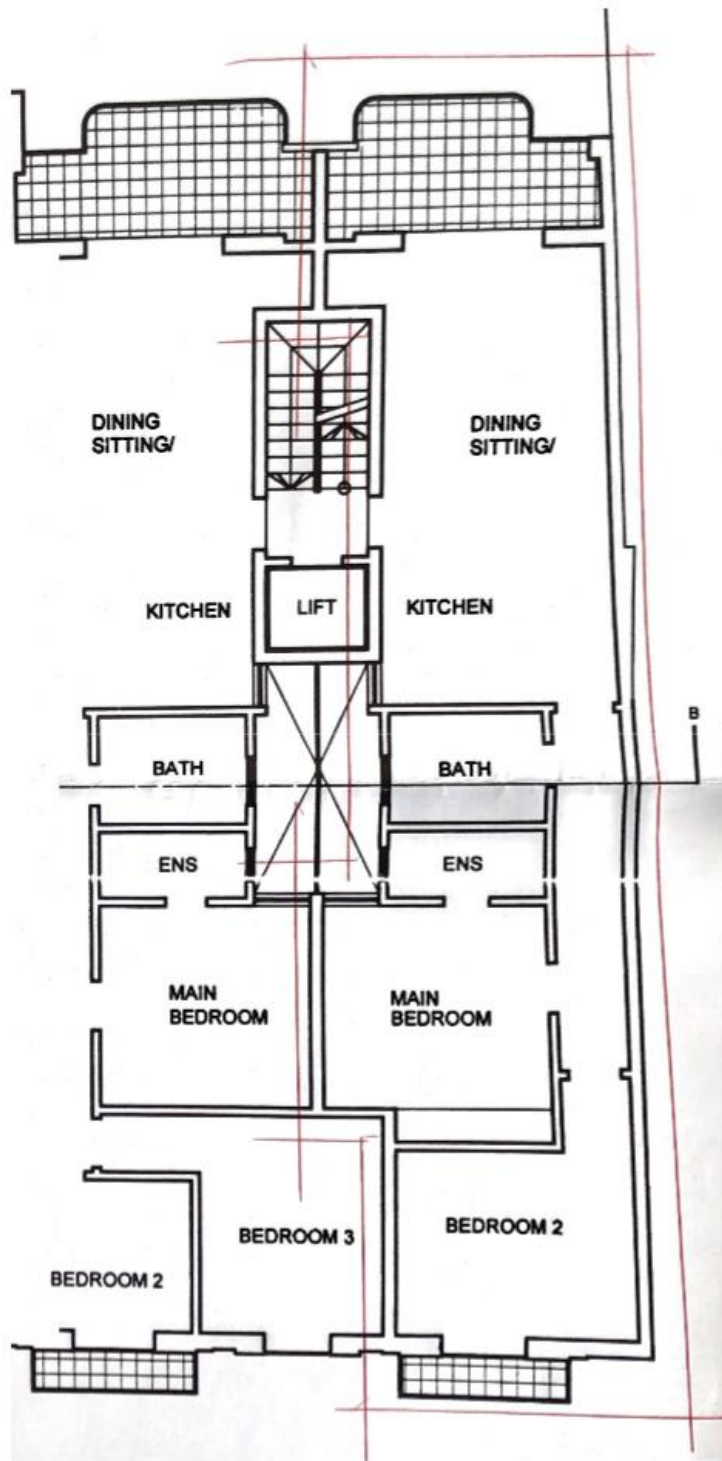
PERMIT DOCUMENTS: PA/1576/07

PERMIT DRAWINGS

SITE PHOTOGRAPHS

*Handwritten signature*





# Copy of Original Decision Notice



To: Mr John Grima  
39  
Parish Square  
Mellieha

Date: 7 March, 2008  
Our Ref: PA 01576/07

*Brian Ebejer*  
*True Copy*

Application Number: PA 01576/07  
Application Type: Full Development Permission / 01  
Date Received: 7 March, 2007  
Approved  
Documents: PA 01576/07/ 1B/ 1E/ 1F/ 19C/ 27B/ 27C  
Fire Safety and Ventilation Report PA 01576/07/ 19B

**BRIAN EBEJER**  
B.E. & A. (Hons), A. & C.E.  
Architect and Civil Engineer  
C.E. House, 2nd Floor, Dun Karm Street,  
B'Kara 8/ Pass) B'Kara BKR 06  
Tel: 499443

Location: 24, 25, 26, Triq Dun Frangisk Soiberras, Mellieha  
Proposal: Intermediate floor at basement level and minor amendments (demolition and re-erection of garages/flats).

## Development Planning Act 1992 Section 33 Full Development Permission

The Malta Environment & Planning Authority hereby grants development permission in accordance with the application and plans described above, subject to the following conditions:

- 1 This development permission does not remove or replace the need to obtain the consent of the land/building owner to this development before it is carried out. Furthermore, it does not imply that consent will necessarily be forthcoming nor does it bind the land/building owner to agree to this development. Where the land/building is owned or administered by the Government of Malta a specific clearance and agreement must be obtained for this development from the Land and/or Estate Management Departments.
- 2 The development hereby permitted shall not be brought into use until the Final Compliance (Completion) Certificate, certifying that the development has been carried out in full accordance with the plans approved by this permission and with the other conditions imposed in this permission, has been issued by the Malta Environment & Planning Authority. Prior to the issuing of the Final Compliance Certificate for this development, this applicant shall submit, to MEPA,  
  
(i) certification from a qualified engineer confirming that the development fully satisfies the requirements specified in the approved report PA 01576/07/ 19B.
- 3 The total height of the rear boundary wall together with any exposed foundations

PA 01576 / 07

Date: 7 March, 2008

MALTA ENVIRONMENT & PLANNING AUTHORITY  
L-AWTORETTA TIV KANAL D'AN L-AWRETT U L-APPJANAR  
Page 1  
P.O. BOX 283, AKKASJA GHEBBI, MALTA  
TEL: (+356) 2240 8080 • FAX: (+356) 2240 2255  
<http://www.mepa.org.mt> • [info@mepla.org.mt](mailto:info@mepla.org.mt)

### Copy of Original Decision Notice

shall not exceed 3m above external soil level at any point, as indicated on approved plan PA 01576/07/27B. The rear boundary wall shall be constructed in random rubble and the exposed foundations shall be faced in random rubble.

- 4 The validity of this permit is subject to the reinstatement of the excavated part of the valley to the previously existing levels, by means of soil deposited next to the rubble wall, and to the planting of Maltese indigenous trees (as listed in Appendix 3 of the Guidelines on Trees, Shrubs and Plants for Planting and Landscaping in the Maltese Islands) along the whole stretch of the rear boundary wall in order to mitigate the impact of the windows overlooking the valley.
- 5 The garages shall only be used for the parking of private cars and they shall be kept available at all times for this purpose.
- 6 An area of a depth of 4 metres from the pavement, with a gradient not steeper than 1:10, shall be provided within the site for vehicles to wait at pavement level before entering the street.
- 7 The ramp leading down to the underlying basement/ garage shall at no point be steeper than 1:5. The ramp shall be so formed that it does not encroach onto the pavement.
- 8 All services located on the roof of the washrooms shall be clustered together and surrounded by a 1.5 metres high non-solid screen. The services shall not exceed the height of this screen, which shall be set back 2 metres from the front and back edges of the roof of the underlying washroom.
- 9 The lift shafts shall be set back by at least 4.25 metres from the front elevation and shall not exceed the height of 1.5 metres above the finished roof level of the washrooms measured externally.
- 10 The balconies shall not project more than 1 metre from the facade of the building and shall be located so that the side outer face is at least 0.75 metres away from the outer face of the party wall nearest to the balcony.
- 11 Air conditioning units shall not be located on the facades of the building which are visible from a public space. Any such units located at roof level shall be set back from the facade by at least 1 metre.
- 12 There shall be no service pipes, cables or wires visible on the front elevation or on any other elevations of the building which are visible from the street.
- 13 a) This development permission is valid for a period of FIVE YEARS from the date of this notice but will cease to be valid if the development is not completed by the end of this five year period.  
b) It should be noted that a third party may have the right of appeal against this permission. Any development which is carried out when such an appeal has been made, or until the time limit for the submission of such an appeal has expired, is undertaken at the risk that this permission may be revoked by the Planning Appeals Board or quashed by the Court of Appeal.  
c) This development permission does not remove or replace the need to obtain the consent of the land/building owner to this development before it is carried out.

PA 01576 / 07

Date: 7 March, 2008

**BRIAN EBEJER**  
B.E. & A. (Hons), A. & C.E.  
Architect and Civil Engineer  
C.E. House, 2nd Floor, Dun Karm Street,  
B'Kara By Pass) B'Kara BKR 06  
Tel: 499443



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Furthermore, it does not imply that consent will necessarily be forthcoming nor does it bind the land/building owner to agree to this development. Where the land/building is owned or administered by the Government of Malta a specific clearance and agreement must be obtained for this development from the Land and/or Estate Management Departments.

d) All works shall be carried out strictly in accordance with the approved plans and the conditions of this permission. Where a matter is not specified on the plans then the conditions of this permission and of Development Control Policy and Design Guidance shall take precedence and modify the plans accordingly.

e) All building works shall be erected in accordance with the official alignment and proposed/existing finished road levels as set out on site by the Malta Environment & Planning Authority's Land Surveyor. The Setting Out Request Notice must be returned to the Land Survey Unit of the Malta Environment & Planning Authority when the setting out of the alignment and levels is required.

f) Before any part of the development hereby permitted commences, the enclosed green copy of the Development Permit shall be displayed on the site. This must be mounted on a notice board, suitably protected from the weather and located not more than 2 metres above ground level at a point on the site boundary where it is clearly visible and can be easily read from the street. The copy of the permit must be maintained in a good condition and it shall remain displayed on the site until the works are complete.

g) The enclosed Commencement Notice shall be returned to the Malta Environment & Planning Authority so that it is received at least five days prior to the commencement of the development hereby permitted.

h) Copies of all approved plans and elevations shall be available for inspection on site by Malta Environment & Planning Authority staff at all reasonable times.

i) Where the street bordering the site is unopened, it shall be opened up **prior to the commencement of the building operations** hereby permitted.

j) Where applicable hoarding should be erected in accordance with Schedule 2 of the Environmental Management Construction Site Regulations, LN 295 of 2007

k) No building material, waste material, machinery or plant shall obstruct the pavement or the smooth flow of traffic on the road in the vicinity of the site. The deposit of materials or the placing of equipment in the street must be authorised.

l) Any soil on the site shall not be built over but shall be collected for reuse. A permit from the Director of Agriculture is required to remove the soil from the site. All soil shall be deposited at the place indicated by the Director of Agriculture.

m) Rock spoil, boulders and other waste materials resulting from excavations or from demolition on this site shall be deposited at an official waste disposal site or used as fill material. If waste materials from the development are not to be reused, they shall not be disposed of other than at an official waste disposal site. A permit from the Environmental Protection Directorate is required to this effect.

n) The height of the building shall not exceed the permitted number of 3 floors and washrooms (plus the underlying basement levels) as indicated on the approved

PA 01576 / 07

Date: 7 March, 2008

**BRIAN EBEJER**  
B.E. & A. (Hons), A. & C.E. Page 3  
Architect and Civil Engineer  
C.E. House, 2nd Floor, Dun Karm Street,  
B'Kara 3rd Pass B'Kara BKR 06  
Tel: 4254 112

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drawings.

o) The facade of the building shall be constructed in local stone, except where other materials, finishes and colours are indicated on the approved plans and drawings.

p) Apertures and balconies shall not be constructed of gold, silver or bronze aluminium.

q) The development hereby permitted shall not be brought into use until the Final Compliance (Completion) Certificate, certifying that the development has been carried out in full accordance with the plans approved by this permission and with the other conditions imposed in this permission, has been issued by the Malta Environment & Planning Authority.

r) The permit is issued on condition that, where applicable, any excavation shall be subject to the requirements of the Civil Code regarding neighbouring tenements.

s) Where applicable, the development, hereby permitted, shall be carried out in accordance with the provisions of the Environmental Management Construction Site Regulations, LN 295 of 2007.

Should the site fall within areas designated as HOS and property originating from the Housing Authority, this permit does not exonerate the applicant from obtaining the necessary clearances from the same Authority.

This permit is granted saving third party rights. The applicant is not excused from obtaining any other permission required by law. The applicant should contact the following regarding the location and provision of services prior to commencing development:- Enemalta, Water Services Corporation, Maltacom, Drainage Department and Cable Network Operators.



Marlene Attard  
Head DCC Secretariat  
Development Control Commission



**BRIAN EBEJER**  
B.E. & A. (Hons), A. & C.E.  
Architect and Civil Engineer  
C.E. House, 2nd Floor, Dun Karm Street,  
(B'Kara By Pass) B'Kara BKR 06  
Tel: 495243

PA 01576 / 07

Date: 7 March, 2008

Page 4









## ANNEX L - Valuation of Security Property D



**LAWRENCE A. GATT, B.Arch., A. & C.E.**  
**Architect & Civil Engineer**

Phone: +356 21480000  
Mobile: +356 99490461  
Email: gatt.lawrence@hotmail.com  
Fax: +356 21423660

**VALUATION REPORT**

19/08/2019

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NO. 5 BLOCK F "JUNIPER MEWS", TRIQ SAN GWANN, HAL GHARGHUR

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LAWRENCE A. GATT, B. ARCH., A. & C.E  
Architect & Civil Engineer  
Phone +356 21480000  
Mobile +356 99490461  
Email: gatt.lawrence@hotmail.com  
Villa Gatt, Hope street, Mosta, MST 1627 Malta Vat-1260 9302

---

The Board of Directors  
YACHT LIFT MALTA  
129, 130 Ta'Xbiex Seafront  
Ta' Xbiex

19/08/2019

Dear Sirs,

RE: PROPERTY VALUATION OF NO. 5 BLOCK F "JUNIPER MEWS ", TRIQ SAN GWANN, HAL GHARGHUR  
In accordance with your instructions, I the undersigned architect and civil engineer holder of warrant number 60 have drawn up a valuation report of the freehold and unencumbered immovable property in caption for the inclusion with the Company admission document to be published in connection with the proposed bond issue.

Lawrence A. Gatt, B. Arch., A. & C.E

LAWRENCE A. GATT, B. ARCH., A. & C.E  
Architect & Civil Engineer

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## CONTENTS

Section A: Background  
Section B: Assumptions and conditions  
Section C: Property Description  
Section D: Title and occupation  
Section E: Location  
Section F: Valuation analysis  
Annexes

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LAWRENCE A. GATT, B. ARCH., A. & C.E  
Architect & Civil Engineer  
Villa Gatt, Hope street, Mosta, MST 1627 Malta Vat-1260 9302

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## SECTION A : BACKGROUND

Report date 19/08/2019

### **Valuation Date**

The effective date of the valuation is the 19th August 2019. It must be noted that to the best of my knowledge and belief there have been no material changes in circumstances between the date of the site visit and the date of this report.

### **Clients**

Yacht Lift Malta - C78281 129-130 Ta'Xbiex Seafront Ta'Xbiex, Malta  
Mr Giuseppe Christopher Farrugia holder of Maltese Id card number 96095M

### **Subject property**

This report relates solely to the property know as the NO. 5 BLOCK F "JUNIPER MEWS", TRIQ SAN GWANN, HAL GHARGHUR

### ***Purpose of this valuation***

The purpose of this valuation is for the inclusion with the company admission documents to be published in connection with the proposed bond issue.

The valuation has been prepared in accordance with the proposed bond issue.

### **Compliance with valuation standards**

The valuation has been prepared in accordance with the following standards:

- Chapter 4 of the prospects rules (Rule 4. 13 .00) Published by the malta stock exchange (MSE)
- The Royal institutes of the Chartered Surveyors (RICS) Valuation - Global standards 2017 hereinafter refereed to as the "Valuation Standards"

### **Basis of valuation**

The Prospects Rules require that the valuation be made on the basis of an open market value (more frequently the term market value is applied, with the "open" adjective, regard being given to the Valuation Standards and the latest publications of related internationally accepted Standards such as the IVS, RICS and EVS and the local KTP Standard) for existing use.

LAWRENCE A. GATT, B. ARCH., A. & C.E  
Architect & Civil Engineer

---

"Market Value", is defined in the Valuation Standards as "the estimated amount for which the property should exchange on the date of valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

**Currency**

The currency used in the Valuation Report is euro (€).

**Capacity of Valuer**

The undersigned has taken on this assignment as an Independent Valuer as defined in the Valuation Standards.

Furthermore, it is hereby confirmed that the undersigned:

- Is a warranted architect holding warrant number 60 in terms of section 7 (3) of the architecture and Civil engineering professionals (Perit) Act 1996 and is a fully paid member of the KTP, and is thus qualified to act as a valuer;
- Has sufficient current local knowledge of the particular property market involved and has the knowledge, skills and ability required to perform this valuation report competently;
- Is covered by Professional Indemnity Insurance which is updated in terms of standard provisions;
- Is not aware of any actual or potential conflict of interest in relation to the Property or to the Client, since the undersigned or his associates will not benefit from the Valuation instruction, other than the valuation fee..

**Consent to publication and use**

The undersigned acknowledges and agrees that the Valuation Report will be published in an unabbreviated form in the Company Admission Document and will be referred to in marketing and other materials prepared in the context of the issuance of bonds. The Company Admission Document will be accessible to potential Investors on the Company's website and the website of the MSE. Apart from that, neither the whole nor any part of this Valuation Report nor any reference thereto may be included in any published document, circular statement nor published in any way without our prior written approval of the form and context in which it will appear.





LAWRENCE A. GATT, B. ARCH., A. & C.E  
Architect & Civil Engineer

---

#### **Sources of information and verification**

The undersigned has taken reasonable care to ensure that the information is up-to-date, complete and correct and may be safely relied on, and to the best of my knowledge is in accordance with the facts as given to me, and contains no omission likely to affect the value of the building.

Furthermore, it has been assumed that any information supplied can, if necessary, be verified. Should any of the information provided be found to be inaccurate or incomplete there could be a variation in value.

It is also recommended that should any further reports or audits, inter alia, to condition, legal or environmental issues become available, then copies should be forwarded to the undersigned in order for one to comment upon their impact on value.

The undersigned has been supplied with the following information in order to carry out the valuation:

The relevant development permit documents,

A Land Registry site plan indicating the site boundaries of the Property

Property layout drawings

#### **Property inspection**

The Property was inspected on the 26th May 2019 in the presence of the Mr. Giuseppe Christopher Farrugia

The inspections have been carried out externally and internally. Photographs of the current state of the Property (see Annexes)



LAWRENCE A. GATT, B. ARCH., A. & C.E  
Architect & Civil Engineer

---

#### SECTION B: ASSUMPTIONS & CONDITIONS

This valuation has been carried out on the basis of the following general and special assumptions. If any of these are subsequently found not to be valid, the valuation figures may also be incorrect or invalid and should be reconsidered.

##### **The market**

The state of the market, level of property values and other relevant circumstances were, on the date of exchange of contracts, the same as the date of valuation. The importance of the date of valuation must be stressed as property values can change over a relatively Short period.

##### **Litigation**

The Property is free from litigation whether threatened or pending.

##### **Insurance**

The Property would, in all respects, be insurable against all usual risks by material and personal liability insurance at normal and commercially acceptable premiums.

##### **Statutory requirements**

The Property is unaffected by any Statutory Notice and neither the Property nor its use, actual or intended, gives rise to a contravention of any Statutory Requirements.

##### **Defects**

The Property is free from any defects.

##### **Technical equipment**

It is also to be noted that this is a valuation report and not a condition report, and as a result only a visual inspection has been made of the exposed and readily accessible building services. No tests have been made.

##### **Public utility services**

The Property is connected to the public utility services of electricity, water, telephones and sewerage, as it is located within the urban fabric.

LAWRENCE A. GATT, B. ARCH., A. & C.E  
Architect & Civil Engineer

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#### SECTION C: EXISTING PROPERTY DESCRIPTION

##### **Property type:**

The property, built in 2011, consists of a ground floor maisonette of a residential block, located in the tranquil village of Gharghur, Triq San Gwann, within the locality of Gharghur. It therefore enjoys the quiet surrounding areas with ample green areas close to the block. The property enjoys an open plan living/dining/ kitchen located at the front of the property and its private front terrace, accessible through said open plan. Its location allows for a range of close amenities, including ones of a diverse green open areas of nature, available within a short walking distance, with many trails that may be enjoyed on foot. At the same time, being a close to a prominent link road Gharghur to the main arterial road network and surrounding infrastructure of Naxxar and San Gwann.

The property is constructed using reinforced concrete slabs spanning over load bearing walls. The property is structurally sound. In terms of utilities the property is directly connected to the main electrical grid, the mains water supply and the public sewerage network. It has a gross internal area of c.60 sqm and a total external area of c. 28sqm.

The maisonette has a generous layout, the open plan linked to the bedroom and bathroom. The master bedroom further contains an en-suite shower room. The property is very well finished with plastered and painted walls and ceilings, high quality tiling, upgraded wall tiling and sanitary ware in the bathroom/ensuite and internal solid wood doors.

The above considerations are being taken into account in the establishment of the property's market value.

The permit PA02813/09 can be found in the annexes of this document.

##### **Finishes, building services, and FF&E**

The condition of the building and of the finishes and fixtures are good and the Property is in general very well maintained, the finishes, fixtures and furnishings are modern high end which only increases its overall value. The structure appears to be in good condition, built with good quality materials, although it should be made clear that this is based only on a visual examination which was carried out merely for the purposes of this valuation and which does not constitute a structural condition report. It is being assumed that the building is essentially free of any major structural defects.

##### **Views**

The Property is part of a large complex close to scenic views of Gharghur and its surrounding valleys.

##### **Property boundaries and orientation**

Site boundaries of the Property are clearly defined by party walls on three sides, with the west side being defined by a frontage on a public road Triq San Gwann.



LAWRENCE A. GATT, B. ARCH., A. & C.E  
Architect & Civil Engineer

---

**Common areas, easements and servitudes**

The Property has a large luxurious common area which is shared with the block . The facilities include large drive way access to underground garages, lifts to each block, a large courtyard with fountain and high end finishes. The party walls are assumed co-owned in equal parts with the owners of the adjacent properties. No signs of any easements or servitudes were observed. The Client has no knowledge of the existence of any easements or servitudes.

**SECTION D: TITLE & OCCUPATION****Proprietor**

Mr Giuseppe Christopher Farrugia holder of Maltese Id card number 96095M

**Current occupation**

At the time of inspection, the Property was occupied by the proprietor as his main residence.

**Details of charges, easements and other burdens**

Prospects rule 4.13.04 requires that a valuation report provides details of registered mortgages and privileges and other charges, real rights thereon including details of emphyteutical concessions, easements and other burdens.

I have sought the input of legal advice in determining details of registered mortgages and privileges and other charges. I understand that property is freehold. There are no registered charges or mortgages over the property but a current security over the basement garage within the same block for a value of €16,370 though a mortgage from HSBC'S home owners loans is being held.

The Property is free from debts, special privileges, charges and cautions, and is not subject to any requisition order or expropriation order.

The development permits of the development housing the maisonette PA 02813/09 (Attached in Annexes) Issued on 23 June 2009 for the development of 53 units and underlying basement garages.

---

LAWRENCE A. GATT, B. ARCH., A. & C.E  
Architect & Civil Engineer

#### SECTION G: LOCATION

**Local Authority**  
Gharghur Local Council

**Locality**  
Gharghur is one of the most sought after localities for residential properties with the area offering tranquil living with large open spaces, older character properties and charming narrow streets as well as easy access to many amenities and surrounding towns. This area is in high demand with strong rental rate trends.

#### SECTION H: VALUATION ANALYSIS

**Determining market value:**  
The building (including the structure, finishes and building services):  
Fixtures, furniture, fittings and equipment.  
*For the purpose of this valuation, all of the above are being valued as one asset.*

**Present capital value in existing state**  
On the basis of the characteristics and conditions described above, I estimate the value of current freehold development property to be €240,000 (two hundred and forty thousand euro).

**Disclaimer**  
Valuations are not a prediction of price, nor a guaranteed of value, and whilst this valuation is one which I consider both reasonable and defensible, different valuers may properly arrive at different opinions of value.





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To: Mr. Mario Vella  
obo Gharghur Developments Ltd.  
1, Independence Avenue  
Mosta

Date: 17 May, 2010  
Our Ref: PA 02813/09

Application Number: PA 02813/09  
Application Type: Full Development Permission / 07  
Date Received: 23 June, 2009  
Approved Documents: Approved Drawings:

PA 2813/09/1B - Site Plan  
PA 2813/09/1L - Proposed Level 0  
PA 2813/09/1N - Proposed Level 2  
PA 2813/09/1o - Proposed Penthouse Level  
PA 2813/09/1P - Proposed Roof of Penthouse Level  
PA 2813/09/1Q - Proposed Elevations A, B, C & D  
PA 2813/09/1R - Proposed Elevations E, F & G  
PA 2813/09/1S - Proposed Sections  
PA 2813/09/17D - Proposed Level 1  
PA 2813/09/17E - Proposed Level -2 & -3 of Substation  
PA 2813/09/22A - Proposed Level -1

## Approved Document:

PA 2813/09/18A - Fire Safety & Ventilation Report  
PA 2813/09/18B - Level -2 - Fire Detection Installation Layout  
PA 2813/09/18C - Level -2 - Fire Fighting Installation Layout  
PA 2813/09/18D - Level -2 - Ventilation Installation Layout  
PA 2813/09/18E - Level 0 - Fire Detection Installation Layout  
PA 2813/09/18F - Level 0 - Fire Fighting Installation Layout

Location: Juniper Mews, Triq San Gwann, Gharghur  
Proposal: Additions and alterations to residential complex covered by PA 0539/06 and PA 0736/06, works include formation of duplex unit instead of two units and minor alterations to dwelling units and building.

## **Development Planning Act 1992 Section 33 Full Development Permission**

The Malta Environment & Planning Authority hereby amends development permission granted in application number 00539/06 and 00736/06, in accordance with the application and plans described above, subject to the following conditions :

PA 02813 / 09 Date: 17 May, 2010

MALTA ENVIRONMENT & PLANNING AUTHORITY  
L-AWTORETTA TA' MALTA (DOKKUMENTAZZAZZJONI) L-AMMONTAZZ  
Page 1  
TEL: (+356) 2280 1000 • FAX: (+356) 2280 1195  
http://www.mepa.org.mt • email: mepa@mepla.org.mt

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- 1 The two stores indicated in approved drawing PA 2813/09/22A shall only be used for domestic storage and no parking or garaging of private cars shall be carried out in them. The width of the stores' openings should not exceed 1.5 metres.
- 2
  - a) This development permission is valid for a period of FIVE (5) YEARS from the date of this notice but will cease to be valid if the development is not completed by the end of this five year period.
  - b) It should be noted that a third party may have the right of appeal against this permission. Any development which is carried out when such an appeal has been made, or until the time limit for the submission of such an appeal has expired, is undertaken at the risk that this permission may be revoked by the Planning Appeals Board or quashed by the Court of Appeal.
  - c) This development permission does not remove or replace the need to obtain the consent of the land/building owner to this development before it is carried out. Furthermore, it does not imply that consent will necessarily be forthcoming nor does it bind the land/building owner to agree to this development. Where the land/building is owned or administered by the Government of Malta a specific clearance and agreement must be obtained for this development from the Land and/or Estate Management Departments.
  - d) All works shall be carried out strictly in accordance with the approved plans and the conditions of this permission. Where a matter is not specified on the plans then the conditions of this permission and of Development Control Policy and Design Guidance shall take precedence and modify the plans accordingly.
  - e) All building works shall be erected in accordance with the official alignment and proposed/existing finished road levels as set out on site by the Malta Environment & Planning Authority's Land Surveyor. The Setting Out Request Notice must be returned to the Land Survey Unit of the Malta Environment & Planning Authority when the setting out of the alignment and levels is required.
  - f) Before any part of the development hereby permitted commences, the enclosed green copy of the Development Permit shall be displayed on the site. This must be mounted on a notice board, suitably protected from the weather and located not more than 2 metres above ground level at a point on the site boundary where it is clearly visible and can be easily read from the street. The copy of the permit must be maintained in a good condition and it shall remain displayed on the site until the works are complete.
  - g) The enclosed Commencement Notice shall be returned to the Malta Environment & Planning Authority so that it is received at least five days prior to the commencement of the development hereby permitted.
  - h) Copies of all approved plans and elevations shall be available for inspection on site by Malta Environment & Planning Authority staff at all reasonable times.
  - i) Where the street bordering the site is unopened, it shall be opened up prior to the commencement of the building operations hereby permitted.
  - j) Where applicable hoarding should be erected in accordance with Schedule 2 of the Environmental Management Construction Site Regulations, L.N. 295 of

### Copy of Original Decision Notice

2007.

k) No building material, waste material, machinery or plant shall obstruct the pavement or the smooth flow of traffic on the road in the vicinity of the site. The deposit of materials or the placing of equipment in the street must be authorised.

l) Any soil on the site shall not be built over but shall be collected for reuse. A permit from the Director of Agriculture is required to remove the soil from the site. All soil shall be deposited at the place indicated by the Director of Agriculture.

m) Rock spoil, boulders and other waste materials resulting from excavations or from demolition on this site shall be deposited at an official waste disposal site or used as fill material. If waste materials from the development are not to be reused, they shall not be disposed of other than at an official waste disposal site. A permit from the Environmental Protection Directorate is required to this effect.

n) The height of the building shall not exceed that indicated in approved drawings PA 2813/09/1Q/1R.

o) The facade of the building shall be constructed in local stone, except where other materials, finishes and colours are indicated on the approved plans and drawings.

p) Apertures and balconies shall not be constructed of gold, silver or bronze aluminium.

q) A water cistern with a volume in cubic metres of 30% of the total roof area (in square metres) of the building(s) shall be constructed to store rainwater run-off from the built-up area of the development. This cistern shall be completed and available for use prior to the development hereby permitted being first brought into use.

r) The permit is issued on condition that, where applicable, any excavation shall be subject to the requirements of the Civil Code regarding neighbouring tenements.

s) Where applicable, the development, hereby permitted, shall be carried out in accordance with the provisions of the Environmental Management Construction Site Regulations, L.N. 295 of 2007.

t) This permission relates only to the additions and alterations specifically indicated on the approved drawings. This permission does not sanction any illegal development that may exist on the site.

3 The development hereby permitted shall not be brought into use until the Final Compliance (Completion) Certificate, certifying that the development has been carried out in full accordance with the plans approved by this permission and with the other conditions imposed in this permission, has been issued by the Malta Environment & Planning Authority. Prior to the issuing of the Final Compliance Certificate for this development, this applicant shall submit, to MEPA,

(i) clearance from Enemalta verifying that the development fully satisfies any



### Copy of Original Decision Notice

conditions imposed by them; and

(ii) certification from a qualified engineer confirming that the development fully satisfies the requirements specified in the approved Fire Safety & Ventilation Report PA 2813/09/18A and the relative plans PA 2813/09/18B/18C/18D/18E/18F.

- 4 Air conditioning units shall not be located on the facades of the building which are visible from a public space. Any such units located at roof level shall be set back from the facade by at least 1 metre.
- 5 There shall be no service pipes, cables or wires visible on the front elevation or on any other elevations of the building which are visible from the street.
- 6 All services located on the roof of the penthouses shall be clustered together and surrounded by a 1.5 metres high non-solid screen. The services shall not exceed the height of this screen, which shall be set back 2 metres from the front and back edges of the roof of the underlying penthouses.
- 7 The garages/parking spaces shall only be used for the parking of private cars and shall be kept available at all times for this purpose.
- 8 The forecourt of internal garages shall be adequately paved and drained.
- 9 Any gates shall be so fitted that they do not open outwards over the pavement.
- 10 Windows and doors shall not open outwards onto the public street.
- 11 The common pedestrian area space shall be maintained and kept in a clean and tidy condition to the reasonable satisfaction of the Malta Environment & Planning Authority.
- 12 This development permission supercedes those issued in PA 539/06 and PA 736/06.

Should the site fall within areas designated as HOS and property originating from the Housing Authority, this permit does not exonerate the applicant from obtaining the necessary clearances from the same Authority.

This permit is granted saving third party rights. The applicant is not excused from obtaining any other permission required by law. The applicant should contact the following regarding the location and provision of services prior to commencing development:- Enemalta, Water Services Corporation and Cable Network Operators.



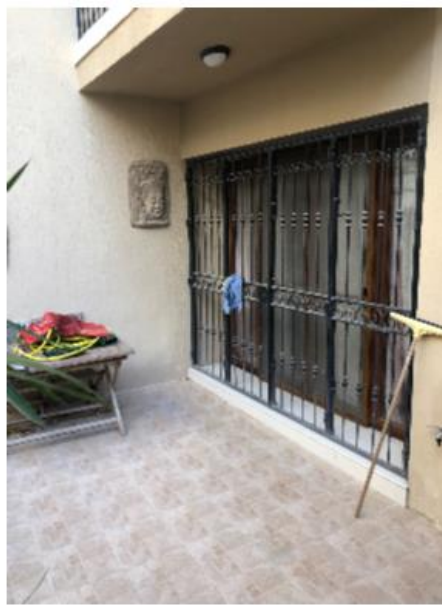
Mariene Attard  
Head DCC Secretariat  
Development Control Commission

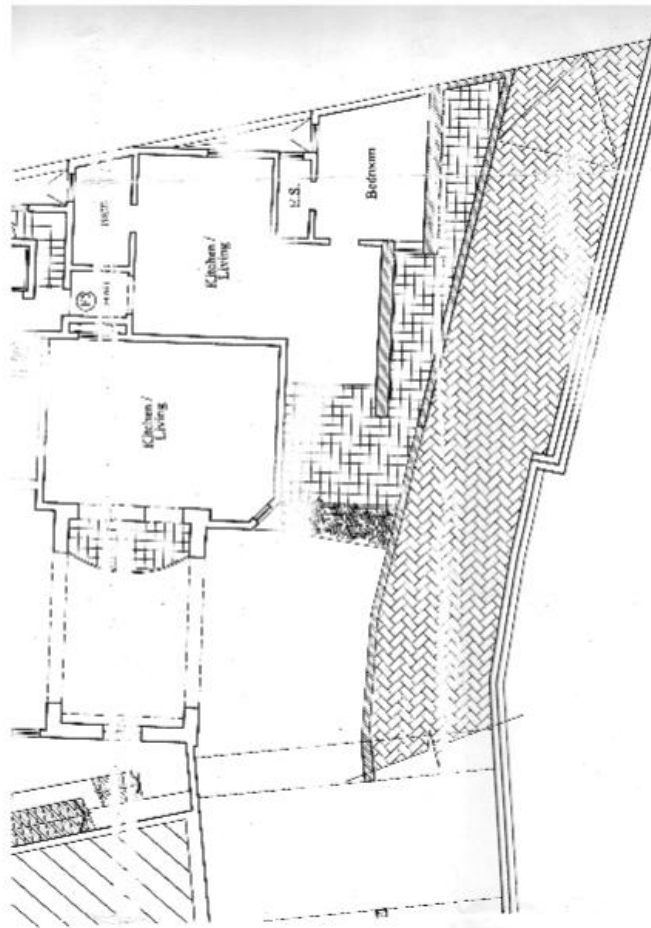
PA 02813 / 09

Date: 17 May, 2010

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#### **Issuer**

##### **Yacht Lift Malta plc (C 78281)**

129-130, Xatt Ta' Xbiex, Ta' Xbiex, Malta XBX1028

[www.yachtliftmalta.com](http://www.yachtliftmalta.com)



#### **Guarantor**

##### **Yacht Lift Malta Operations Limited (C 92887)**

129-130, Xatt Ta' Xbiex, Ta' Xbiex XBX 1028, Malta

[www.yachtliftmalta.com](http://www.yachtliftmalta.com)

#### **Corporate Advisor, Placement Agent and Manager**



##### **Calamatta Cuschieri Investment Services Limited (C 13729)**

Ewropa Business Centre, Triq Dun Karm, B'Kara BKR 9034, Malta

[www.cc.com.mt](http://www.cc.com.mt)

#### **Reporting Accountant**



##### **Deloitte Services Limited (C51320)**

Deloitte Place, Mriehel By-Pass, Mriehel, Birkirkara, BKR3000, Malta

[www2.deloitte.com/mt](http://www2.deloitte.com/mt)

#### **Security Trustee**



##### **GVZH Trustees Limited (C 23095)**

192, Old Bakery Street, Valletta VLT 1455, Malta

[www.gvzh.com.mt](http://www.gvzh.com.mt)