

SECURITIES NOTE

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

Dated 2 June 2014

SECURITIES NOTE

**In respect of an Issue of €30 million 5.3% Unsecured Bonds 2024
(or €35 million in the event of exercise of the Over-Allotment Option)**
of a nominal value of €100 per Bond issued at par by



Mariner Finance p.l.c.

A public limited liability company registered in Malta
with company registration number C 31514

ISIN: MT0000271214

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

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

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY LISTED 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 FINANCIAL ADVISOR.

APPROVED BY THE DIRECTORS

Marm Hili

Edward Hili

Marin Hili
on behalf of Michela Borg

Kevin Saliba

Lawrence Zammit

N. J. Bianco
Nicholas Bianco

Manager and Registrar

Legal Counsel

Sponsor



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IMPORTANT INFORMATION

THIS SECURITIES NOTE CONTAINS INFORMATION ON AN ISSUE BY MARINER FINANCE PLC (THE “**ISSUER**”) OF €30 MILLION (OR €35 MILLION IN THE EVENT OF EXERCISE OF THE OVER-ALLOTMENT OPTION) BONDS 2024 OF A NOMINAL VALUE OF €100, ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF 5.3% PER ANNUM, PAYABLE ANNUALLY ON 3 JULY OF EACH YEAR. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON THE REDEMPTION DATE UNLESS OTHERWISE PREVIOUSLY REPURCHASED FOR CANCELLATION.

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

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

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

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

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

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

A COPY OF THIS DOCUMENT HAS BEEN SUBMITTED TO THE LISTING AUTHORITY IN SATISFACTION OF THE LISTING RULES AND TO THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES IN ACCORDANCE WITH THE ACT.

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

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

ALL THE ADVISORS TO THE ISSUER NAMED IN THE PROSPECTUS UNDER THE HEADING “IDENTITY OF DIRECTORS, ADVISORS AND AUDITORS OF THE ISSUER” UNDER SECTION 3 OF THE REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THIS ISSUE AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER 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 PROSPECTUS.

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

1 DEFINITIONS

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

Act	the Companies Act (Cap. 386 of the Laws of Malta);
Applicant/s	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
Application/s	the application to subscribe for Bonds made by an Applicant/s by completing an Application Form/s and delivering same to the Registrar or to any of the Authorised Financial Intermediaries;
Application Form	the forms of application of subscription for Bonds, specimens of which are contained in Annex II of this Securities Note;
Authorised Financial Intermediaries	the licensed stockbrokers and financial intermediaries listed in Annex I of this Securities Note;
BCT	SIA Baltic Container Terminal, a company registered under the laws of Latvia with company registration number 000328803 and having its registered office at 1, Kundzinsala Street, Riga LV – 1822, Latvia;
Bond(s)	the €30 million (or €35 million in the event of exercise of the Over-Allotment Option) bonds due 2024 of a face value of €100 per bond redeemable at their nominal value on the Redemption Date, bearing interest at the rate of 5.3% per annum, as detailed in this Securities Note;
Bondholder	a holder of Bonds;
Bond Issue	the issue of the Bonds;
Bond Issue Price	the price of €100 per Bond;
Business Day	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
Company, Issuer or Mariner	Mariner Finance p.l.c., a company registered under the laws of Malta with company registration number C 31514 and having its registered office at Nineteen Twenty Three, Valletta Road, Marsa MRS 3000, Malta;
CSD	the Central Securities Depository of the Malta Stock Exchange established pursuant to Chapter 4 of the Malta Stock Exchange Bye-Laws, having its address at Garrison Chapel, Castille Place, Valletta, VLT 1063, Malta;
Directors or Board	the directors of the Company whose names and addresses are set out in section 3.1 of the Registration Document;
EQR	SIA Equinor Riga, a company registered under the laws of Latvia with company registration number 000325568 and having its registered office at 1, Merkela Street, Riga, LV – 1050, Latvia;
Euro or €	the lawful currency of the Republic of Malta;
Exchange, Malta Stock Exchange or MSE	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Cap. 345 of the Laws of Malta), having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta, and bearing company registration number C 42525;
Group	Mariner Finance p.l.c. and any company or entity in which Mariner Finance p.l.c. has a controlling interest, as further described in section 4.1.4 of the Registration Document;
Interest Payment Date	3 July of each year between and including each of the years 2015 and 2024, provided that any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is not a Business Day;
Issue Date	14 July 2014;
Issue Period	the period between 23 June 2014 to 27 June 2014 during which the Bonds are on offer;
Listing Authority	the MFSA, appointed as Listing Authority for the purposes of the Financial Markets Act (Cap. 345 of the Laws of Malta) by virtue of Legal Notice 1 of 2003;
Listing Rules	the listing rules of the Listing Authority;
Manager and Registrar	HSBC Bank (Malta) p.l.c. (C 3177) of 116, Archbishop Street, Valletta VLT 1444, Malta;
Memorandum and Articles of Association or M&As	the memorandum and articles of association of the Issuer in force at the time of publication of the Prospectus;

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MFB	SIA Mariner Finance Baltic, a company registered under the laws of Latvia with company registration number 40103643056 and having its registered office at 1, Merkela Street, Riga, LV – 1050, Latvia;
MFSA	the Malta Financial Services Authority, incorporated in terms of the Malta Financial Services Authority Act (Cap. 330 of the laws of Malta);
Official List	the list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws;
Over-Allotment Option	the option of the Issuer to elect to increase the original Bond Issue by an additional €5 million 5.3% Bonds 2024 in the event of over-subscription of the original Bond Issue;
Placement Agreement	the agreement between the Sponsor and the Issuer to subscribe for Bonds in accordance with the Securities Note for the purpose of distributing to or placing with their underlying customers and other financial intermediaries any portion of the Bonds;
Prospectus	collectively the Registration Document, Summary Note and this Securities Note (each as defined in this Securities Note);
Prospectus Directive	Directive 2003/71/EC of the European Parliament and of the Council of 4 November, 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, as may be amended from time to time;
Redemption Date	3 July 2024;
Redemption Value	the nominal value of each Bond (€100 per Bond);
Registration Document	the registration document issued by the Issuer dated 2 June 2014, forming part of the Prospectus;
Regulation	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus and dissemination of advertisements, as amended by: Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 amending Regulation (EC) No. 809/2004 as regards information on the consent to use of the prospectus, information on underlying indexes and the requirement for a report prepared by independent accountants or auditors; Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities; and Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 as regards to regulatory technical standards for publication of supplements to the prospectus;
Securities Note	this document in its entirety;
Sponsor	Charts Investment Management Service Limited (C 7944) of Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913, Malta, an authorised financial intermediary licensed by the MFSA and a Member of the MSE;
Summary Note	the summary note issued by the Issuer dated 2 June 2014, forming part of the Prospectus;
Terms and Conditions	the terms and conditions of the Bond Issue as contained in section 7 of this Securities Note.

2 RISK FACTORS

2.1 GENERAL

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

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

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

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

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

2.2 FORWARD LOOKING STATEMENTS

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

2.3 RISKS RELATING TO THE BONDS

- The existence of an orderly and liquid market for the Bonds depends on a number of factors, including but not limited to the presence of willing buyers and sellers of the Issuer’s Bonds at any given time and the general economic conditions in the market in which the Bonds are traded. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market, over which the Issuer has no control. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to sell or otherwise trade in the Bonds at or above the Bond Issue Price or at all.
- Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.
- A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder’s currency of reference, if different.
- No prediction can be made about the effect which any future public offerings of the Issuer’s securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time.
- The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer, and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt, if any. Furthermore, subject to the negative pledge clause (section 5.7 of this Securities Note), third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect.
- The terms and conditions of this Bond Issue are based on Maltese law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Maltese law or administrative practice after the date of this Prospectus.
- In the event that the Issuer wishes to amend any of the Terms and Conditions of the Bond Issue it shall call a meeting of Bondholders in accordance with the provisions of section 5.13 of this Securities Note. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

3 PERSONS RESPONSIBLE

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

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

3.1 CONSENT FOR USE OF PROSPECTUS

Consent required in connection with the use of the Prospectus during the Issue Period by the Authorised Financial Intermediaries:

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

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

Neither the Issuer nor the Sponsor has any responsibility for any of the actions of any Authorised Financial Intermediary, including their compliance with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to a resale or placement of Bonds.

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

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

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

In the event of a resale, placement or other offering of Bonds by an Authorised Financial Intermediary, the Authorised Financial Intermediary shall be responsible to provide information to investors on the terms and conditions of the resale, placement or other offering at the time such is made.

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

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

Any new information with respect to Authorised Financial Intermediaries unknown at the time of the approval of this Securities Note will be made available through a company announcement which will also be made available on the Issuer’s website: www.mfplc.com.mt

4 ESSENTIAL INFORMATION

4.1 REASONS FOR THE ISSUE AND USE OF PROCEEDS

The proceeds from the Bond Issue, which net of Issue expenses are expected to amount to approximately €29.3 million (or €34.3 million in the event of exercise of the Over-Allotment Option), will be used by the Issuer for the following purposes, in the amounts and order of priority set out below:

- 4.1.1 the first €20 million of the proceeds from the Bond Issue will be used to refinance the Loan Agreement (described in section 5.2 of this Securities Note); and
- 4.1.2 any remaining balance of the net Issue proceeds (including proceeds raised through the exercise of the Over-Allotment Option) will be used for the purpose of: funding investments in ports or port operations and/or storage or logistics facilities related to the core and ancillary operations of the Group; and/or general corporate funding purposes of the Group; and/or further reducing the corporate indebtedness of the Group.

In the event that the Bond Issue is not fully subscribed, the Issuer will proceed with the listing of the amount of Bonds subscribed for, and 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 in this section 4.1 which shall not have been raised through the Bond Issue shall be financed from the Group's general cash flow and/or bank financing.

4.2 EXPENSES

Professional fees, and costs related to publicity, advertising, printing, listing, registration, sponsor, management, registrar fees, selling commission, and other miscellaneous expenses in connection with this Bond Issue are estimated to be in the region of €700,000. There is no particular order of priority with respect to such expenses.

4.3 ISSUE STATISTICS

Amount:	€30 million (or €35 million in the event of exercise of the Over-Allotment Option);
Form:	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;
Denomination:	Euro (€);
ISIN:	MT0000271214;
Minimum amount per subscription:	Minimum of €2,000 and multiples of €100 thereafter;
Redemption Date:	3 July 2024;
Plan of Distribution:	The Bonds are open for subscription by all categories of investors, including Authorised Financial Intermediaries either for their own account or on behalf of clients, and the general public;
Preferred Allocations:	There are no preferred allocations except pursuant to the Placement Agreement entered into with Charts Investment Management Service Limited;
Bond Issue Price:	At par (€100 per Bond);
Status of the Bonds:	The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> , without any priority or preference among themselves and with other unsecured debt of the Issuer, if any;
Listing:	Application has been made to the Listing Authority for the admissibility of the Bonds to listing and to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List;
Application Forms available:	9 June 2014;

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Placement Agreement:	The Issuer has entered into a conditional placement agreement with Charts Investment Management Service Limited whereby a maximum amount of €20,000,000 in value of Bonds has been made available for subscription on 20 June 2014;
Closing date for Applications:	27 June 2014;
Issue Period:	23 June 2014 to 27 June 2014, both days included;
Interest:	5.3% per annum;
Interest Payment Date(s):	Annually on 3 July as from 3 July 2015 (the first interest payment date);
Governing Law of Bonds:	The Bonds are governed by and shall be construed in accordance with Maltese law;
Jurisdiction:	The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds.

4.4 INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for the subscription for Bonds by Charts Investment Management Service Limited and any fees payable to Charts Investment Management Service Limited in connection with the Issue as Sponsor, so far as the Issuer is aware no person involved in the Issue has an interest material to the Issue.

5 INFORMATION CONCERNING THE SECURITIES TO BE ISSUED AND ADMITTED TO TRADING

5.1 GENERAL

- 5.1.1 Each Bond forms part of a duly authorised issue of 5.3% Bonds 2024 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €30 million (or €35 million in the event of exercise of the Over-Allotment Option) (except as otherwise provided under section 5.12 "Further Issues").
- 5.1.2 The currency of the Bonds is Euro (€).
- 5.1.3 Subject to admission to listing of the Bonds to the Official List of the MSE, the Bonds are expected to be assigned ISIN: MT0000271214.
- 5.1.4 Unless previously purchased and cancelled, the Bonds shall be redeemable at par on the Redemption Date.
- 5.1.5 The issue of the Bonds is made in accordance with the requirements of the Listing Rules, the Act, and the Regulation.
- 5.1.6 The Issue Period of the Bonds is between 23 June 2014 and 27 June 2014, both days included.
- 5.1.7 The Issue Date of the Bonds is 4 July 2014.
- 5.1.8 The Bond Issue is not underwritten.

5.2 RANKING OF THE BONDS

The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer, and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt, if any. Furthermore, subject to the negative pledge clause set out in section 5.7 of this Securities Note, third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect.

The following sets out a summary of Group indebtedness as at 30 April 2014, amounting to €34,228,147.32, and includes bank loans and a third party loan. The bank borrowings listed below are secured by the pledges, mortgages and other security described below. The indebtedness being created by the Bonds ranks after these bank borrowings. In addition, the Bonds would also rank after any future debts which may be secured by a cause of preference such as a pledge, mortgage, privilege and/or a hypothec.

Group Borrowings

Parties	Amount Outstanding	Security
MFB (as borrower), AS DNB Banka (registration number 40003024725) and Nordea Bank Finland Plc (Latvian branch having registration number 40003486767) (as lenders). Loan (credit) agreement dated 29 April 2013 for an aggregate amount of €40,000,000 split equally between the two lenders, subject to the terms and conditions of said agreement (the " Loan Agreement "). The purpose of MFB's entry into the Loan Agreement was to fulfil the obligations of its subsidiary BCT arising from a loan facility issued by Nordea Bank Finland Plc in favour of BCT on 30 June 2010.	€33,582,992.32	Pledges over: the entire issued share capital of BCT; the bank accounts held by MFB with Nordea Bank Finland Plc and with AS DNB Banka; and all movable property, present and future, of MFB and BCT. Assignment of receivables due to MFB and BCT from respective debtors. Corporate guarantee provided by BCT. Mortgage in favour of Nordea Bank Finland Plc and AS DNB Banka over real estate property owned by BCT identified in the Loan Agreement.
EQR (as borrower) and Nordea Bank Finland Plc (Latvian branch having registration number 40003486767) (as lender).	€40,355	None.
BCT (as borrower) and Optimodals Baltija Ltf (Latvian company registration number 40003466309) (as lender).	€604,800	None.

5.3 RIGHTS ATTACHED TO THE BONDS

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

- (i) the payment of capital;
- (ii) the payment of interest;
- (iii) ranking with respect to other indebtedness of the Issuer in accordance with the provisions of section 5.2 hereof;
- (iv) attend, participate in and vote at meetings of Bondholders in accordance with the terms and conditions of the Bond; and
- (v) enjoy all such other rights attached to the Bonds emanating from this Prospectus.

5.4 INTEREST

5.4.1 The Bonds shall bear interest from and including 4 July 2014 at the rate of 5.3% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 3 July 2015. Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. In terms of article 2156 of the Civil Code (Cap. 16 of the Laws of Malta), the right of Bondholders to bring claims for payment of interest and repayment of the principal on the Bonds is barred by the lapse of five (5) years.

5.4.2 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.

5.5 YIELD

The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds at Redemption Date, is 5.3%.

5.6 REGISTRATION, FORM, DENOMINATION AND TITLE

- 5.6.1 Certificates will not be delivered to Bondholders in respect of the Bonds in virtue of the fact that the entitlement to Bonds will be represented in an uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer by the CSD. There will be entered in such electronic register the names, addresses, identity card numbers (in the case of natural persons), registration numbers (in the case of companies) and MSE account numbers of the Bondholders and particulars of the Bonds held by them respectively, and the Bondholders shall have, at all reasonable times during business hours, access to the register of bondholders held at the CSD for the purpose of inspecting information held on their respective account.
- 5.6.2 The CSD will issue, upon a request by a Bondholder, a statement of holdings to such Bondholder evidencing his/her/its entitlement to Bonds held in the register kept by the CSD.
- 5.6.3 The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €100 provided that on subscription the Bonds will be issued for a minimum of €2,000 per individual Bondholder. Authorised Financial Intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €2,000 to each underlying client.
- 5.6.4 Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Bond. Title to the Bonds may be transferred as provided below under the heading "Transferability of the Bonds" in section 5.11 of this Securities Note.

5.7 NEGATIVE PLEDGE

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

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

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

"Permitted Security Interest" means: (A) any Security Interest arising by operation of law; (B) any Security Interest securing temporary bank loans or overdrafts in the ordinary course of business; (C) any other Security Interest (in addition to (A) and (B) above) securing Financial Indebtedness of the Issuer, in an aggregate outstanding amount not exceeding 80% of the difference between the value of the unencumbered assets of the Issuer and the aggregate principal amount of Bonds outstanding at the time.

Provided that the aggregate Security Interests referred to in (B) and (C) above do not result in the unencumbered assets of the Issuer being less than 105.3 per cent of the aggregate principal amount of the Bonds still outstanding;

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

5.8 PAYMENTS

- 5.8.1 Payment of the principal amount of Bonds will be made in Euro by the Issuer to the person in whose name such Bonds are registered, with interest accrued up to the Redemption Date, by means of direct credit transfer into such bank account as the Bondholder may designate from time to time, provided such bank account is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven (7) days of the Redemption Date. The Issuer shall not be responsible for any loss or delay in transmission. Upon payment of the Redemption Value the Bonds shall be redeemed and the appropriate entry made in the electronic register of the Bonds at the CSD.
- 5.8.2 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.
- 5.8.3 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 in Malta. Such payment shall be effected within seven (7) days of the Interest Payment Date. The Issuer shall not be responsible for any loss or delay in transmission.
- 5.8.4 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.
- 5.8.5 No commissions or expenses shall be charged by the Issuer to Bondholders in respect of such payments.

5.9 REDEMPTION AND PURCHASE

- 5.9.1 Unless previously purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 3 July 2024.
- 5.9.2 Subject to the provisions of this section 5.9, the Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.
- 5.9.3 All Bonds so purchased will be cancelled forthwith and may not be re-issued or re-sold.

5.10 EVENTS OF DEFAULT

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

- 5.10.1 the Issuer shall fail to pay any interest on any Bond when due and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- 5.10.2 the Issuer shall fail duly to perform or shall otherwise be in breach of any other material obligation contained in the terms and conditions of the Bonds and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- 5.10.3 an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer; or
- 5.10.4 the Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its respective debts or announces an intention to do so or ceases or threatens to cease to carry on its respective business or a substantial part of its respective business; or
- 5.10.5 the Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or
- 5.10.6 there shall have been entered against the Issuer a final judgment by a court of competent jurisdiction from which no appeal may be or is made for the payment of money in excess of €5 million 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
- 5.10.7 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 in excess of €5 million or its equivalent at any time.

5.11 TRANSFERABILITY OF THE BONDS

- 5.11.1 The Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time.
- 5.11.2 Any person becoming entitled to a Bond in consequence of the death or bankruptcy of a Bondholder may, upon such evidence being produced as may from time to time properly be required by the Issuer or the CSD, elect either to be registered himself as holder of the Bond or to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the CSD a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by transferring the Bond, or procuring the transfer of the Bond, in favour of that person.
- 5.11.3 All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations.
- 5.11.4 The cost and expenses of effecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Issuer shall so require for the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the Issuer.
- 5.11.5 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.

5.12 FURTHER ISSUES

The Issuer may, from time to time, without the consent of the Bondholders, create and issue further debentures, debenture stock, bonds, loan notes, or any other debt securities, either having the same terms and conditions as any outstanding debt securities of any series (including the Bonds) 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.

5.13 MEETINGS OF BONDHOLDERS

- 5.13.1 The Issuer may from time to time call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of obtaining the consent of Bondholders on matters which, in terms of the Prospectus, require the approval of a Bondholders' meeting.
- 5.13.2 A meeting of Bondholders shall be called by the Directors by giving all Bondholders listed on the register of Bondholders as at a date being not more than 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 Prospectus 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 5.13 at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.
- 5.13.3 The amendment or waiver of any of the provisions of and/or conditions contained in this Securities Note, or in any other part of the Prospectus, may only be made with the approval of Bondholders at a meeting called and held for that purpose in accordance with the terms hereof.
- 5.13.4 A meeting of Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose at least two (2) Bondholders present, in person or by proxy, representing not less than 50% in nominal value of the Bonds then outstanding, shall constitute a quorum. If a quorum is not present within 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 Bondholders present at that meeting. The Issuer shall within two (2) days from the date of the original meeting publish by way of a company announcement the date, time and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than seven (7) days, and not later than fifteen (15) days, following the original meeting. At an adjourned meeting: the number of Bondholders present, in person or by proxy, shall constitute a quorum; and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at, the adjourned meeting.

SECURITIES NOTE

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

5.14 AUTHORISATIONS AND APPROVALS

The Board of Directors of the Issuer authorised the Bond Issue pursuant to a Board resolution passed on 9 May 2014.

5.15 NOTICES

Notices will be mailed to Bondholders at their registered address 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 at his registered address and posted.

6 TAXATION

6.1 GENERAL

Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation which may be applicable to them in respect of the Bonds, including their acquisition, holding and disposal as well as any income/gains derived therefrom or made on their disposal. The following is a summary of the anticipated tax treatment applicable to Bondholders in so far as taxation in Malta is concerned. This information does not constitute legal or tax advice and does not purport to be exhaustive.

The information below is based on an interpretation of tax law and practice relative to the applicable legislation, as known to the Issuer at the date of the Prospectus, in respect of a subject on which no official guidelines exist. Investors are reminded that tax law and practice and their interpretation as well as the levels of tax on the subject matter referred to in the preceding paragraph, may change from time to time.

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

6.2 MALTA TAX ON INTEREST

Since interest is payable in respect of a Bond which is the subject of a public issue, unless the Issuer is otherwise instructed by a Bondholder or if the Bondholder does not fall within the definition of "recipient" in terms of article 41(c) of the Income Tax Act (Cap. 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 Income Tax Act. 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.

This withholding tax is considered as a final tax and a Maltese resident individual Bondholder need not declare the interest so received in his income tax return. No person shall be charged to further tax in respect of such income. However where the Bondholder is a Maltese resident individual, he is still entitled to declare the gross interest in the tax return and the tax so deducted will be available as a credit against the individual's tax liability or for a refund as the case may be.

SECURITIES NOTE

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 standard rates applicable to that person at that time. Additionally in this latter case the Issuer will advise the Inland Revenue Department on an annual basis in respect of all interest paid gross and of the identity of all such recipients unless the beneficiary is a non-resident of Malta. 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.

6.3 EUROPEAN UNION SAVINGS DIRECTIVE

Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Director General Inland Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the EU Savings Directive 2003/48/EC.

6.4 MALTESE TAXATION ON CAPITAL GAINS ON TRANSFER OF THE BONDS

On the assumption that the Bonds would not fall within the definition of "securities" in terms of article 5(1)(b) of the Income Tax Act, that is, "shares and stocks and such like instrument that participate in any way in the profits of the company and whose return is not limited to a fixed rate of return", no tax on capital gains is chargeable in respect of transfer of the Bonds.

6.5 DUTY ON DOCUMENTS AND TRANSFERS

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

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

7 TERMS AND CONDITIONS OF THE BOND ISSUE

7.1 EXPECTED TIMETABLE OF THE BOND ISSUE

1. Application Forms available	9 June 2014
2. Private Placement date	20 June 2014
3. Issue Period (opening and closing of subscription lists, respectively)	23 June 2014 to 27 June 2014 both days included
4. Commencement of interest on the Bonds	4 July 2014
5. Announcement of basis of acceptance	4 July 2014
6. Refunds of unallocated monies	11 July 2014
7. Expected dispatch of allotment advices	11 July 2014
8. Expected date of admission of the securities to listing	14 July 2014
9. Expected date of commencement of trading in the securities	15 July 2014

The Issuer reserves the right to close the Offer of Bonds before 27 June 2014 in the event of over-subscription, in which case the events set out in steps 5 to 9 above shall be brought forward, although the number of workings days between the respective events shall not also be altered.

7.2 TERMS AND CONDITIONS OF APPLICATION

- 7.2.1 The issue and allotment of the Bonds is conditional upon the Bonds being admitted to the Official List. In the event that the Bonds are not admitted to the Official List 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.
- 7.2.2 The subscription lists during the Issue Period will open at 08:30 hours on 23 June 2014 and will close as soon thereafter as may be determined by the Issuer, but in any event no later than 16:00 hours on 27 June 2014.
- 7.2.3 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 Securities Note and the M&As of the Issuer. 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.
- 7.2.4 If an Application Form is signed on behalf of another party or on behalf of a corporation or corporate entity or association of persons, the person signing will be deemed to have duly bound his principal, or the relative corporation, corporate entity, or association of persons, and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions on their behalf. Such representative may be requested to submit the relative power of attorney/resolution or a copy thereof duly certified by a lawyer or notary public if so required by the Issuer and the Registrar, but it shall not be the duty or responsibility of the Registrar or Issuer to ascertain that such representative is duly authorised to appear on the Application Form.
- 7.2.5 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. The person whose name shall be inserted in the field entitled "Applicant" on the Application Form, or first-named in the register of Bondholders shall, for all intents and purposes, be deemed to be such nominated person by all those joint holders whose names appear in the field entitled "Additional Applicants" in the Application Form or joint holders in the register, as the case may be. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond/s so held.
- 7.2.6 In respect of a Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. The usufructuary shall, for all intents and purposes, be deemed vis-à-vis the Issuer to be the holder of the Bond/s so held and shall have the right to receive interest on the Bond/s and to vote at meetings of the Bondholders but shall not, during the continuance of the Bond/s, have the right to dispose of the Bond/s so held without the consent of the bare owner, and shall not be entitled to the repayment of principal on the Bond (which shall be due to the bare owner).
- 7.2.7 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.
- 7.2.8 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.
- 7.2.9 No person receiving a copy of the Prospectus or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to such person nor should such person in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or such Application Form could lawfully be used without contravention of any registration or other legal requirements.
- 7.2.10 It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself/herself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.

SECURITIES NOTE

- 7.2.11 Subject to all other terms and conditions set out in the Prospectus, the Issuer reserves the right to reject in whole or in part, or to scale down, any Application, including multiple or suspected multiple Applications, and to present any cheques and/or drafts for payment upon receipt. The right is also reserved to refuse any Application which in the opinion of the Issuer is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents. Only original Application Forms will be accepted and photocopies/facsimile copies will not be accepted.
- 7.2.12 The Bonds will be issued in multiples of €100. The minimum subscription amount of Bonds that can be subscribed for by Applicants is €2,000.
- 7.2.13 The Bond Issue shall close on the earlier of: (i) the date on which the aggregate of the amount subscribed for in terms of the Placement Agreement and total Applications received reaches €30 million (or, in the case of exercise of the Over-Allotment Option, €35 million); or (ii) on 27 June 2014. Within 5 business days from closing of the subscription lists, the Issuer shall announce the result of the Issue and shall determine, and issue a company announcement setting out, the basis of acceptance of applications and allocation policy to be adopted.
- 7.2.14 In the event that an Applicant has not been allocated any Bonds or has been allocated a number of Bonds which is less than the number applied for, the Applicant shall receive a full refund or, as the case may be, the balance of the price of the Bonds applied for but not allocated, without interest, by credit transfer to such account indicated in the Application Form, at the Applicant's sole risk within five Business Days from the date of final allocation.
- 7.2.15 The completed Application Forms are to be lodged with the Sponsor, the Manager and Registrar or any of the Authorised Financial Intermediaries.
- 7.2.16 All Application Forms must be accompanied by the full price of the Bonds applied for in EUR. Payment may be made either in cash or by cheque payable to "The Registrar – 2014 Mariner plc Bonds". In the event that cheques accompanying Application Forms are not honoured on their first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application.
- 7.2.17 For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations 2008 as amended from time to time, all appointed Authorised Financial Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in Articles 1.2(d) and 2.4 of the "Code of Conduct for Members of the MSE" appended as Appendix IV to Chapter 3 of the Bye-Laws, irrespective of whether the said appointed Authorised Financial Intermediaries are Members or not. Such information shall be held and controlled by the MSE in terms of the Data Protection Act (Cap. 440 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.
- 7.2.18 By completing and delivering an Application Form the Applicant:
- a. agrees and acknowledges to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the issue of the Bonds contained therein;
 - b. warrants that the information submitted by the Applicant in the Application Form is true and correct in all respects and in the case where an MSE account number is indicated in the Application Form, such MSE account number is the correct account of the Applicant. In the event of a discrepancy between the personal details (including name and surname and the Applicant's address) appearing on the Application Form and those held by the MSE in relation to the MSE account number indicated on the Application Form, the details held by the MSE shall be deemed to be the correct details of the Applicant;
 - c. authorises the Issuer and the MSE to process the personal data that the Applicant provides in the Application Form, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the Data Protection Act (Cap. 440 of the Laws of Malta). The Applicant has the right to request access to and rectification of the personal data relating to him/her as processed by the Issuer and/or the MSE. Any such requests must be made in writing and sent to the Issuer at the address indicated in the Prospectus. The requests must further be signed by the Applicant to whom the personal data relates;
 - d. confirms that in making such Application no reliance was placed on any information or representation in relation to the Issuer or the issue of the Bonds other than what is contained in the Prospectus and accordingly agree/s that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;

SECURITIES NOTE

- e. agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his/her remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the Laws of Malta) and regulations made thereunder, and that such monies will not bear interest;
- f. agrees to provide the Registrar and/or the Issuer, as the case may be, with any information which it/they may request in connection with the Application;
- g. warrants, in connection with the Application, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with his/her Application in any territory, and that the Applicant has not taken any action which will or may result in the Issuer or the Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bond or his/her Application;
- h. warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- i. represents that the Applicant is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) as well as not to be accepting the invitation set out in the Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the "United States") or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;
- j. agrees that Charts Investment Management Service Limited will not, in their capacity of Sponsor, treat the Applicant as their customer by virtue of such Applicant making an Application for the Bonds, and that Charts Investment Management Service Limited will owe the Applicant no duties or responsibilities concerning the price of the Bonds or their suitability for the Applicant;
- k. agrees that all documents in connection with the issue of the Bonds will be sent at the Applicant's own risk and may be sent by post at the address (or, in the case of joint Applications, the address of the first named Applicant) as set out in the Application Form;
- l. renounces to any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Issuer against any amount due under the terms of these Bonds.

7.3 PLAN OF DISTRIBUTION AND ALLOTMENT

The Bonds are open for subscription to all categories of investors. In each case, subscription amounts shall be in multiples of €100, subject to a minimum subscription amount of €2,000.

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

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

7.4 PLACEMENT AGREEMENT

On 29 May 2014 the Issuer entered into a conditional placement agreement with the Sponsor, Charts Investment Management Service Limited (C 7944) of Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913, Malta, for the subscription of €20,000,000 of the Bonds by the Sponsor on 20 June 2014.

In terms of the Placement Agreement entered into with the Sponsor, the Issuer bound itself to issue, and the Sponsor bound itself to subscribe for, €20,000,000 of the Bonds, subject to:

- a. the Prospectus being approved by the Listing Authority;
- b. the minimum amount specified in the Placement Agreement, that is €20,000,000, being subscribed; and
- c. the Bonds being admitted to trading on the Official List.

In terms of the Placement Agreement, the Sponsor subscribing for Bonds may do so for its own account or for the account of underlying customers, including retail customers, and shall in addition be entitled to either:

- a. distribute to the underlying customers any portion of the Bonds subscribed for upon commencement of trading; or
- b. instruct the Issuer and the Registrar to issue a portion of the Bonds subscribed by them directly to their underlying customers.

7.5 PRICING

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

7.6 ALLOCATION POLICY

Following the allocation of €20,000,000 in Bonds to Charts Investment Management Service Limited pursuant to the conditional Placement Agreement referred to in section 7.4 above, the Issuer shall allocate the remaining Bonds to Applications submitted by members of the general public without priority or preference amongst themselves and in accordance with the allocation policy as determined by the Issuer and the Registrar by submitting the Application Form.

7.7 ADMISSION TO TRADING

- 7.7.1 The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 2 June 2014.
- 7.7.2 Application has been made to the MSE for the Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List of the MSE.
- 7.7.3 The Bonds are expected to be admitted to the MSE with effect from 14 July 2014 and trading is expected to commence on 15 July 2014.

SECURITIES NOTE - ANNEX I - AUTHORISED FINANCIAL INTERMEDIARIES

Name	Address	Telephone
APS Bank Ltd	17, Republic Street, Valletta VLT 1111	25671719
Bank of Valletta p.l.c.	BOV Centre, Cannon Road, St Venera SVR 9030	22751732
Calamatta Cuschieri & Co Ltd	Fifth Floor, Valletta Buildings, South Street, Valletta VLT 1103	25688688
Charts Investment Management Service Ltd	Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913	21224106
Crystal Finance Investments Ltd	10, First Floor, City Gate, Valletta VLT 1010	21226190
Curmi & Partners Ltd	Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102	23426000
Fexserv Investment Services Ltd	Alpine House, Naxxar Road, San Gwann SGN 9032	25762001
Financial Planning Services Ltd	4, Marina Court No. 1, G. Cali Street, Ta' Xbiex XBX 1421	21344244
FINCO Treasury Management Ltd	Level 5, The Mall Complex, The Mall, Floriana FRN 1470	21220002
GlobalCapital Financial Management Ltd	Testaferrata Street, Ta'Xbiex XBX 1403	21342342
Growth Investments Ltd	Customer Service Centre, Pjazza Papa Giovanni XXIII, Floriana FRN 1420	25909000
Hogg Capital Investments Ltd	Ferris Building, Level 4 1, St Luke's Road, Gwardamangia, Pietta PTA 1020	21322872
HSBC Bank (Malta) p.l.c.	116, Archbishop Street, Valletta VLT 1444	23802381
Jesmond Mizzi Financial Advisors Ltd	67/3, South Street, Valletta VLT 1105	23265681
Lombard Bank Malta p.l.c.	67. Republic Street, Valletta VLT 1117	25581114
Maltese Cross Financial Services Ltd	242, Fleur-de-lys Road, B'Kara BKR 9069	21447600
Michael Grech Financial Investment Services Ltd	1, Mican Court, JF Kennedy Square, Victoria, Gozo VCT 2580	21554492
MZ Investment Services Ltd	11, St Rita Street, Rabat RBT 1523	21453739
Rizzo, Farrugia & Co (Stockbrokers) Ltd	Airways House, Third Floor, High Street, Sliema SLM 1549	22583000



MARINER FINANCE P.L.C.
€30,000,000 5.3% Unsecured Bonds 2024
 (subject to an Over-Allotment Option of an additional €5,000,000)

PLEASE READ THE NOTES OVERLEAF BEFORE COMPLETING THIS APPLICATION FORM. WHERE REQUIRED MARK 'X' IF APPLICABLE. UNLESS OTHERWISE INDICATED, EACH OF THE PANELS BELOW IS TO BE COMPLETED.

APPLICANT/S (See notes 2 to 7)

A	<input type="checkbox"/> Non-Resident	<input type="checkbox"/> Minor (under 18)	<input type="checkbox"/> Body Corporate/Body of Persons	<input type="checkbox"/> CIS-Prescribed Fund
B	TITLE (Mr/Mrs/Ms/...)	FULL NAME & SURNAME / REGISTERED NAME		
ADDRESS				
				POSTCODE
MSE A/C NO. (if applicable)	I.D. CARD / PASSPORT / COMPANY REG. NO.	TEL. NO.	MOBILE NO.	

C ADDITIONAL (JOINT) APPLICANTS (See note 3) (please use additional Application Forms if space is not sufficient)

TITLE (Mr/Mrs/Ms/...)	FULL NAME & SURNAME	I.D. CARD / PASSPORT NO.
TITLE (Mr/Mrs/Ms/...)	FULL NAME & SURNAME	I.D. CARD / PASSPORT NO.

D 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	I.D. CARD / PASSPORT NO.
TITLE (Mr/Mrs/Ms/...)	FULL NAME & SURNAME	I.D. CARD / PASSPORT NO.

E I/WE APPLY TO PURCHASE AND ACQUIRE (See notes 8 and 9):

AMOUNT IN FIGURES €	AMOUNT IN WORDS
------------------------	-----------------

Mariner Finance p.l.c. 5.3% Bonds 2024 (minimum €2,000 and in multiples of €100 thereafter) at the Bond Issue Price (at par), as defined in the Prospectus dated 2 June 2014 (the "Prospectus"), payable in full upon application under the Terms and Conditions as defined in said Prospectus.

F RESIDENT - WITHOLDING TAX DECLARATION (See note 10) (to be completed ONLY if the Applicant is a Resident in Malta)

I/We elect to have Final Witholding Tax deducted from my/our interest.
 I/We elect to receive interest GROSS (i.e. without deduction of witholding tax).

G NON-RESIDENT - DECLARATION FOR TAX PURPOSES (See note 12) (to be completed ONLY if the Applicant is a Non-Resident)

TAX COUNTRY	CITY OF BIRTH	
TIN (Tax Identification Number)	COUNTRY OF BIRTH	
PASSPORT/NATIONAL I.D. CARD No.	COUNTRY OF ISSUE	ISSUE DATE

I/We am/are NOT resident in Malta but I/we am/are resident in the European Union.
 I/We am/are NOT resident in Malta and I/we am/are NOT resident in the European Union.

H INTEREST, REFUND & REDEMPTION MANDATE (See note 11) (completion of this panel is mandatory)

BANK	IBAN
------	------

I I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, and subject to its terms and conditions as contained therein which I/we fully accept.

Signature/s of Applicant/s _____ Date _____
 (Both parents or legal guardian/s are/is to sign if Applicant is a minor)
 (All parties are to sign in the case of a joint Application)

AUTHORISED FINANCIAL INTERMEDIARY'S STAMP	AUTHORISED FINANCIAL INTERMEDIARY'S CODE	APPLICATION NUMBER
---	--	--------------------

NOTES ON HOW TO COMPLETE THIS APPLICATION FORM AND OTHER INFORMATION

The following notes are to be read in conjunction with the Prospectus dated 2 June 2014

1. This Application is governed by the Terms and Conditions of Application contained in the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the same meaning ascribed to them in the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS.
3. Applicants are to insert full personal details in Panel B. In the case of an application by more than one person (including husband and wife) full details of all individuals – including I.D. Card Numbers – must be given in Panels 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).
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, and the registration number are to be inserted in Panel B. Applications must be signed by a duly authorised representative 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. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED IN THE MSE ACCOUNT NUMBER QUOTED ON THE APPLICATION FORM. IF DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE MSE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF, A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE WILL HAVE TO BE EFFECTED.**
8. Application must be for a minimum of €2,000 and thereafter in multiples of €100.
9. Payment in Euro may be made in cash or by cheque payable to 'The Registrar – Mariner Finance plc Bond Issue'. In the event that the cheque accompanying an Application Form is not honoured on the first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application.
10. 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.

In terms of section 6.1.2 of the Securities Note, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of Article 41(c) of the Income Tax Act (Cap. 123 of the Laws of Malta), interest shall be paid to such person net of final withholding tax, currently at the rate of 15% of the gross amount of interest, pursuant to Article 33 of the Income Tax Act.
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 or the balance of the amount paid but not allocated, as the case may be, will be returned by direct credit into the bank account as indicated in Panel H. Interest and redemption proceeds will be credited to the account indicated in Panel H 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. Subscription lists will open at 08:30 hours on 23 June 2014 and will close as soon thereafter as may be determined by the Issuer, but not later than 16:00 hours on 27 June 2014. The Issuer reserves the right to close the Bond Issue before 27 June 2014, in the event of over-subscription. The Issuer reserves the right to refuse any Application which appears to be in breach of the terms and conditions of the Bonds as contained in the Prospectus. Any Applications received by the Registrar after the subscription lists close will be rejected. Completed Application Forms are to be delivered to any of the Authorised Financial Intermediaries listed in Annex I of the Securities Note, during normal office hours. 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 date of closing of the subscription lists.
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 Data Protection Act (Cap. 440 of the Laws of Malta);
 - b. acknowledge that the Issuer 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. Any such requests must be made in writing and addressed to the Issuer. The request must be signed by yourself as the Applicant to whom the personal data relates.

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



CHARTS INVESTMENT MANAGEMENT SERVICE LTD
VALLETTA WATERFRONT • VAULT 17
PINTO WHARF • FLORIANA FRN 1913 • MALTA

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www.charts.com.mt • info@charts.com.mt

The Directors
Mariner Finance p.l.c.
Nineteen Twenty Three
Valletta Road
Marsa MRS 3000

2 June 2014

Dear Sirs

Mariner Finance p.l.c. Financial Analysis Summary

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

The purpose of the financial analysis is that of summarising key financial data appertaining to Mariner Finance p.l.c. (the "**Group**" or the "**Company**"). The data is derived from various sources or is based on our own computations as follows:

- (a) Historical financial data for the three years ended 31 December 2011 to 31 December 2013 has been extracted from the audited financial statements of each of the companies forming part of the Group for the three years in question (other than SIA Mariner Finance Baltic which was set up in 2013 and therefore historical financial data refers to FY2013 only; and SIA Mariner Baltic Holdings which was incorporated in FY2014 and as such no audited financial statements have been prepared), and from the pro forma consolidated financial statements of the Company for the year ended 31 December 2013.
- (b) The forecast data of the Group for the years ending 31 December 2014 and 31 December 2015 has been provided by management of the Company.
- (c) Our commentary on the results of the Group and on its financial position is based on the explanations provided by the Company.
- (d) The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions set out in Part 4 of the Analysis.
- (e) Relevant financial data in respect of the companies included in Part 3 has been extracted from public sources such as websites of the companies concerned, financial statements filed with the Registrar of Companies or websites providing financial data.

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MALTA FINANCIAL SERVICES AUTHORITY



The Analysis is meant to assist investors in the Company's securities and potential investors by summarising the more important financial data of the Group. The Analysis does not contain all data that is relevant to investors or potential investors. The Analysis does not constitute an endorsement by our firm of any securities of the Company and should not be interpreted as a recommendation to invest in any of the Company's securities. We shall not accept any liability for any loss or damage arising out of the use of the Analysis. As with all investments, potential investors are encouraged to seek professional advice before investing in the Company's securities.

Yours faithfully,

A handwritten signature in blue ink, appearing to read "Wilfred Mallia".

Wilfred Mallia
Director

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PART 1

1. COMPANY'S KEY ACTIVITIES

The principal activity of the Mariner Finance p.l.c. (the "**Company**", "**Issuer**" or the "**Group**") is to carry on the business of a finance and investment company within the Group, in particular, the financing of acquisitions in seaport terminals.

The Issuer was incorporated on 30 May 2003 in advance of issuing a bond of €13 million at an annual interest rate of 5.75% and redeemable between 2008 and 2010. The bond was listed on the Official List of the Malta Stock Exchange. The net bond proceeds of the issue were on-lent to its then parent company, Mariner Srl (formerly Mariner SpA), to fund the acquisition of a shareholding in Terminal Intermodale Venezia SpA., a licensed operator of a seaport terminal in Venice Italy, and to fund the 100 per cent equity interest in SIA Baltic Container Terminal ("**BCT**").

Subsequent to the redemption of the aforesaid bond on 15 July 2010, the principal activity of the Issuer was that of servicing a portfolio of available-for-sale investments.

In November 2013, a corporate restructuring exercise took place whereby the Company was acquired by Mariner Capital Limited from Mariner Srl. Furthermore, in May 2014 the Company became the parent of the Group as set out in section 3 below.

2. DIRECTORS AND KEY EMPLOYEES

The Company is managed by a Board consisting of six directors entrusted with its overall direction and management.

Board of Directors

Marin Hili	Chairman and Chief Executive Officer
Edward Hili	Non-Executive Director
Michela Borg	Non-Executive Director
Kevin Saliba	Non-Executive Director
Lawrence Zammit	Independent Non-Executive Director
Nicholas Bianco	Independent Non-Executive Director

The Issuer is an investment company which does not require an elaborate management structure. Marin Hili has been appointed Chairman and Chief Executive of the Issuer. The Chief Executive Officer is responsible for the day-to-day management of the Group. In the execution of the strategic direction, investment and management oversight of the Group, he is assisted by senior management of the operating Group companies having the appropriate experience and knowledge required in particular cases arising from time to time. The aforesaid senior management of the operating companies, BCT and SIA Equinor Rlga (EQR), as well as their principal roles are included hereunder:

Gerard Sammut	Finance (BCT and EQR)
Aldis Zieds	Administration (BCT)
Dzintars Vigulis	Operations (BCT)
Dimitri Kiseljjev	Information Technology (BCT)

3. MARINER GROUP

3.1 ORGANISATIONAL STRUCTURE

As the holding company of the Group, the Company is ultimately dependent upon the operations and performance of the Group's operating companies. The organisational structure of the Group is illustrated in the diagram hereunder:



SIA Mariner Baltic Holdings ("MBH") is a private limited liability company incorporated and registered in Latvia. It has an authorised and issued share capital of €2,800 divided into 2,800 ordinary shares of €1.00, fully paid up. The company was incorporated on 16 April 2014 principally to act as a holding company.

SIA Mariner Finance Baltic ("MFB") is a private limited liability company incorporated and registered in Latvia. It has an authorised and issued share capital of the euro equivalent of €40,001,195 divided into 281,130 ordinary shares of €142.29 per share, fully paid up. The company was set up on 28 February 2013 principally to act as the immediate parent company of BCT and to provide financing to its subsidiary company.

On 1 March 2013, the company acquired from Mariner Srl the 100% shareholding in BCT for €70 million. The terms of the purchase agreement include a cash consideration of €26 million, which was settled during the reporting period. The remaining balance of €44 million was settled through a set-off of debt balances with MFB's ultimate parent company, Mariner Capital Limited. In 2013, MFB entered into a loan agreement with two Latvian credit institutions for an aggregate amount of €40 million which is repayable in April 2018. As at 31 December 2013, the balance from such facility amounted to €34.9 million.

A brief overview and primary business activities of each of the two operating companies of the Group, **SIA Equinor Riga ("EQR")** and **SIA Baltic Container Terminal ("BCT")**, is provided in section 4 below.

On 1 January 2014, Latvia joined the Eurozone and the Latvian Lats was replaced with the Euro. The conversion to Euro was effected at the official exchange rate set by the Bank of Latvia - €1:Ls 0.702804. The audited historical financial statements of Group companies registered and operating in Latvia had been prepared in the home currency – Latvian Lats. For comparative purposes, such financial information has been translated into Euro, being the functional currency of the Issuer, at the said official conversion rate of €1:Ls 0.702804.

4. GROUP OPERATING COMPANIES

4.1 SIA EQUINOR RIGA

4.1.1 Introduction

EQR is a private limited liability company incorporated and registered in Latvia on 6 June 1995. It has an issued share capital of €3,963,666 consisting of 283,119 ordinary shares of €14 each. The company owns and operates a commercial and office building located in Merkela Street, Riga, Latvia, consisting of a five storey building having circa 3,880m² of rentable space.

EQR has a 25-year lease to 2031 with McDonald's Latvia for an area measuring 626m². The rental income is based on a percentage of net annual sales of the lessor. The remaining area is leased to nine other tenants for use as office space or commercial activity. Each of the aforesaid lease agreements specifies a fixed rental charge per square metre and the contractual period ranges from three to ten years.



Commercial & office building – Merkela Street, Riga, Latvia

The property is situated at a major intersection in the central part of Riga, within the main retail and commercial area of the city. In terms of a local grading system, the building is classified as Class B commercial/office space. An appraisal of the property was undertaken in February 2014 by a third party independent consultant, who valued the said property at €5.1 million.

4.1.2 Riga office market overview

The office space rental market in Riga offers Class A, B and C lease space and consists of a total area of circa 500,000m² in 65 premises. Class A buildings make up approximately 20% of total rentable area and are primarily utilised for commercial banking purposes. Therefore, quality commercial space available to businesses (other than banking) is of a Class B standard.

Statistical data shows that the highest demand is for office space not exceeding 150m² and the top quality office space is generally taken up by companies that have a staff complement of at least 10 employees. On the other hand, Class C office space tends to be requested for by start-up companies or other organisations that have limited budgets and cannot afford Class A or B facilities.

As to rental prices, property owners typically prefer a low turnover of tenants and therefore tend to minimise increases in rental rates. The average rent payable for Class A space is €12 to €15 per square metre with an annual average rent increase of 7% to 8%. Class B rates average around €7 to €8 per square metre, with an annual increment of circa 5% to 7%.

4.1.3 Operational performance

Set out below are highlights of EQR's operating performance for the years indicated therein:

Income Statement (€'000)	FY2015 Projection	FY2014 Forecast	FY2013 Actual	FY2012 Actual	FY2011 Actual
Revenue (rental income and other services)	451	419	375	345	289
Operating expenses	(124)	(98)	(90)	(84)	(62)
EBITDA	327	321	285	261	227
Depreciation	-	-	(72)	(72)	(72)
Net interest income	89	87	29	16	18
Profit before tax	416	408	242	205	173
Taxation	(57)	(64)	(52)	(40)	(40)
Profit for the year	359	344	190	165	133

The key accounting ratios are set out below:

	FY2015	FY2014	FY2013	FY2012	FY2011
Revenue growth (Revenue FY1/Revenue FY0)	8%	12%	9%	19%	
EBITDA margin (EBITDA/revenue)	73%	77%	76%	76%	79%
Net profit margin (Profit after tax/revenue)	80%	82%	51%	48%	46%

Source: Charts Investment Management Service Limited

Statement of financial position (€'000)	31 Dec'13 Actual	31 Dec'12 Actual	31 Dec'11 Actual
ASSETS			
Non-current assets			
Land and buildings	1,676	1,705	1,733
Other fixed assets	198	237	280
Amounts due from related and affiliated companies	2,917	2,272	2,272
Total non-current assets	4,791	4,214	4,285
Current assets			
Trade and other receivables	37	39	53
Amounts due from related and affiliated companies	56	625	556
Cash and cash equivalents	115	24	31
Total current assets	208	688	640
Total assets	4,999	4,902	4,925
EQUITY AND LIABILITIES			
Equity	3,321	3,130	2,966
LIABILITIES			
Non-current liabilities			
Loans from credit institution	-	61	194
Loans from related parties	1,330	1,330	1,093
Deferred tax liability and other creditors	88	90	96
Total non-current liabilities	1,418	1,481	1,383
Current liabilities			
Loans from credit institution	61	133	467
Other creditors	199	158	109
Total current liabilities	260	291	576
Total liabilities	1,678	1,771	1,959
Total equity and liabilities	4,999	4,902	4,925

Revenue generated by EQR mainly relates to rental income and the provision of other ancillary services. In FY2013 income increased to €375,000 from €289,000 in FY2011 (equivalent to a compound annual growth rate of 14%) as a result of an increase in occupancy rate during this period from 71.2% to 100%. Profit for the year increased by 15% to €190,459 (FY2012: €164,697), reflecting the increase in tenancy following the signing of a new customer that will be operating a collective accommodation establishment. Revenue and profits are projected to grow after FY2013 in line with any increments factored into the respective lease agreements.

The assets of the company primarily include the aforesaid property and building improvements amounting to an aggregate of €1.9 million, and receivables due from affiliated companies of €2.9 million. In line with an appraisal of the property dated 14 February 2014, the property has been revalued in FY2014 to €5.1 million. EQR's outstanding bank borrowings as at 30 April 2014 amounted to €40,355, which will be settled in full during the financial year ending 31 December 2014.

4.2 SIA BALTIC CONTAINER TERMINAL

4.2.1 Introduction

BCT is a private limited liability company incorporated and registered in Latvia. The company was incorporated on 26 March 1996 and is principally engaged in the provision of port and related services at the port of Riga. BCT operates at the Riga Free Port No. 2 under a port concession license issued by the Riga Free Port Authority which expires in April 2047. Apart from the license, the company had entered into a real estate purchase agreement on 30 April 2003 whereby the Riga Free Port Authority sold to BCT, which acquired, full ownership of all yards within the boundaries of the BCT terminal (excluding the quay), together with all underlying communications, five warehouses having an aggregate total area of approximately 14,000m², parking and paved areas surrounding said warehouses, and covered rail ramps.



SIA Baltic Container Terminal

4.2.2 Market and competition

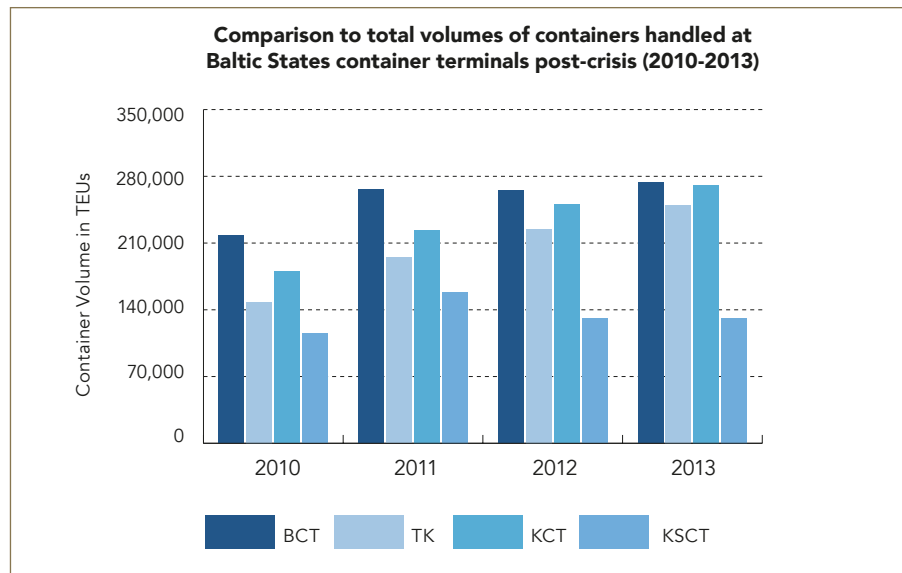
BCT is located at the mouth of the river Daugava which runs through the centre of Latvia's capital Riga. Its favourable geographical location and good, direct access via road and rail to its market hinterland make it strategically located to serve as a gateway to meet container traffic demand to and from the main industrial centres of Russia and other destinations including Moscow, Kaluga, Novgorod, St Petersburg, Minsk, Kiev, Vilnius, Tallinn, Almaty and Tashkent.

Latvia is a fast developing country located on the south-east coast of the Baltic Sea in the centre of the Baltic States (Lithuania, Latvia and Estonia). It represents the financial hub of the three nations and its favourable geopolitical environment provides excellent business opportunities for the four major growth markets bordering Latvia - Belarus, Estonia, Lithuania and Russia.

There are three main ports in Latvia - Venstpils, Riga and Liepaja - and these are mainly involved in transit cargo. The Freeport of Riga is by far the major container-handling port in Latvia at over 98.5% in 2013. In turn, within the port, BCT is the only specialised container terminal and in 2013 handled approximately 72% of containers. There are two other terminals - Riga Central Terminal (RCT) and Riga Universal Terminal (RUT) - which handle relatively small volumes of containerised cargo, though their main fields of activity are in the handling of general and bulk cargoes. As a specialised container terminal BCT is better equipped in terms of infrastructure, superstructure and workforce to efficiently and productively handle containers.

Although the RUT and RCT do constitute a form of competition, BCT's main competitors are other specialised container terminals which are located in the neighbouring Baltic States and other eastern Baltic countries. These include: Klaipeda Container Terminal (KCT) and Klaipeda Smelte Container Terminal (KSCT) in Klaipeda, Lithuania; Transiidikeskuse (formerly Muuga Container Terminal) (TK) in Tallinn, Estonia; the container terminals within the Port of St. Petersburg, Russia, and; Palokangas - EU Container Terminal and Mussalo Container Terminal within HaminaKotka Port, Finland.

KCT, KSCT and TK, located in the neighbouring Baltic States represent the most direct form of competition to BCT due to their similar geographical locations, hinterland markets, inland connections, geopolitical environment and general terminal facilities. Below is a comparison of BCT with its direct competitors for the financial years 2010 to 2013.



4.2.3 Principal activities

BCT commenced activities on 1 May 1996, subsequent to the restructuring of a state-owned company, Riga Trade Port. It operates over an area of *circa* 557,000m². The BCT terminal has an annual container handling capacity of *circa* 450,000 twenty-foot equivalent units ("TEUs"), and offers the following services:

- **Quay-side operations** – including the berthing of vessels for the loading and/or unloading of containerised cargo using three ship-to-shore quay cranes. A fourth quay crane has been commissioned for delivery in Q3 2014. Ro-ro vessels, which are ships designed to carry wheeled cargo such as automobiles, trucks and trailers (roll-on/roll-off), may also be serviced.
- **Yard operations** – the terminal has a container storage yard comprising a capacity of *circa* 20,000 TEUs. In addition, the yard has 500 reefer points, that is, electrical outlets for the storage of temperature-controlled containers.

- **Gate and rail operations** – including the transfer of containers between the container terminal and inland road and rail networks. BCT has direct access to both road and rail networks, and operates its own rail handling facility which can service up to 64 rail platforms simultaneously.
- **Warehousing** – the terminal has circa 20,400m² of covered warehousing space for the storage of general cargo. The warehouse facilities have direct access to the rail and road networks for more efficient distribution of cargo.
- **Ancillary activities** – a wide range of value-added services are provided at the container terminal due to an optimised integrated logistics chain. Through a container freight station the terminal offers the service of, amongst others, stuffing and stripping of containers (packing/unpacking). In addition, BCT also provides engineering services for the repair of damaged containers.

Of the activities outlined above, the main operation at BCT is the loading and unloading of containers, which in 2013 represented 78% of total revenue generated by the company.

4.2.4 Operational performance

The following table sets out the highlights of BCT's operating performance for the years indicated therein.

Income Statement (€'000)	FY2015 Projection	FY2014 Forecast	FY2013 Actual	FY2012 Actual	FY2011 Actual
Revenue	18,581	17,608	17,648	19,762	19,888
Operating expenses	(9,381)	(9,031)	(9,144)	(8,313)	(8,177)
EBITDA	9,200	8,577	8,504	11,449	11,711
Depreciation and amortisation	(1,551)	(1,435)	(1,215)	(1,301)	(1,440)
Net interest income	726	717	446	472	23
Profit before tax	8,375	7,859	7,735	10,620	10,294
Taxation	(253)	(238)	(225)	(736)	(1,511)
Profit for the year	8,122	7,621	7,510	9,884	8,783

The key accounting ratios are set out below:

	FY2015	FY2014	FY2013	FY2012	FY2011
Revenue growth (Revenue FY1/Revenue FY0)	6%	-	-11%	-1%	
EBITDA margin (EBITDA/revenue)	50%	49%	48%	58%	59%
Net profit margin (Profit after tax/revenue)	44%	43%	43%	50%	44%

Source: Charts Investment Management Service Limited



During the year ended 31 December 2012, BCT handled 265,054 TEUs and generated €19.8 million in revenue (equivalent to €75 per TEU). This result was broadly similar to that achieved in the prior year (FY2011: 266,161 TEU and €19.9 million in revenue). As to the number of ship calls, the terminal received 350 vessels in FY2012 which, although greater in number by 21%, had on average a lower TEU load when compared to FY2011.

FY2013 was a record year in terms of TEUs as the container terminal handled its highest volume of containers (273,650 TEUs). Despite this 3.2% increase, revenue declined by 10.7% to €17.6 million (FY2012: €19.8 million) and operating profit decreased by 28.3% to €7.3 million. Consequently, profit for the year also decreased from €9.9 million to €7.5 million (24.0%). The primary reason for this decrease was due to the cessation of storage requirements of NATO reefers as troops in Afghanistan were withdrawn. This reduced revenue generated from cargo handling from €3.6 million in 2012 to €1.8 million in 2013. Moreover, BCT offers certain volume discounts in order to induce higher volumes, and during 2013 shipping lines took particular advantage of such discounts by passing increased volumes through the terminal. In FY2013, the effect of such discounted rates impacted revenues adversely by €0.4 million (2012: €0.09 million).

In FY2014 management expects to generate revenue similar to that achieved in FY2013 at €17.6 million, but EBITDA should improve marginally by 1% from €8.5 million in FY2013 to €8.6 million in FY2014. Revenue in FY2015 is projected to recover by 6% to €18.6 million, whilst improving EBITDA margin from 49% to 50%.

4.2.5 Revenue by segment

The revenue of the company can be categorised into three main revenue streams as follows:

- i. **Container services** – including loading and unloading of containers to and from ships, other container handling services, berthing and other vessel services;
- ii. **Cargo storage** – comprising primarily yard storage, with increasing capacity in warehouse storage; and
- iii. **Additional handling and other services** – provided through the integrated logistics chain including additional services, such as transferring containers from the terminal to inland networks via rail or trucks.

A segmental analysis of revenue by segment for the three financial years ended 31 December 2011 to 31 December 2013 is provided below:

Revenue by segment (€'000)	FY2013 Actual	FY2012 Actual	FY2011 Actual
Container services	13,166	13,601	13,323
Cargo storage	1,836	3,556	3,594
Additional handling and other services	3,041	2,695	3,090
Discounts	(395)	(90)	(119)
Total revenue	17,650	19,762	19,888

Annual container volumes handled (TEUs)	273,650	265,064	266,121
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	FY2013	FY2012	FY2011
Revenue growth (Revenue FY1/Revenue FY0)	-11%	-1%	
Growth in TEUs (TEUs FY1/TEUs FY0)	3%	-1%	
% of total revenue:			
Container services	75%	69%	67%
Cargo storage	10%	18%	18%
Additional handling and other services	17%	14%	16%
Discounts	-2%	-1%	-1%

In FY2012, revenue generated from container services was relatively stable at €13.6 million (+2.3%) when compared to FY2011 (€13.3 million), and registered a 3% drop in the subsequent year (FY2013) to €13.2 million. The decrease in revenue was mainly the result of the company earning lower income per TEU, since in FY2013 the terminal handled a record 273,446 TEUs (+3%).

As to cargo storage, the company registered a sharp decline in FY2013 (-48%) primarily due to the cessation of storage of NATO reefers at the terminal as a result of a withdrawal of troops from Afghanistan. In FY2013, additional handling and other services recovered from the decline in FY2012 to €3 million (+13%), which is similar to revenue achieved in FY2011.

During FY2013, shipping lines took advantage of volume discounts by passing increased volume of containers through the terminal and which therefore resulted in an increase in discounts from €90,000 in FY2012 to €395,000 in FY2013.

4.2.6 Revenue by customer

As an important node within the region's logistics network, BCT's clients include shipping lines, freight forwarders, third party logistics service providers, liner agents, inland carriers (such as road haulage companies), as well as end-customers. The container terminal services some of the world's largest shipping lines which call directly at the terminal as well as other shipping lines that use common feeder services. These include Maersk Line, Compagnie Maritime d'Affretement – Campagnie Generale Maritime (CMA-CGM) and Mediterranean Shipping Company (MSC), Unifeeder and Team Lines, as well as Evergreen, China Shipping Container Lines (CSCL), Nippon Yusen Kaisha (NYK) and Orient Overseas Container Line (OOCL). BCT has strong relationships with all the major shipping lines and their local representatives, and strives to maintain good relations with both existing and potential clients.

A segmental analysis of revenue by customer for the three financial years ended 31 December 2011 to 31 December 2013 is provided below:

Revenue by customer (€'000)	FY2013 Actual	FY2012 Actual	FY2011 Actual
Total revenue	17,648	19,762	19,888
Top three customers	10,356	10,030	11,306
Top five customers	13,383	12,622	14,110
Top ten customers	14,673	16,682	16,304
% of total revenue:			
Top three customers	59%	51%	57%
Top five customers	76%	77%	77%
Top ten customers	83%	84%	82%

Revenue for the top three customers increased by 3% in FY2013 following a decrease of 11% in FY2012. Revenue attributed to the top three customers amounted to 59% of total reported revenue in FY2013 compared to 51% in FY2012 and 57% in FY2011.

Revenue derived from the top five customers increased by 6% in FY2013. However, revenue from the top five customers as a percentage of total reported revenue decreased from 77% in FY2012 to 76% in FY2013.

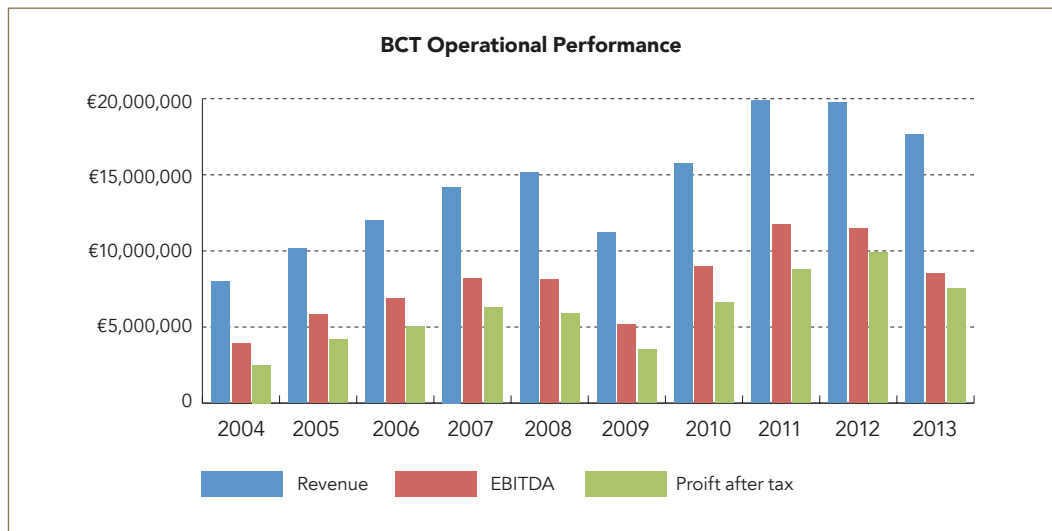
As to the top ten customers, revenue attributable to this sector decreased by 12% in FY2013, but as a percentage of total revenue, top ten customers maintained broadly the same share of revenue at 83%.

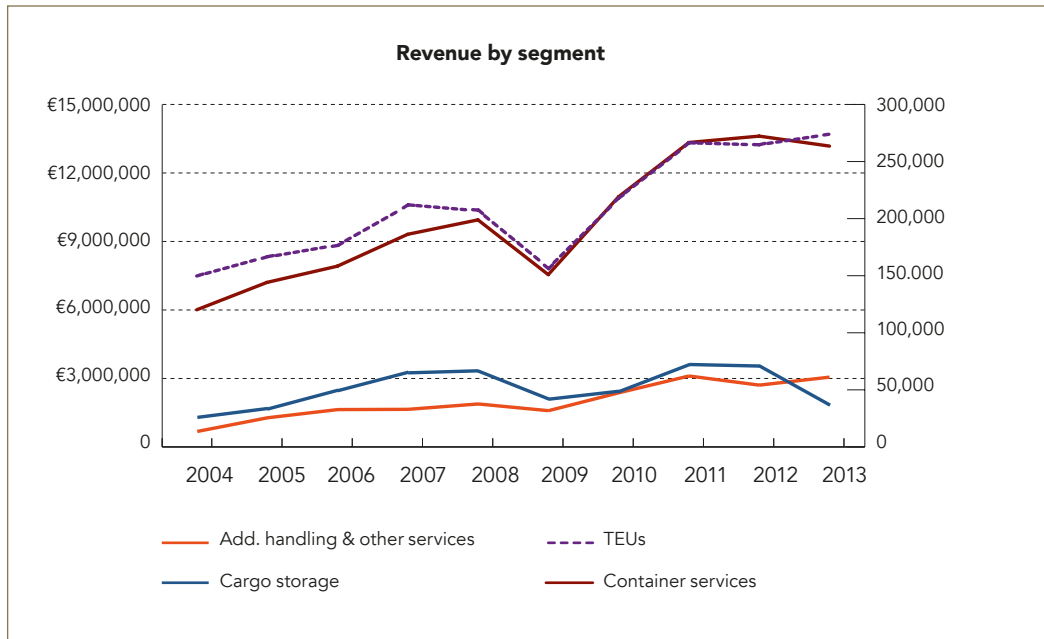
4.2.7 Operational performance (2004 – 2013)

As detailed below, over the past 10 years, BCT has performed well and this is reflected both in revenue growth and yearly profits. During the period under review, revenue more than doubled from €8.0 million in FY2004 to €17.6 million in FY2013, while profits tripled from €2.5 million in FY2004 to €7.5 million in FY2013. The significant increase in results is due to the ongoing investment undertaken in terms of equipment, infrastructure and facilities at the terminal to handle increased volumes. In fact, over the year, volume handled by BCT increased from *circa* 150,000 TEUs in FY2004 to *circa* 273,000 TEUs in FY2013.

Furthermore, as the company managed to increase TEUs handled at the terminal over the years and consequently its income generation, management ensured that the company's EBITDA and profit margins were broadly maintained. As outlined hereunder, the lowest EBITDA and net profit margins were registered in FY2009 (46% and 31% respectively) due to the global economic crisis that negatively affected both the Latvian economy and BCT's business activities.

BCT (€'000)	FY2013 Actual	FY2012 Actual	FY2011 Actual	FY2010 Actual	FY2009 Actual	FY2008 Actual	FY2007 Actual	FY2006 Actual	FY2005 Actual	FY2004 Actual
Revenue	17,648	19,762	19,888	15,738	11,239	15,142	14,202	12,025	10,158	7,971
Container services	13,166	13,601	13,323	10,953	7,556	9,946	9,315	7,924	7,217	6,021
Cargo storage	1,836	3,556	3,594	2,422	2,102	3,317	3,258	2,471	1,667	1,306
Other services	3,040	2,694	3,090	2,363	1,588	1,879	1,646	1,636	1,280	689
Discounts	-395	-90	-119	-	-8	-	-18	-6	-6	-44
EBITDA	8,504	11,449	11,711	8,986	5,173	8,114	8,197	6,844	5,817	3,936
Profit for the year	7,510	9,884	8,783	6,612	3,504	5,911	6,265	5,043	4,166	2,501
TEUs ('000)	274	265	266	218	156	207	212	177	167	150
Revenue growth <i>(Revenue FY1/Revenue FY0)</i>	-11%	-1%	26%	40%	-26%	7%	18%	18%	27%	
TEUs growth <i>(TEUs FY1/TEUs FY0)</i>	3%	-1%	22%	40%	-25%	-2%	20%	6%	11%	
EBITDA margin <i>(EBITDA/revenue)</i>	48%	58%	59%	57%	46%	54%	58%	57%	57%	49%
Net profit margin <i>(Profit after tax/reAdd. handling & other servicese)</i>	43%	50%	44%	42%	31%	39%	44%	42%	41%	31%





As depicted in the above chart, BCT is principally involved in the handling of containers (loading and unloading). Furthermore, revenue generated from this activity (red line) is correlated to the volume of containers that pass through the terminal (purple dashed line). Growth in container services at BCT has been constant over the ten year period, except for the impact of the economic crisis in FY2009. On the positive side, the negative effect of the downturn was short and volumes immediately recovered to pre-crisis levels.

4.2.8 Financial position

Statement of financial position (€'000)	31 Dec'13 Actual	31 Dec'12 Actual	31 Dec'11 Actual
ASSETS			
Non-current assets			
Intangible assets	362	427	454
Property, plant and equipment	10,257	7,496	7,509
Investment in EQR	2,976	2,976	2,976
Investment property	82	82	82
Amounts due from related parties and other receivables	30,811	24,541	25,038
Total non-current assets	44,488	35,522	36,059
Current assets			
Inventory	387	415	392
Trade and other receivables	3,601	3,759	2,732
Amounts due from related parties	412	1,482	875
Cash and cash equivalents	1,001	4,571	3,275
Total current assets	5,401	10,227	7,274
Total assets	49,889	45,749	43,333
EQUITY AND LIABILITIES			
Equity	37,513	32,503	29,619
LIABILITIES			
Non-current liabilities			
Loans from related parties	8,208	-	-
Loans from credit institution	-	7,288	8,210
Other loans	454	321	-
Other creditors	-	-	1,395
Deferred tax liability	557	547	463
Total non-current liabilities	9,219	8,156	10,068
Current liabilities			
Loans from related parties	138	113	-
Loans from credit institution	1	1,121	2,045
Other loans	227	19	-
Other creditors	1,078	2,542	1,601
Unpaid dividends	1,713	1,295	-
Total current liabilities	3,157	5,090	3,646
Total liabilities	12,376	13,246	13,714
Total equity and liabilities	49,889	45,749	43,333

Intangible assets mainly relate to the “SPARCS” software (the terminal operating system) provided by a company called NAVIS. This system is used to optimise yard storage, that is, to minimise cost of placement of containers and increase efficiency in space utilisation. It is also used to plan unloading and loading of containers from/to vessels. Furthermore, through the software the company maintains a record of all movements of containers. BCT’s customers are linked to this system which enables them to monitor the status of their respective containers with related historical records.

Property, plant and equipment comprise all equipment, yard structures and warehouses situated at the terminal operated by BCT. The land is public property and is leased from the Riga Freeport Authority. Since FY2001, BCT has invested in modernising the existing plant and equipment as well as expanding the fleet of cranes, reach stackers and other yard machinery.

The company also added two new warehouses which were completed during the years FY2009 to FY2013, and extended existing rail facilities. Following the completion of these warehouses, BCT increased available warehouse space to 20,400m². Due to the increase in demand for modern warehousing space in the region, BCT plans to continue investing further in such storage facilities.

BCT’s capital expenditure on a cash basis for FY2011, FY2012 and FY2013 was €1.8 million, €1.2 million and €3.9 million respectively. Capital commitments for FY2014 amount to €3,325,000 and relate to the outstanding balance due on a new ship-to-shore crane.

As to bank borrowings, during FY2013 BCT repaid in full the outstanding bank loan (loans from credit institutions). This transaction was financed through a new loan granted to BCT by its immediate parent MFB and matures on 30 November 2015. Other loans amounting to €680,000 at FY2013 (as at 30 April 2014: €604,800) comprise loans granted by a commercial company for investment in a new warehouse for the storage of general freight. This loan matures on 31 December 2016, and it is expected that between FY2014 and FY2016, BCT will offset rental income of €227,000 per annum against loan repayments until such loan has been settled.

4.2.9 Optimisation of terminal operations

In order to maintain its competitive edge in the market, BCT’s management reviews operation methodologies and performance on an on-going basis, monitors developments in the industry and ensures that it maintains excellent relations with its clients. Through this gathering of information, BCT is able to plan timely and strategic investments at the terminal to maintain its competitiveness.

It is expected that BCT will continue to optimise its operations by increasing productivity, further investing in equipment, technological processes and infrastructure, and enhancing its customer service to consolidate customer relationships.

5. THE GLOBAL CONTAINER MARKET

5.1 INTRODUCTION

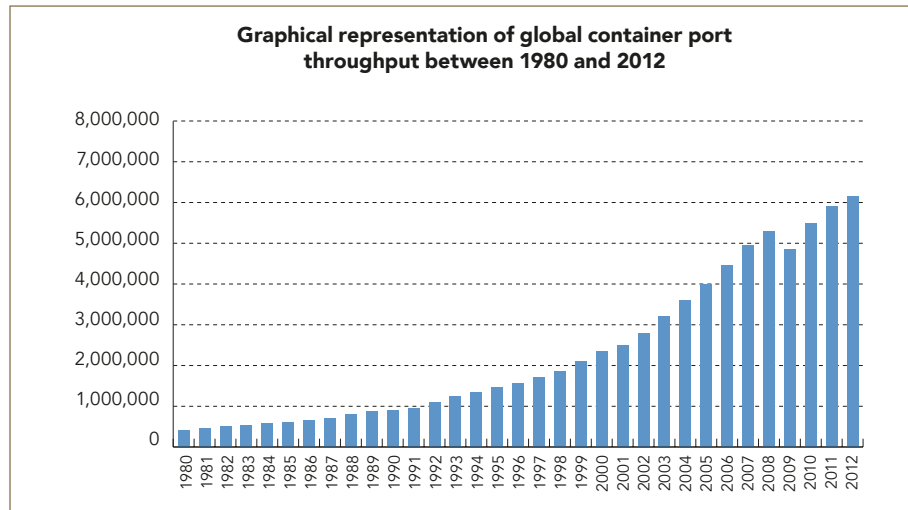
Container shipping was first introduced in the 1950s and since the late 1960s has become the most common method for transporting many industrial and consumer products by sea. As a result, containerised trades (being the transportation of cargo in standardised containers) and container port throughputs has seen an overall strong, continuous and almost uninterrupted growth. Container shipping is performed by container shipping companies that operate frequent scheduled or liner services, similar to a passenger airline, with pre-determined port calls, using a number of owned or chartered vessels of a particular size in each service to achieve an appropriate frequency and utilisation level.

Container shipping has a number of advantages, compared with other shipping methods, including:

- **Less cargo handling** – containers provide a secure environment for cargo. The contents of a container, once loaded into the container, are not directly handled until they reach their final destination.
- **Efficient port turnaround** – with specialised cranes and other terminal equipment, container ships can be loaded and unloaded in significantly less time and at a lower cost than other cargo vessels.
- **Highly developed intermodal network** – onshore movement of containerised cargo, from point of origin, around container terminals, staging or storage areas and to final destinations, benefits from the physical integration of the container with other transportation equipment such as road chassis, railcars and other means of hauling the standard sized containers. A sophisticated port and intermodal industry has developed to support container transportation.
- **Reduced shipping time** – container ships can travel at speeds of up to 25 knots, even in rough seas, thereby transporting cargo over long distances in relatively short periods of time.

5.2 GROWTH IN GLOBAL CONTAINERISATION

Since the introduction of containerised commercial services up to 2008, world container traffic (the number of containers being carried) has grown exponentially, with an estimated volume of 28.7 million TEUs (Twenty-foot Equivalent Units - the standardised measure of container volumes) in 1990 to some 152.0 million TEUs in 2008 - an increase of approximately 430%. During this same period global container throughput (containers handled at ports and terminals) went from 88 million TEUs to 530 million TEUs - an increase of over 500%. The chart below highlights the year-on-year growth in TEUs since 1980, and indicates an accelerating growth trend, except for 2009, which was negatively impacted by the global financial crisis. Despite growth rates not reaching the levels recorded prior to the downturn, global traffic in 2010 exceeded pre-crisis volumes. The global container throughput is forecasted to reach 684 million TEUs in 2014 and exhibit an average of 6.5% year-on-year growth over the next few years.



Key drivers that contributed to the growth in global container throughput over this period were sustained growth in global trade, increased global sourcing and manufacturing, a shift from transporting cargo in bulk to transporting cargo in containers and growth in transshipment volumes. This has resulted in the evolution of ever-expanding container ships as well as a shift toward the specialisation of ports and terminals.

5.3 ORIGIN & DESTINATION (O&D) VS TRANSHIPMENT

The two main categories of container throughput are Origin & Destination (O&D), which is also often referred to as import and export, and transshipment. Every container shipped by sea is, by definition, an export container at the origination terminal and an import container at the destination terminal. A container that is transferred from one ship to another at some point during the journey is referred to as transhipped, which gives rise to transshipment throughput at an intermediate terminal somewhere between the load terminal and the discharge terminal.

5.4 HINTERLAND TRANSPORTATION

Container terminals are a crucial link in a logistics chain. They are nodes that connect with other inland transport modes such as motorways, railways, and inland waterway systems. Terminals have evolved from a cargo handling point to a distribution centre with physical infrastructure serving as transport hubs in the container supply chain. Hence, a container terminal has become an interface between the areas of production and consumption, attracting the attention of players in the shipping and transport related areas. Additionally, high quality inland transport links is a key element in the success of a container terminal.

5.5 CONTAINER TERMINAL MARKET

The container terminal market features high barriers to entry due to the high capital requirements necessary to build container terminal capacity, regulatory requirements and limited land availability. The construction of new ports or terminals is capital intensive and is highly dependent on the region and the type of construction required.

6. BALTIC SEA REGION CONTAINER MARKET

6.1 OVERVIEW

The global major and minor shipping routes form a complex transportation network which links the worlds' ports and terminals. The latter are often classified into groups of ports/terminals - port systems - which serve as maritime/land interfaces to specific hinterland markets. The Baltic Sea Region is one such port system and is considered as one of the major European transport gateways.

The Baltic Sea Region (BSR) comprises eleven nations with 100 million inhabitants, eight of which are EU members. These include the Baltic states (Estonia, Latvia and Lithuania), the Nordic countries (Denmark, Iceland, Finland, Norway and Sweden), Northern Germany, Northern Poland and Russia's Northwestern region, including Kaliningrad. Individually, the constituent nations are diverse in terms of politics, geography, demography and economics. The region, however, is characterised by stable democracies, institutional structures favourable to business, proximity of markets, good infrastructure, high levels of education, strong industrial traditions and a shared history of co-operation and trade.

The BSR port system is versatile and multifunctional which features well-established large ports and a whole range of medium-sized and smaller ports, each with its individual characteristics in terms of hinterland markets served, cargo handled and unique location features. This exceptional blend of different port types and sizes combined with a vast economic hinterland shapes port significance and competition in the region.

The top ten Baltic container ports of 2013 were as follows:

Name of BSR Port	Cargo handled (TEUs)
St Petersburg	2,514,440
Gdansk	1,177,623
Gothenburg	858,000
Gdynia	729,607
HaminaKotka	626,924
Helsinki	406,246
Aarhus	402,701
Klaipeda	402,535
Riga	381,099
Kaliningrad	325,259
TOTAL	7,824,434

Source: www.baltictransportjournal.com

6.2 HISTORICAL DEVELOPMENT

In the 1990s, the Baltic ports witnessed a significant transition, mainly as a result of changes in the political environment. The BSR ports got embedded in the ever-changing economic and logistics systems and were confronted with changing port governance structures due to globalisation processes.

Through the expansion of the European Union to 27 member states, economic centres in East and Central Europe gained importance when compared to the traditional economic core of Europe. The increased participation of these regions in EU economic activities created opportunities for new transshipment centres and hinterland networks.

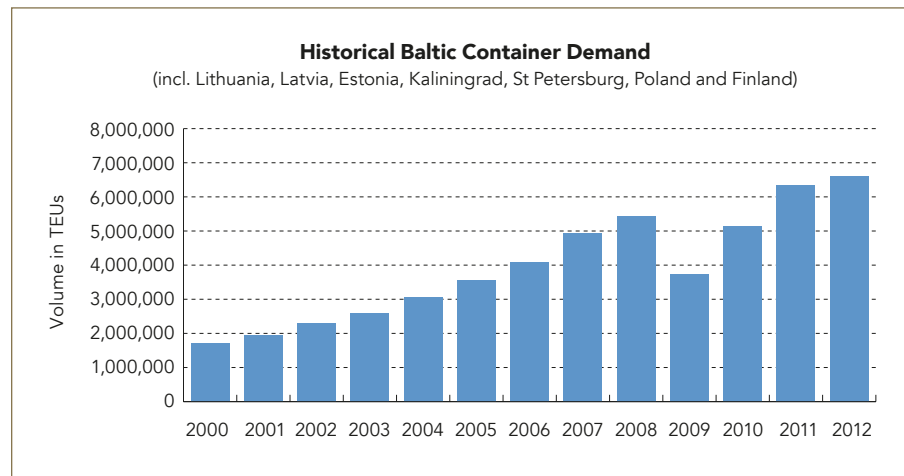
During the latter half of the 1990s, the 'Europe – Far East trade route' became the most important international trade route and the so-called China factor redirected focus of a number of ports and terminals towards the East. This implied a shift from the Atlantic Rim to the Suez Canal Route, thereby providing an opportunity for Baltic ports to participate in these trade flows.

At the same time, logistics service providers, shipping lines and terminal operators have gone through an unprecedented wave of consolidations. This has led to powerful global terminal networks, carrier groups, and third party logistics service providers to emerge. This process was further enhanced by vertical integration strategies of many market players contributing to the emergence of global carriers. As a result, European terminal operators and inland transport operators are increasingly dealing with large port clients that have more bargaining power than smaller ones.

On the other hand the European port system, including the Baltic ports, has been witnessing an inflow of global terminal operators since the mid-1990s. Global companies such as DP World from Dubai, PSA from Singapore and Hutchison Port Holdings from Hong Kong have entered the European container handling business. The entry of large terminal groups has been supported by the lowering of entry barriers as a consequence of more open and transparent procedures used by port authorities and government agencies in relation to the awarding of seaport concessions.

6.3 BSR CONTAINER DEMAND

In the last few years container terminal development in the BSR has been characterised by capacity growth. Subsequent to the global recession, the BSR experienced a strong recovery in 2010 which, as indicated in the graph overleaf, was followed by almost exceptional growth in 2011.



Russia plays a very important role in the development of the Baltic container trade. It provides the main critical volume and size for the region and largely defines trends in Baltic container shipping. St Petersburg is Russia's, as well as the Baltic's, largest container port handling over 26% and 50% of all containerised cargo in the BSR and Russia respectively. The majority of Russian cargo is still transported as bulk cargo and therefore, there is a high containerisation potential for both Russia as well as the BSR.

From an EU perspective, member states are intensely promoting short-sea shipping in order to shift some volumes of cargo from motorways to the sea. The EU is therefore investing in the development of inland corridors, linking inland regions to more gateways to create more routing options and provide increased flexibility to shippers and logistic service providers.

The outlook for the BSR may be summarised as follows:

- Strong and sustained growth anticipated for the BSR to 2025;
- Increased number of direct calls and likely reduction in transshipment intensity;
- Increased competition for deep-water terminals by 2016;
- Terminals to become increasingly efficient with further services added to their offerings;
- Transit links to Central Europe will create opportunities and threats for BSR ports.

6.4 CONCLUSION

The above changes in the port environment have influenced the competitive perspective for container terminals in Europe, and in particular, have impacted the dynamic development of the Baltic ports and cargo flows. This has generated economic growth for the entire region and has increased the importance of the BSR amongst the global players in the sector. In the short term the market will continue to be served via transshipment in major European hubs. This scenario is expected to change in the medium to long term as direct calls of main line vessels to European ports, including Baltic ports, gradually increase partly displacing frequency of feeder vessels.

PART 2

7. COMPANY PERFORMANCE REVIEW

The projected financial statements detailed below relate to events in the future and are based on assumptions which the Company believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

In November 2013, a corporate restructuring exercise took place pursuant to which 49,999 ordinary shares of €10 each share in the Company were transferred from Mariner Srl (a company registered in Italy with registration number 07839180630) to Mariner Capital Limited (a company registered in Malta with registration number C 11890), and the remaining 1 ordinary share (having a nominal value of €10) was transferred from HCL Holdings Limited (a company registered in Malta with registration number C 15213) to Mr Marin Hili. A further corporate restructuring exercise was carried out in April 2014, whereby the Issuer became the parent company of the Mariner Group as set out in section 3.1 under the heading “**Organisational structure**”.

Accordingly, the financial information below for the year ended 31 December 2013 is being presented on a pro forma consolidated basis to reflect the above restructuring process.

7.1 FINANCIAL INFORMATION

The following financial information is extracted from the pro forma consolidated financial statements of Mariner Finance p.l.c. (the “**Company**”) for the year ended 31 December 2013. The financial information for the years ending 31 December 2014 and 31 December 2015 has been provided by the Company.

Income Statement (€'000)	FY2015 Projection	FY2014 Forecast	FY2013 Pro forma
BCT	18,581	17,608	17,648
EQR	451	419	375
Revenue	19,031	18,027	18,023
Operating expenses	(9,561)	(9,179)	(9,234)
EBITDA	9,470	8,848	8,789
Depreciation and amortisation	(1,911)	(1,771)	(1,574)
Net interest expense	(1,737)	(1,525)	(143)
Profit before tax	5,822	5,552	7,072
Taxation	(779)	(678)	(259)
Profit for the year	5,043	4,874	6,813

The key accounting ratios are set out below:

	FY2015	FY2014	FY2013
Operating profit margin (EBITDA/revenue)	50%	49%	49%
Interest cover (times) (EBITDA/net finance cost)	5.5	5.8	61.5
Net profit margin (Profit after tax/revenue)	26%	27%	38%
Return on equity (Profit after tax/shareholders' equity)	23%	26%	43%
Return on capital employed (Operating profit/total assets less current liabilities)	13%	13%	18%
Return on assets (Profit after tax/total assets)	7%	7%	12%

Source: *Charts Investment Management Service Limited*

The pro forma consolidated income statement for FY2013 shows the financial performance of the Group, assuming that all Group restructuring transactions undertaken during FY2014 were completed as of 31 December 2013, and that Mariner Finance p.l.c. controlled the Group as from 1 January 2013. The historical results for FY2013 and forecasted figures for FY2014 and FY2015 principally relate to the operations of EQR and BCT, which are analysed in further detail in sections 4.1.3 and 4.2.4 respectively.

On a consolidated basis, the Group is expected to maintain a comfortable interest cover ratio of 5.8x in FY2014 and 5.5x in FY2015. The decline in FY2015 is due to the expected increase in borrowings in FY2014 (through the issuance of debt securities) which will bring about an increase in interest payable. This will also impact profitability and as a result the net profit margin is expected to decline from 38% in FY2013 to 26% in FY2015.

A reason for use of bond proceeds is to invest in one or more port terminals. It is to be highlighted that revenues and profits derived from the aforesaid prospective acquisition/s are not included in the above projected figures and therefore the additional borrowing costs and repayment of such borrowings have been fully loaded on the results of BCT and EQR. It has been assumed in the projections that the Group will earn a 3.25% return on the excess cash balance. In the event that an acquisition materialises in the near term, it is more than likely that the new port terminal will contribute towards the payment of interest due and overall profitability of the Group, with the consequence of re-establishing the interest cover ratio and net profit margin to historical levels.

Cash Flows Statement (€'000)	FY2015 Projection	FY2014 Forecast	FY2013 Pro forma
Cash flows from operating activities	9,796	8,328	7,560
Cash flows from investing activities	(3,133)	(3,907)	(29,905)
Cash flows from financing activities	(5,622)	12,523	18,816
Net movement in cash and cash equivalents	1,041	16,944	(3,529)
Opening cash balance	18,101	1,157	4,686
Closing cash balance	19,142	18,101	1,157

Net cash flows from operating activities principally relate to the operations of BCT and EQR, which are analysed in further detail in sections 4.1.3 and 4.2.4 respectively.

In FY2013, cash used in investing activities included an investment in subsidiary entities which was funded through bank borrowings (in financing activities). Other investing activities comprise the acquisition of tangible assets at BCT, which in the financial years 2013 to 2015 is estimated to amount to €10.9 million.

As to financing activities, the Group withdrew in FY2013 €26 million from a loan facility to fund the aforesaid investment in subsidiary entities. The proceeds from the bond issue of €35 million have been included in the forecast of FY2014 against a repayment of bank loans of €20 million. A further €2 million is expected to be utilised in FY2015 for the repayment of bank loans. Aggregate net interest paid in the years FY2013 to FY2015 is expected to amount to €3.4 million, and the Group plans to pay €4.9 million in dividends in the period under review.

Statement of financial position (€'000)	31 Dec'15 Projection	31 Dec'14 Forecast	31 Dec'13 Pro forma
ASSETS			
Non-current assets			
Goodwill	13,185	13,185	13,185
Intangible assets	629	283	362
Property, plant and equipment	27,081	25,696	26,350
Investment property	5,184	5,183	5,184
Other tangible assets	6,910	7,418	4,548
Other non-current assets	320	327	301
Total non-current assets	53,309	52,092	49,930
Current assets			
Inventory	387	387	387
Trade and other receivables	2,360	3,640	2,902
Taxation	-	-	767
Cash and cash equivalents	19,142	18,101	1,157
Total current assets	21,889	22,128	5,213
Total assets	75,198	74,220	55,143

Statement of financial position (cont.) (€'000)	31 Dec'15 Projection	31 Dec'14 Forecast	31 Dec'13 Pro forma
EQUITY AND LIABILITIES			
Equity	22,012	18,769	15,695
LIABILITIES			
Non-current liabilities			
Loans from credit institutions	10,940	12,941	30,606
Bonds	35,000	35,000	-
Related party balances	1,837	1,927	2,017
Other creditors	-	227	551
Deferred tax liability	548	548	548
Total non-current liabilities	48,326	50,643	33,722
Current liabilities			
Loans from credit institutions	2,001	2,001	4,333
Trade and other payables	2,081	2,130	1,219
Taxation	778	677	174
Total current liabilities	4,860	4,808	5,726
Total liabilities	53,186	55,451	39,448
Total equity and liabilities	75,198	74,220	55,143

Goodwill represents goodwill on acquisition of BCT and EQR, and results from the excess consideration paid over the fair value of the net assets and liabilities.

All assets included in the balance sheet, other than investment property and financial instruments, are assets held by BCT, which are analysed in further detail in section 4.2.8. Investment property comprises EQR's property in Riga Latvia, the value of which corresponds to the value estimated by a third party expert pursuant to a valuation exercise undertaken in February 2014. Financial instruments includes available-for-sale investments held by Mariner Finance p.l.c. (FY2013: €281,000) and derivative financial instruments held by MFB (FY2013: €32,000).

The key accounting ratios are set out below:

	FY2015	FY2014	FY2013
Gearing ratio (%) (<i>Net debt/net debt + shareholders' equity</i>)	57	63	68
Liquidity ratio (times) (<i>Current assets/current liabilities</i>)	4.50	4.60	0.91

Source: Charts Investment Management Service Limited

The gearing ratio (net debt/net debt + equity) demonstrates the degree to which the capital employed in a business is funded by external borrowings as compared to shareholders' funds. A company with high leverage tends to be more vulnerable when its business goes through a slowdown. At a leverage of 68% in FY2013, the Company's capital is funded to a higher degree from external debt as opposed to shareholders' funds. The Directors believe that the high leverage is appropriate for the Group in view of the substantial cash flows generated by BCT. As detailed in section 4.2.7 above, BCT has registered healthy operating profits in the past ten years, even during the economic crisis in FY2009, and is expected to continue generating substantial profits in the foreseeable future. Furthermore, BCT's cash flows are expected to be supplemented in the near term by positive earnings from prospective new acquisitions.

Other than equity, the Group is principally financed through bank loans and corporate bonds, analysed as follows:

Mariner Group Borrowings & Bonds (€'000)	31 Dec'15 Projection	31 Dec'14 Forecast	31 Dec'13 Pro forma
Loans from credit institutions	12,941	14,942	34,939
Bonds	35,000	35,000	-
Total debt	47,941	49,942	34,939

In FY2013, the Group had outstanding bank borrowings due by MFB of €34.88 million. The loan agreement was entered into on 29 April 2013 for an aggregate amount of €40 million. The funds were primarily utilised to acquire BCT from Mariner Srl, to purchase a container crane and the real estate property at the Riga terminal. Security for the obligations was provided by BCT and Mariner Capital Limited (the parent company of Mariner Finance p.l.c.). In addition to the aforesaid bank borrowings, EQR had an outstanding bank loan of €0.06 million as at FY2013 which will be settled during FY2014.

PART 3

8. COMPARABLES

The table below compares the Company and its proposed bond issues to other debt issuers listed on the Malta Stock Exchange and their respective debt securities. The list includes all issuers (excluding financial institutions) that have listed bonds maturing in the medium term (within six to ten years), similar to the duration of the Company's bonds. Although there are significant variances between the activities of the Company and other issuers (including different industries, principal markets, competition, capital requirements etc) and material differences between the risks associated with the Company's business and that of the Issuers, the comparative analysis provides an indication of the financial performance and strength of the Company.

Comparative Analysis	Nominal Value (€'000)	Yield to Maturity (%)	Interest Cover (times)	Total Assets (€'million)	Net Asset Value (€'million)	Gearing Ratio (%)
7.0% GH Marina plc 2017/20	11,664	5.76	0.72	56.79	23.39	50
6.8% Premier Cap. plc 2017/20	24,656	5.52	3.38	69.58	16.17	67
6.0% S. Farsons Cisk plc 2017/20	15,000	5.02	8.59	151.53	91.93	24
6.6% Eden Finance plc 2017/20	14,133	5.99	3.01	100.23	43.69	46
6.2% Tumas Investments plc 2017/20	25,000	5.10	3.74	286.00	93.60	55
4.9% Gasan Finance plc 2019/21	25,000	4.66	3.88	185.58	78.01	40
6.0% Corinthia Fin. plc 2019/22	7,500	5.36	2.09	1,299.87	677.82	39
6.0% Medserv plc 2020/23	20,000	5.56	3.38	22.46	8.16	49
5.5% Pendergardens Dev plc 2020	15,000	5.50	n/a	18.74	3.27	53
6.0% Pendergardens Dev plc 2022	27,000	6.00	n/a	18.74	3.27	53
5.8% IHI plc 2023	10,000	5.27	2.54	1,092.67	626.49	33
6.0% AXI plc 2024	40,000	5.58	2.89	157.01	88.03	54
5.3% Mariner Finance plc 2024	35,000	5.30	61.5	55.1	15.7	68

14 May 2014

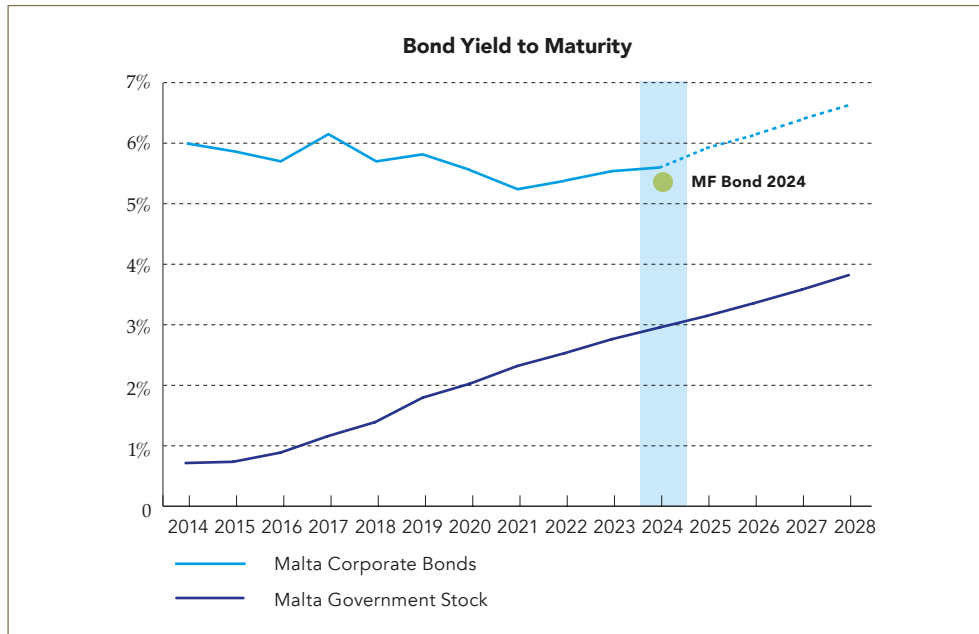
Source: Malta Stock Exchange, Charts Investment Management Service Limited
Annual Accounts: For the year ended 31 December 2013, except for Simonds Farsons Cisk plc (YE 31/01/13), Grand Harbour Marina plc (YE 31/12/12), Tumas Investments plc (YE 31/12/2012), Gasan Finance plc (YE 31/12/2012) and AX Investments plc (YE 31/10/2013).

The interest cover ratio determines the ability of a company to pay interest on its outstanding borrowings. For the financial year ending 31 December 2014 (post-bond issue), the Group's earnings before depreciation, interest and taxes is expected to be 5.8 times higher than interest expenses for the year. This indicates that the Group is generating significantly higher earnings to service its outstanding and future debt.

The debt to equity ratio or gearing ratio demonstrates the degree to which the capital employed in a business is funded by external borrowings as compared to shareholders' funds. A company with high leverage tends to be more vulnerable when its business goes through a slowdown. At a gearing ratio of 68%, the Group's external net debt is approximately double its shareholders' funds. Although this ratio is on the high side when compared to the gearing level of other listed issuers, it is observed that the Group generates substantial cash flows from BCT to service interest payments (FY2014: interest cover of 5.8 times). The Directors believe that, based on the current operations of BCT and future expectations, the current leverage is adequate for the business activities of the Group.



The chart below shows the yield to maturity of the proposed bond as compared to other corporate bonds listed on the Malta Stock Exchange. The Malta Government Stock yield curve has also been included as the benchmark risk-free rate for Malta.



To date, there are no corporate bonds which have a redemption date beyond 2024 and therefore a trend line has been plotted (denoted in the above chart by the dashed line). The premium over Malta Government Stock has been assumed at 280 basis points, which is the average premium for medium term corporate bonds listed on the Malta Stock Exchange. The MF 5.3% Bonds 2024 has been priced at 235 basis points above Malta Government Stock and 28 basis points below listed corporate bonds.

PART 4

9. EXPLANATORY DEFINITIONS

Income Statement

Revenue	Total revenue generated by the Group from its business activities during the financial year, that is, the operations of BCT and EQR .
Operating expenses	Operating expenses include the cost of terminal operations and management expenses in maintaining the investment property of EQR.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. EBITDA can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
Profit after tax	Profit after tax is the profit made by the Group during the financial year both from its operating as well as non-operating activities.

Profitability Ratios

Operating profit margin	Operating profit margin is operating income or EBITDA as a percentage of total revenue.
Net profit margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.

Efficiency Ratios

Return on equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
Return on capital employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on Assets	Return on assets (ROA) is computed by dividing profit after tax by total assets.

Equity Ratios

Earnings per share	Earnings per share (EPS) is the amount of earnings per outstanding share of a company's share capital. It is computed by dividing net income available to equity shareholders by total shares outstanding as at balance sheet date.
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Cash Flow Statement

Cash flow from operating activities	Cash generated from the principal revenue-producing activities of the Company.
Cash flow from investing activities	Cash generated from the activities dealing with the acquisition and disposal of long-term assets and other investments of the Company.
Cash flow from financing activities	Cash generated from the activities that result in change in share capital and borrowings of the Company.

Balance Sheet

Non-current assets	Non-current assets are the Group's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Group allocates the cost of the asset over the number of years for which the asset will be in use, instead of allocating the entire cost to the accounting year in which the asset was purchased. Such assets include intangible assets (goodwill on acquisition), investment properties, and property, plant & equipment.
Current assets	Current assets are all assets of the Company, which are realisable within one year from the balance sheet date. Such amounts include inventory, accounts receivable, cash and bank balances.
Current liabilities	All liabilities payable by the Company within a period of one year from the balance sheet date, and include accounts payable and short-term debt.
Net debt	Borrowings before unamortised issue costs less cash and cash equivalents.
Non-current liabilities	The Company's long-term financial obligations that are not due within the present accounting year. The Company's non-current liabilities include bank borrowings and bonds.
Total equity	Total equity includes share capital, reserves & other equity components, and retained earnings.

Financial Strength Ratios

Liquidity ratio	The liquidity ratio (also known as current ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares a company's current assets to its current liabilities.
Interest cover	The interest coverage ratio is calculated by dividing a company's operating profit of one period by the company's interest expense of the same period.
Gearing ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, and is calculated by dividing a company's net debt by net debt plus shareholders' equity.



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