The Directors
Central Business Centres p.l.c.
Cortis Buildings,
Mdina Road,
Żebbuġ, ZBG 4211,
Malta

Re: Financial Analysis Summary – 2022

8 June 2022

Dear Sirs,

In accordance with your instructions, and in line with the requirements of the MFSA Listing Policies, we have compiled the Financial Analysis Summary (the "**Analysis**") 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 Central Business Centres p.l.c. (the "**Company**" of "**Issuer**") as explained in part 1 of the Analysis. The data is derived from various sources, including the most recent prospectus dated 24 September 2021 published by the Issuer (the "**Prospectus**"), or is based on our own computations as follows:

(a) Historical financial data for the three years ended 31 December 2019, 2020 and 2021 has been extracted from the audited financial statements of the Issuer for the three years in question.

(b) The forecast data for the current financial year 2022 has been provided by management.

(c) Our commentary on the Issuer's results and financial position is based on the explanations provided by management.

(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) The principal relevant market players listed in Part 3 of the document have been identified by management. Relevant financial data in respect of competitors has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies or websites providing financial data.

The Analysis is meant to assist investors in the Issuer'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 Issuer and should not be interpreted as a recommendation to invest in any of the Issuer'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 Issuer's securities.

Yours sincerely,

Nick Calamatta
Director

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FINANCIAL ANALYSIS SUMMARY 2022

Central Business Centres p.l.c.

8 June 2022

Prepared by Calamatta Cuschieri Investment Services Ltd

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Part 1 - Information about the Company

1.1 Issuer's Key Activities and Structure

Central Business Centres plc ("**CBC**") was set-up in 2014. Upon incorporation, CBC's total issued share capital of 250,000 ordinary shares was equally held by 6 shareholders. In January 2019, CBC underwent a succession planning exercise whereby the previous shareholders transferred the bare ownership of their equity holding in CBC to their descendants by way of donation whilst they retained the usufruct and voting rights thereon. With the present shareholding structure, no individual shareholder has a holding of more than 10% in CBC.

The principal activity of the Issuer is to hold property for investment purposes and generate returns from this property through rental agreements. The Issuer's aim is to develop the "Central Business Centre" brand by emulating the success of the business centre in Żebbuġ, which has been generating a steady flow of rental returns since its opening in 2011, followed by the commencement of operations of the Gudja business centres, St. Julian's business centres and, more recently, the Valletta business centres.

1.2 Directors and Key Employees

Board of Directors - Issuer

As at this Analysis, the board of directors of the Issuer is constituted by the following persons:

Name	Office Designation
Mr Joseph Cortis	Executive Director, Chairman
Dr Petramay Attard Cortis	Non-Executive Director
Mr Alfred Sladden	Non-Executive Director
Ms Adriana Cutajar	Non-Executive Director
Mr Joseph M Formosa	Non-Executive Director

The business address of all of the directors is the registered office of the Issuer.

The executive director of the Issuer, on the strength of his respective knowledge and experience in the applicable business interests of the Issuer to which he contributes directly, occupies the senior management and key executive position across the Cortis Group.

As at 31 December 2021, the Issuer had no employees (FY20: 0). Management confirmed that CBC subcontracts all of its administration, repair and maintenance works.

1.3 Major Assets owned by the Company

Whereas all properties in previous Financial Analysis Summaries were categorised individually, this Analysis groups the same properties by location.

1.3.1 Central Business Centres ("CBC Żebbuġ")

The properties in Żebbuġ, Malta, comprise of 1,509m^2 of office space, 28 car spaces, and yet to be built, 6,220 m^2 of commercial space and 241 car spaces.

On 19 October 2017, CBC entered into a Promise of Sale Agreement (POS) (Emphyteutical Grant for a period of 34 years) with LIDL Malta for the development of a supermarket, including ancillary facilities such as warehouse facilities, utility spaces, parking spaces and loading/unloading ramp and bay on the said site, which forms part of the Żebbuġ properties.

As part of this agreement, LIDL Malta also agreed to undertake the development of an underground level and other area for the eventual use of the Cortis Group.

Based on management information, as at the date of this Analysis, the Żebbuġ properties were fully occupied with tenants and full occupancy is anticipated throughout 2022.

1.3.2 Central Business Centres, Gudja ("CBC Gudja")

The centre in Gudja, Malta, comprises of 1,365 m^2 of office space and commercial space, and 19 car spaces for rental purposes.

This property is currently occupied by 7 tenants in total and full occupancy concerning this business centre is projected throughout 2022.

1.3.3 Central Business Centres St Julian's ("CBC St Julian's")

The St. Julian's business centre, including Villa Fieres (the "**Villa**"), as explained in section 1.4.2 below, comprises of 1,360m^2 of office space, 6 outlets, 14 car spaces, and a restaurant with a foot print of 1,100m^2.

While this business centre is at present 57% occupied with tenants, management is projecting to have the same level of occupancy during 2022. In terms of the Villa, the restaurant is currently being restored, with full development expected to be completed by during Q3 2022 as noted below.

1.3.4 Central Business Centres Valletta (“CBC Valletta”)

The Issuer purchased a property in Valletta in 2021 by means of the 2033 Bonds, as defined in sections 1.4.1 and 1.4.4 below. The property has a net rentable area of 2,335m^2.

This property was 39% occupied by 6 tenants during 2021 and management is now anticipating a 60% occupancy rate by the end of 2022.

1.4 Operational Developments

1.4.1 Historical Background

As noted above, CBC was incorporated in June 2014, and to date, CBC acquired the following properties in: (a) Żebbuġ; (b) Gudja; (c) St Julian’s; and (d) Valletta.

CBC has three bonds in issue, latest one being the bond listed on 10 November 2021. This was a €21 million bond, redeemable at par and bearing interest of 4% *per annum* (the “**2033 Bonds**”), proceeds of which were used to purchase CBC Valletta and repay previous maturing bonds.

1.4.2 Villa Fieres

Villa Fieres has permits for commercial and/or residential use and is earmarked for rental to third parties to be used as a high-end restaurant. Permit (i) to allow for outdoor seating areas, (ii) construction of a unit with level access to Ix-Xatt ta' Spinola (ii) construction of two levels of storage and kitchen facilities and (iii) construction of a lightweight staircase structure and panoramic lift was granted on 10 November 2020. Some delays were experienced during the restoration process of Villa Fieres, with management attributing said delays to the requirement of having clearance from the relevant authorities at every stage. The restoration process on Villa Fieres is currently ongoing, and due to several delays experienced during this phase, this is now projected to be completed during Q3 2022.

1.4.3 Commercial Site, Żebbuġ

As explained in section 1.3.1 above, CBC owns commercial land in Żebbuġ which is now subject to a POS with LIDL for the development of a supermarket and other related facilities and spaces. In August 2021, CBC was granted the necessary permit to build the aforementioned LIDL supermarket, whereby management confirmed that, following certain delays by the relevant authorities, development works will commence in Q3 2022.

1.4.4 CBC Valletta Acquisition

As explained in section 1.4.1 above, the Issuer acquired CBC Valletta for a total consideration of €17.5m.

Following the said acquisition, CBC is at present operating this property in accordance with its previous occupational use, that of a shopping complex.

In line with the use of proceeds of the 2033 Bonds, management confirmed its intentions to implement significant refurbishment to this property and embark on a re-branding exercise. These processes are currently in discussion.

1.5 COVID-19 impact on the Company

The COVID-19 pandemic has had a dramatic impact on world economies since March 2020, causing significant disruption to business and economic activity.

Notwithstanding an aggressive vaccine drive in Malta, travel and freedom of movement remain to a certain extent conditioned and negatively impacted.

In this respect, the scale and duration of disruption remains uncertain, with there being a potential impact on Company's earnings, cash flow, and financial position. Management confirmed that, although it has not seen a material impact on its operations due to this crisis, COVID-19 could lead to reduced rental streams and therefore reduced future revenues and cash flows.

1.5.1 Assessment of the pandemic situation, potential impact on the Company, reasonable assumptions to financial projections and necessary disclosures

The pandemic presented potential liquidity challenges for CBC, particularly in terms of revenue of on boarding new tenants for the newly-finished properties, and future prospects going forward. CBC has and will continue addressing these challenges in an attempt to turn these into opportunities to strength.

CBC supported, where needed, tenants on an individual basis addressing their difficulties to help them get through the tough period. Having said this, CBC still received almost all rent for 2021 by year end.

Up until May 2022, management also confirmed that almost all rental obligations have been honoured in full by the tenants. Up until the date of this Analysis, no tenant within CBC’s properties has defaulted, and no tenant is expected to default moving forward.

As mentioned previously CBC provided some form of support to tenants throughout this crisis and also confirmed that, in view of the current situation, the yearly increases included in the tenants' contracts will still be honoured and will not be overturned.

1.5.2 Costs Containment Measures

Short-term cost mitigation measures were taken which were deemed to not have long-term effects on the business strategy. These included the renegotiating of subcontracting services of which CBC avails itself. Management's strategy is of a long-term nature, and is confident that investing in the right resources will reap the right long-term rewards.

1.5.3 Liquidity Measures

Management confirmed that CBC already has a liquidity contingency plan via short-term financing, should it find itself under increased pressure from delays in receiving rent from tenants.

CBC has assessed the reserves and financing available to it and is confident that these are adequate to support the company in the foreseeable future. All of the company's legal obligations were honoured in full, including its interest payments for the financial year. CBC also expects to be in a position to honour its commitments in the future.

1.6 Subsequent events after the reporting period: Conflict in Ukraine

The directors of the Company assessed that there were no significant effects to the Company's operation as a result of the conflict between Russia and Ukraine. Nevertheless, they will continue to monitor the situation as events continue to evolve.

1.7 Listed Debt Securities of the Issuer

Central Business Centres p.l.c. has the following outstanding debt securities:

Debt Security	ISIN	€m
5.25% Central Business Centres plc Unsecured € 2025 S2T1	MT0000881210	3
4.40% Central Business Centres plc Unsecured € 2027 S1/17 T1	MT0000881228	6
4% Central Business Centres plc Unsecured Bonds 2027-2033	MT0000881236	21

Part 2 - Historical Performance and Forecasts

The Issuer's historical financial information for the three years ending 31 December 2019, 2020 and 2021, as set out in the audited financial statements of the Issuer may be found in section 2.1 to 2.3 of this Analysis. These sections also include the projected performance of the Issuer for the period ending 31 December 2022. 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.

2.1 Issuer's Statement of Comprehensive Income

Income Statement for the year ended 31 December	2019A	2020A	2021A	2022F
	€000s	€000s	€000s	€000s
Revenue	1,086	1,252	1,491	1,788
Operating expenses	(198)	(114)	(151)	(167)
EBITDA	**888**	**1,138**	**1,340**	**1,621**
Depreciation	(22)	(23)	(26)	(26)
EBIT	**866**	**1,115**	**1,314**	**1,595**
Other income	-	3	-	4
Fair value movement relating to investment property	-	4,843	4,701	-
Finance costs	(627)	(629)	(714)	(1,301)
Finance costs capitalised	418	-	-	20
Profit / (loss) before taxation	**657**	**5,332**	**5,301**	**318**
Taxation	(162)	(1,668)	(1,907)	(268)
Profit / (loss) after taxation	**495**	**3,664**	**3,394**	**49**

Ratio Analysis[1]	2019A	2020A	2021A	2022F
Profitability				
Growth in Revenue (YoY Revenue Growth)	205.1%	15.3%	19.1%	19.9%
EBITDA Margin (EBITDA / Revenue)	81.8%	90.9%	89.9%	90.7%
Operating (EBIT) Margin (EBIT/Revenue)	79.7%	89.1%	88.1%	89.2%
Net Margin (Profit for the year / Revenue)	45.6%	292.7%	227.6%	2.8%
Return on Common Equity (Net Income / Average Equity)	3.0%	19.9%	15.5%	0.2%
Return on Assets (Net Income / Average Assets)	1.69%	11.40%	7.31%	0.09%
Interest Coverage (EBITDA / Cash interest paid)	1.9x	1.9x	2.0x	1.3x

Revenue Segmental Analysis	2019A	2020A	2021A	2022F
	€'000s	€'000s	€'000s	€'000s
CBC Żebbuġ	697	652	655	607
CBC Gudja	113	101	129	124
CBC St. Julian's	276	499	667	621
CBC Valletta	-	-	40	435
Other income	-	3	-	4
Total Revenue	**1,086**	**1,255**	**1,491**	**1,791**
% Composition - CBC Żebbuġ	64.2%	52.0%	43.9%	33.9%
% Composition - CBC Gudja	10.4%	8.1%	8.7%	6.9%
% Composition - CBC St. Julian's	25.4%	39.8%	44.7%	34.7%
% Composition - CBC Valletta	N/A	N/A	2.7%	24.3%
% Composition - Other income	N/A	0.1%	N/A	0.2%
% Growth - CBC Żebbuġ	171.2%	-6.5%	0.5%	-7.3%
% Growth - CBC Gudja	14.1%	-10.6%	27.7%	-3.9%
% Growth - CBC St. Julian's	n/a	80.8%	33.7%	-6.9%
% Growth - CBC Valletta	n/a	n/a	n/a	987.5%
% Growth - Other income	n/a	100%	-100%	100%
% Growth - Total Revenue	**205.1%**	**15.5%**	**18.9%**	**20.1%**

[1] Ratio Analysis may not agree to prior FASs, due to a change in the calculation methodology or due to rounding differences variance.

Revenue is derived from rental income and maintenance fees charged to tenants occupying premises in CBC's rental properties.

During FY21, rental income increased by 19.1% to *circa* €1.5m primarily due to the yearly increases included in the tenants' respective contracts. Specifically, revenue generated during FY21 includes continued rental income generated from CBC Żebbuġ, CBC Gudja, CBC St. Julian's, and CBC Valletta.

The largest contributors towards CBC's revenue during FY21 were CBC St. Julian's (45%) and CBC Żebbuġ (44%), on aggregate amounting to *circa* 89% of FY21 total revenue.

Moving forward, the Company is projecting total revenue to increase by *circa* 20.1% during FY22, primarily reflecting the first full twelve-month revenue contribution derived from the recently acquired property in Valletta.

When compared to the previous Analysis, it is to note that the aforementioned FY22 revenue projections were revised downwards. While reiterating that the Company still expects to receive its rental income in full throughout the year, management preferred to adopt a prudent approach and reflect a discount to the full FY22 projections, taking into account the current macroeconomic threats, mainly the continued implications brought about by the pandemic and any possible disruptions from the war in Ukraine. In this respect, the Company considers the above presented projections as conservative.

On the expenditure front, CBC's operating expenses are primarily composed of administration and management fees, professional fees, and insurance. During FY21, operating expenses (exclusive of depreciation) increased by 32% to €151k, with this being predominantly in line with the aforementioned increase in revenue. Operating expenses are projected to amount higher to €167k during FY22.

After considering the above into consideration, the Company's EBITDA during FY22 is expected to increase to €1.6m, translating into a slightly higher EBITDA Margin of 90.7%.

In FY21, property valuations were carried out in September, 2021 by a third party to reflect the current property market, resulting in a fair value movement of *circa* €4.7m. No fair value movements are being projected for FY22.

Finance costs primarily comprise of interest on the bonds in issue, with these projected to increase to €1.3m during FY22, mainly reflecting the first full year's interest on the recently issued 2033 Bonds.

CBC has a substantially higher tax charge than previously projected. The contributing factor to this is the property valuations carried out, which in turn resulted in a higher deferred tax charge, resulting in a corresponding deferred tax liability of €1.3m.

Profit after taxation was higher than previously projected, with management attributing this to the aforementioned property revaluation. Moreover, the Company is projecting an overall profit after tax of approximately €50k during FY22.

2.1.1 Variance Analysis

Statement of Comprehensive Income	Dec-2021F	Dec-2021A	Variance
	€000s	€000s	€000s
Revenue	1,575	1,491	(84)
Operating expenses	(127)	(151)	(24)
EBITDA	**1,448**	**1,340**	**(108)**
Depreciation	(25)	(25)	-
EBIT	**1,423**	**1,315**	**(108)**
Fair value movement relating to investment property	-	4,701	4,701
Finance costs	(703)	(714)	(11)
Profit / (loss) before taxation	**720**	**5,302**	**4,582**
Taxation	(236)	(1,907)	(1,671)
Profit / (loss) after taxation	**484**	**3,395**	**2,911**

As noted above, actual revenue and operating expenditure for FY21 were slightly lower than previously anticipated by €84k and €24k, respectively. In view of these variances, the Company reported a lower EBITDA of €1.3m during FY21.

Other noticeable variances include a positive fair value movement concerning investment property of €4.7m. As explained in section 2.1 above, the substantially higher yearly taxation is reflective of the aforementioned increase in property value. In turn, this resulted in a higher profit after taxation.

2.2 Issuer's Statement of Financial Position

Statement of Financial Position as at 31 December	2019A	2020A	2021A	2022F
	€000s	€000s	€000s	€000s
Assets				
Non-current assets				
Investment property	29,122	34,000	56,713	57,033
Property, plant and equipment	195	180	178	152
Total non-current assets	**29,317**	**34,180**	**56,891**	**57,185**
Current assets				
Trade and other receivables	91	210	214	214
Cash and cash equivalents	132	360	1,053	861
Total current assets	**223**	**570**	**1,267**	**1,075**
Total assets	**29,540**	**34,750**	**58,158**	**58,260**
Equity and liabilities				
Capital and reserves				
Share capital	250	250	250	250
Capital reserve	16,100	16,100	16,100	16,100
Revaluation reserve	596	4,954	9,186	9,186
Retained earnings/losses	(393)	(1,089)	(1,925)	(1,823)
Total equity	**16,553**	**20,215**	**23,611**	**23,715**
Non-current Liabilities				
Borrowings	11,826	8,879	29,587	29,627
Deferred tax liabilities	739	2,239	3,923	3,923
Total non-current liabilities	**12,565**	**11,118**	**33,510**	**33,550**
Current liabilities				
Borrowings	-	2,982	-	-
Trade and other payables	285	319	877	786
Current tax liability	137	116	160	211
Total current liabilities	**422**	**3,417**	**1,037**	**997**
Total liabilities	**12,987**	**14,535**	**34,547**	**34,547**
Total equity and liabilities	**29,540**	**34,750**	**58,158**	**58,260**

Ratio Analysis[2]	2019A	2020A	2021A	2022F
Financial Strength				
Gearing 1 (Net Debt / Net Debt and Total Equity)	41.4%	36.3%	54.7%	54.8%
Gearing 2 (Total Liabilities / Total Assets)	44.0%	41.8%	59.4%	59.3%
Gearing 3 (Net Debt / Total Equity)	70.6%	42.1%	120.9%	121.3%
Net Debt / EBITDA	13.2x	7.5x	21.3x	17.7x
Current Ratio (Current Assets / Current Liabilities)	0.5x	0.2x	1.2x	1.1x
Interest Coverage level 1 (EBITDA / cash interest paid)	1.9x	1.9x	2.0x	1.3x
Interest Coverage level 2 (EBITDA / finance costs)	1.4x	1.8x	1.9x	1.2x

The Company's non-current assets amounted to *circa* €56.9m in FY21 (FY20: €34.2m), principally made up of investment property and property, plant and equipment.

Notably, CBC's main asset is its portfolio of investment property, which, as at FY21, amounted to €56.7m and represented 97.5% of total assets. Essentially, this increase in investment property relates to the inclusion of CBC Valletta as part of the Company's property portfolio. This increase also caters for the property re-valuations carried out during the year 2021 as noted in the prior sections of this Analysis.

The Company's investment property is, at present, composed of four separately identifiable units, namely CBC Żebbuġ, CBC Gudja, CBC St. Julian's, and CBC Valletta, as explained in section 1.3 of this Analysis.

[2] Ratio Analysis may not agree to prior FASs, due to a change in the calculation methodology or due to rounding differences variance.

Property plant and equipment ("**PPE**") include the plant and machinery installed in CBC's properties. Management explained that CBC finishes the façade and common areas (and related amenities such as lifts) of the buildings but does not provide any finishes to the office areas, which are finished and furnished by the tenants themselves. PPE for FY21 was reported at €178k, which was slightly less than that projected due to a delay in the restoration of the Villa, as explained in detail in section 1.4.2. PPE is projected to amount to €152k during FY22.

Trade and other receivables during FY21 remained stable since the previous reporting year (FY21: €214 vs FY20: €210k). These are expected to remain at this level in FY22.

Importantly, the large discrepancy in cash and cash equivalents between what was forecasted for FY21 and the actual FY21 figures is that CBC Valletta (by means of the 2033 Bonds) was purchased during FY21, thus the amount earmarked for this purchase ended up being a part of the investment property as opposed to the projected cash. Overall, CBC's current assets amounted to €1.3m during FY21, with these expected to decrease slightly in FY22.

Moving to equity, the entire €16.1m listed as capital reserve relates to three subordinated loans with related parties, which, under IAS 32, would be classified as equity.

In addition, retained earnings were reduced to negative €1.9m in FY21 (FY20: -€1.1m) as a result of the deferred tax charge on property revaluation being charged to said retained earnings. In turn, the revaluation reserve increased to €9.2m in FY21 from €5m in FY20, resulting in total equity increasing to €23.6m in FY20. In line with an anticipated further decrease in retained losses, total equity is expected to slightly amount higher to €23.7m during FY22.

On the liabilities side, deferred tax liabilities relate to the temporary differences arising from the revaluation of the investment properties. These are expected to remain at a total of €3.9m throughout FY22.

Borrowings listed under non-current liabilities during FY21 amounted to €30m and mainly relate to CBC's bonds currently in issue. These are not expected to materially change in FY22 given that neither one of the said bonds in issue is planned to mature. To note that the issuance of the 2033 Bonds resulted in an increase in the company's gearing ratio as clearly illustrated through the FY22 Net Debt / EBITDA ratio.

Borrowings under current liabilities have gone down to nil and are expected to remain as such during FY22. Trade and other payables have increased from FY20 to FY21, with management attributing this to amounts due to Planning Authority.

The below table summarises CBC's bonds currently in issue:

	Issue date	Amount €m	Coupon	Term
Bonds 2025	Dec-17	3	5.25%	10 years
Bonds 2027	Jun-17	6	4.40%	10 years
Bonds 2033	Nov-21	21	4.00%	12 years

2.3 Issuer's Statement of Cash Flows

Cash Flow Statement for the year ended 31 December	2019A	2020A	2021A	2022F
	€000s	€000s	€000s	€000s
Cash flows from operating activities				
EBITDA	**888**	**1,138**	**1,340**	**1,621**
Adjustments for:				
Movement in trade and other receivables	55	(119)	(4)	-
Movement in trade payables and accruals	(83)	34	558	(91)
	860	**1,053**	**1,894**	**1,530**
Interest paid	(594)	(594)	(674)	(1,262)
Tax paid	(52)	(189)	(179)	(160)
Net cash flows generated from / (used in) operating activities	**214**	**270**	**1,041**	**108**
Cash flows from investing activities				
Acquisition and development costs of investment property	(100)	(35)	(18,010)	-
Acquisition of property plant and equipment	(137)	(7)	(25)	-
Refurbishment and alteration cost – CBC Valletta	-	-	-	(300)
Net cash flows generated from / (used in) investing activities	**(237)**	**(42)**	**(18,035)**	**(300)**
Cash flows from financing activities				
Repayment of existing bonds	-	-	(3,000)	-
Drawdown - 2033 Bonds	-	-	20,687	-
Net cash flows generated from / (used in) financing activities	-	-	17,687	-
Movement in cash and cash equivalents	**(23)**	**228**	**693**	**(192)**
Cash and cash equivalents at start of year	155	132	360	1,053
Cash and cash equivalents at end of year	**132**	**360**	**1,053**	**861**

Ratio Analysis[3]	2019A	2020A	2021A	2022F
Cash Flow	€000s	€000s	€000s	€000s
Free Cash Flow (Net cash from operations + Interest - Capex)	€435	€823	€(16,320)	€1,161

Notwithstanding the decline in EBITDA during FY21, when compared to previous expectations, cash flows from operating activities throughout the year exceeded expectations. As noted above, this is mainly due to an uplift in movements in working capital occurring during the year, specifically in relation to an increase in trade payables of *circa* €500k.

CBC is forecasting an outflow of €0.3m for FY22 after considering the decrease in said payables and the increase in interest payable following the issue of the 2033 Bonds during FY21, with the first interest payment being due in FY22.

Cash outflow from investing activities was substantially higher than anticipated since CBC purchased CBC Valletta in FY21, as opposed to FY22 as was planned when the Prospectus of the 2033 Bonds was published. To that end, the forecasted outflow for FY22 is now greatly reduced to include solely refurbishment costs to said property.

The previously projected outflow for short-term highly liquid investments in FY21 was nullified, given that CBC did not have the liquidity it anticipated due to the fact that CBC Valletta was purchased ahead of schedule. For the same reason, there is no large inflow in financing activities projected for FY22.

[3] Ratio Analysis may not agree to prior FASs, due to a change in the calculation methodology or due to rounding differences variance.

Part 3 - Key Market and Competitor Data

3.1 General Market Conditions

The Issuer is subject to general market and economic risks that may have a significant impact on its current and future property developments and their timely completion within budget. These include factors such as the health of the local property market, inflation and fluctuations in interest rates, exchange rates, property prices and rental rates. In the event that general economic conditions and property market conditions experience a downturn, which is not contemplated in the Issuer's planning during development, this shall have an adverse impact on the financial condition of the Issuer and may therefore affect the ability of the Issuer to meet its obligations under the Bonds.

3.1.1 Malta Economic Update[4]

In April, the European Commission's Economic Uncertainty Indicator (EUI) for Malta decreased when compared with March. This decrease in uncertainty was largely driven by developments in industry and to a smaller degree, in the construction and retail sectors.

In March, industrial production contracted again in annual terms, though at a slower rate when compared with February. The volume of retail trade rose at a faster pace. The unemployment rate was marginally lower than that recorded in February and well below last year's rate.

Commercial and residential permits increased in March relative to their year-ago levels. However, in April, the number of final deeds of sale and promise-of-sale agreements fell on a year-on-year basis.

The annual inflation rate based on the Harmonised Index of Consumer Prices (HICP) stood at 5.4% in April, up from 4.5% in the previous month. Inflation based on the Retail Price Index (RPI) rose to 5.7% in April, from 4.4% a month earlier.

Maltese residents' deposits expanded at an annual rate of 10.1% in March following an increase of 8.4% in the previous month, while annual growth in credit to Maltese residents stood at 7.7%, below the rate of 8.2% recorded a month earlier.

The Consolidated Fund deficit in March 2022 widened compared with a year earlier as expenditure increased at a faster pace than revenue

3.1.2 The commercial property market

The strong economic growth sustained by the Maltese economy in recent years has contributed to a rise in the employment rate and the influx of foreign workers within the Maltese workforce. This has contributed to an increase in the demand for rental of office and commercial space in Malta. To address such growing demand, the supply of office and commercial space in Malta has considerably increased over the last couple of years. Of note, there are several traditional business areas in Malta. For instance, Sliema attracts many international brands and companies. Likewise, Valletta, being Malta's capital city, is considered as the hub for law firms and many long-established family businesses.

Other traditional commercial areas include the likes of St. Julian's, which is popular for its sea-view offices, and Floriana, which attracts businesses that want to be located in the vicinity of Valletta. In furtherance, there are also top-quality commercial developments within in the proximity of the airport and in other residential areas such as Naxxar, Mosta, Mellieha and in parts of the south of Malta. The variety of commercial and office space in Malta cater for every type of business, from start-ups to established global organisations. In this regard, numerous business centres have recently been developed, with new centres in the pipeline.

Data specifically related to commercial property in Malta is limited, thus making it more challenging to identify the exact state of this sector. Nevertheless, it is evident that Malta has, over recent years, completely evolved and has attracted a numerous amount of foreign companies related to sectors within the financial services, gaming and IT. It is therefore apparent that the demand for good commercial property has drastically increased, whereby Malta's property sector has been dominated by a situation of demand seemingly excessing supply. The latter has resulted into the majority of high-quality commercial developments being fully let.

In line with latest statistical data issued by Eurostat[5], the index reflecting office building permits within the European Union, indicated a marked increase throughout 2021, further strengthening the argument that a recovery was underway following the depressed levels in 2020. In Q1 2021 the index seemed to have bottomed at 106.7 from 138.5 in the previous quarter. Following this drop, the index showed consistent quarterly increases for Q2, Q3 and Q4 of 115, 129.3 and 136.1 respectively.

[4] Central Bank of Malta – Economic Update 5/2022

[5] https://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do

3.1.3 The retail sector

Following the implementation of confinement measures by both local and international governments, retail stores had to close their doors in mid-March 2020. As the first wave of COVID-19 cases started to be controlled, retail stores were allowed to reopen in early May 2020. This enabled retailers to start crystallising some of their lost sales as consumer demand started to pick up. The recovery for certain retailers was short-lived after governments reintroduced restrictions on mass events such as prohibiting weddings, concerts, parties, and other large events.

Restrictions continued to be tightened and as from 11 March 2021, Malta re-entered in a quasi-lockdown state, which amongst other restrictions, resulted in the closure of non-essential shops, with these being allowed to re-open their respective doors in June-July 2021.

To alleviate liquidity challenges, the government of Malta launched the Malta Development Bank (MDB) COVID-19 Guarantee Scheme (CGS) for the purpose of guaranteeing new loans granted by commercial banks for working capital purposes to businesses facing liquidity shortfalls as a result of the pandemic. In terms of the number of facilities, the sector comprising wholesale and retail activities applied for the largest number of facilities and had the largest value of sanctioned loans.

According to latest data issued by the Central Bank of Malta, business activity over the past couple of months improved considerably compared to the past 2 years. Confidence within the local retail sector more than tripled in February 2022. Specifically, it edged up to 21.1 from 6.5 in January 2022. Although the indicator dropped down to 8.4 and 6.7 for March and April respectively, these figures are still significantly above 2020 and 2021 averages. In this respect, confidence expectations concerning the local retail industry over the next couple of months also improved.

From a macroeconomic perspective, despite a year of economic uncertainty, retail appears to be on an upward trajectory in the early months of 2022, with innovation in digital technology and sustainability as the main exciting prospects in the face of the disruption brought about by the pandemic. Unfortunately, churn is expected to remain in the short to medium term, so anticipating consumer needs has never been more imperative and critical in the retail industry. Those retailers who have lately adjusted their business model and are able to address consumers' needs at any time irrespective of their geographical location, are the ones that continue to win additional market share within the industry.

3.1.4 COVID-19 impact on rental commercial market

2021 saw a rebound in the rental commercial market when compared to 2020 as many workers returned to their offices. Although the situation is expected to continue improving over time, the real long term effects of COVID-19 on the rental commercial market are still uncertain. The reason for this is two-fold. Employers want to take advantage of the lower costs associated with remote work in the form of either lower rent costs or reduced investments in office space whilst employees have found comfort in the flexibility associated with working from home. The housing sector has also been affected by the pandemic. Property owners are now more comfortable accepting longer term rental agreements even if it means accepting lower overall income when compared to more frequent but shorter term rentals.

According to a leading real estate broker[6], the pandemic automatically put a lot of people's business plans on hold. The movement in the office segment of the market caused a reorganisation of their business with some relocating, others downsizing and others taking the unprecedented downtime as an opportunity to strategise.

According to the said real estate broker, some may opt to retain an element of home-working. However, most businesses will eventually want to return to their normal operations as there is nothing that works as well as an office environment.

In the case of CBC, the Company is focused in the development of small-to-medium sized office space, which, in the opinion of the Directors, represents a vacuum in the real-estate local market which has seen the construction and development of larger scale commercial property projects.

3.2 Comparative Analysis

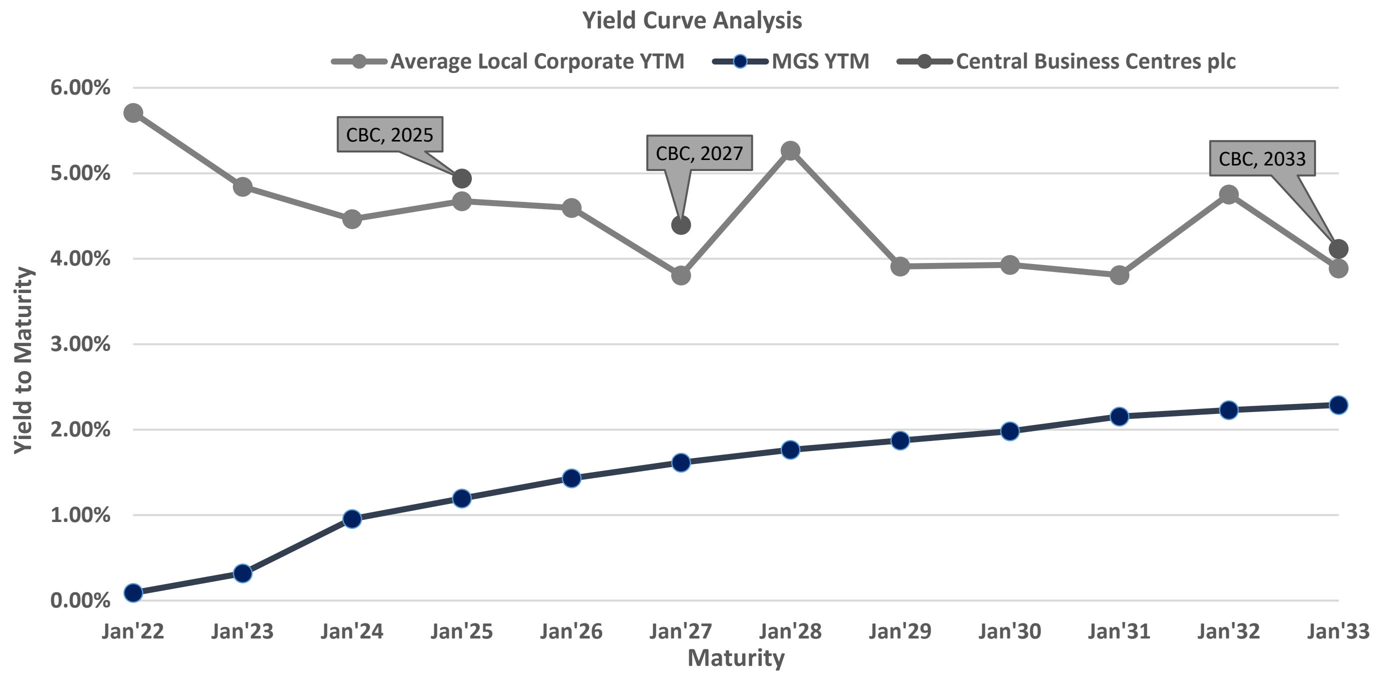
The purpose of the table below compares the debt issuance of the Issuer to other debt instruments. Additionally, we believe there is no direct comparable company related to the Issuer and, as such, we included a variety of securities with different maturities. More importantly, we have included different securities with similar maturity as the debt securities of the Issuer. One must note that, given the material differences in profiles and industries, the risks associated with the Issuer's business and that of other issuers is therefore different.

[6] https://franksalt.com.mt/news/covid-19-effect-on-property-market

Security	Nom Value	Yield to Maturity	Interest coverage (EBITDA)	Total Assets	Total Equity	Total Liabilities / Total Assets	Net Debt / Net Debt and Total Equity	Net Debt / EBITDA	Current Ratio	Return on Common Equity
	€000's	(%)	(times)	(€'millions)	(€'millions)	(%)	(%)	(times)	(times)	(%)
6% Pendergardens Developments plc Secured € 2022 Series II	19,757	5.71%	(2.3)x	59.5	30.7	48.4%	35.5%	4.6x	0.7x	0.0x
4.25% GAP Group plc Secured € 2023	8,350	4.23%	7.8x	112.2	21.6	80.8%	66.3%	3.5x	6.2x	48.3%
5.8% International Hotel Investments plc 2023	10,000	4.67%	1.0x	1,695.2	838.2	50.6%	41.2%	23.6x	1.5x	-3.8%
6% AX Investments Plc € 2024	40,000	5.97%	3.0x	369.8	237.1	37.0%	25.1%	6.8x	0.9x	0.8%
6% International Hotel Investments plc € 2024	35,000	4.83%	1.0x	1,695.2	838.2	50.6%	41.2%	23.6x	1.5x	-3.8%
5% Tumas Investments plc Unsecured € 2024	25,000	4.75%	4.9x	232.1	139.2	40.0%	19.7%	2.6x	4.4x	2.8%
5% Hal Mann Vella Group plc Secured € 2024	30,000	3.67%	3.1x	123.8	48.5	60.8%	53.1%	9.0x	1.4x	2.5%
5.75% International Hotel Investments plc Unsecured € 2025	45,000	4.72%	1.0x	1,695.2	838.2	50.6%	41.2%	23.6x	1.5x	-3.8%
4.5% Hili Properties plc Unsecured € 2025	37,000	4.01%	1.5x	208.7	110.9	46.9%	32.3%	10.6x	4.7x	3.7%
5.25% Central Business Centres plc Unsecured € 2025 S2T1	3,000	4.94%	2.0x	58.2	23.6	59.4%	54.7%	21.3x	1.2x	15.5%
4% MIDI plc Secured € 2026	50,000	3.94%	0.9x	225.7	102.4	54.6%	38.6%	30.5x	2.8x	0.5%
4% International Hotel Investments plc Secured € 2026	55,000	3.84%	1.0x	1,695.2	838.2	50.6%	41.2%	23.6x	1.5x	-3.8%
4% International Hotel Investments plc Unsecured € 2026	60,000	3.99%	1.0x	1,695.2	838.2	50.6%	41.2%	23.6x	1.5x	-3.8%
3.25% AX Group plc Unsec Bds 2026 Series I	15,000	3.27%	3.0x	369.8	237.1	37.0%	25.1%	6.8x	0.9x	0.8%
3.75% Mercury Projects Finance plc Secured € 2027	11,500	3.75%	0.3x	113.0	34.6	69.4%	47.4%	99.5x	1.8x	-19.6%
4.4% Central Business Centres plc Unsecured € 2027 S1/17 T1	6,000	4.40%	2.0x	58.2	23.6	59.4%	54.7%	21.3x	1.2x	15.5%
3.75% Tumas Investments plc Unsecured € 2027	25,000	3.75%	4.9x	232.1	139.2	40.0%	19.7%	2.6x	4.4x	2.8%
4% Stivala Group Finance plc Secured € 2027	45,000	3.58%	0.5x	363.0	235.4	35.1%	26.7%	33.8x	0.9x	5.3%
4% Exalco Finance plc Secured € 2028	15,000	3.63%	4.8x	70.0	44.3	36.7%	23.8%	3.6x	1.1x	5.7%
3.65% Stivala Group Finance plc Secured € 2029	15,000	3.49%	0.5x	363.0	235.4	35.1%	26.7%	33.8x	0.9x	5.3%
3.75% AX Group plc Unsec Bds 2029 Series II	10,000	3.52%	3.0x	369.8	237.1	37.0%	25.1%	6.8x	0.9x	0.8%
4.25% Mercury Projects Finance plc Secured € 2031	11,000	3.97%	0.3x	113.0	34.6	69.4%	47.4%	99.5x	1.8x	-19.6%
4% Cablenet Communication Systems plc Unsecured € 2030	40,000	3.93%	7.4x	88.3	8.4	90.5%	82.6%	2.6x	0.5x	-42.5%
4.65% Smartcare Finance plc Secured € 2031	13,000	4.23%	1.2x	32.6	13.1	59.8%	51.6%	20.9x	2.4x	-2.1%
3.5% GO plc Unsecured € Bonds 2031	60,000	3.50%	27.6x	368.6	109.9	70.2%	47.8%	1.7x	1.0x	8.8%
3.9% Browns Pharma Holdings plc Unsec Call € Bonds 2027-2031	13,000	3.70%	6.4x	45.9	18.9	37.6%	32.7%	2.9x	0.3x	8.1%
4% Central Business Centres plc Unsecured € 2033	21,000	3.87%	1.9x	34.8	20.2	41.8%	36.3%	10.1x	0.2x	19.9%
Average**		**4.11%**								

Source: Latest available audited financial statements

* Last closing price as at 03/06/2022
**Average figures do not capture the financial analysis of the Issuer



The above graph illustrates the average yearly yield of all local issuers as well as the corresponding yield of MGSs (Y-axis) vs the maturity of both Issuers and MGSs (X-axis), in their respective maturity bucket, to which the spread premiums can be noted. The graph illustrates on a stand-alone basis, the issuer's existing yields of its outstanding bonds.

As at 6 June 2022, the average spread over the Malta Government Stocks (MGS) for corporates with maturity range of 3-5 years was 311 basis points. The 5.25% Central Business Centres 2025 is currently trading at a YTM of 494 basis points, meaning a spread of 375 basis points over the equivalent MGS. This means that this bond is trading at a premium of 64 basis points in comparison to the market.

As at 6 June 2022, the average spread over the Malta Government Stocks (MGS) for corporates with maturity range of 4-6 years was 373 basis points. The 4.4% Central Business Centres 2027 is currently trading at a YTM of 440 basis points, meaning a spread of 278 basis points over the equivalent MGS. This means that this bond is trading at a premium of 56 basis points in comparison to the market.

As at 6 June 2022, the average spread over the Malta Government Stocks (MGS) for comparable issuers with maturity range of 8-12 years was 375 basis points. The 4% Central Business Centres plc 2033 is currently trading at a YTM of 387 basis points, meaning a spread of 171 basis points over the equivalent MGS. This means that this bond is trading at a premium of minimal discount of 2 basis points in comparison to the market.

Part 4 - Glossary and Definitions

Income Statement	
Revenue	Total revenue generated by the Group/Company from its principal business activities during the financial year.
Costs	Costs are expenses incurred by the Group/Company in the production of its revenue.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. It reflects the Group's/Company's earnings purely from operations.
EBIT (Operating Profit)	EBIT is an abbreviation for earnings before interest and tax.
Depreciation and Amortisation	An accounting charge to compensate for the decrease in the monetary value of an asset over time and the eventual cost to replace the asset once fully depreciated.
Net Finance Costs	The interest accrued on debt obligations less any interest earned on cash bank balances and from intra-group companies on any loan advances.
Profit After Taxation	The profit made by the Group/Company during the financial year net of any income taxes incurred.

Profitability Ratios	
Growth in Revenue (YoY)	This represents the growth in revenue when compared with previous financial year.
Gross Profit Margin	Gross profit as a percentage of total revenue.
EBITDA Margin	EBITDA as a percentage of total revenue.
Operating (EBIT) Margin	Operating margin is the EBIT as a percentage of total revenue.
Net Margin	Net income expressed as a percentage of total revenue.
Return on Common Equity	Return on common equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing the net income by the average common equity (average equity of two years financial performance).
Return on Assets	Return on assets (ROA) is computed by dividing net income by average total assets (average assets of two years financial performance).

Cash Flow Statement	
Cash Flow from Operating Activities (CFO)	Cash generated from the principal revenue producing activities of the Group/Company less any interest incurred on debt.
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 Group/Company.
Cash Flow from Financing Activities	Cash generated from the activities that result in change in share capital and borrowings of the Group/Company.
Capex	Represents the capital expenditure incurred by the Group/Company in a financial year.
Free Cash Flows (FCF)	The amount of cash the Group/Company has after it has met its financial obligations. It is calculated by taking Cash Flow from Operating Activities less the Capex of the same financial year.

Balance Sheet	
Total Assets	What the Group/Company owns which can de further classified into Non-Current Assets and Current Assets.
Non-Current Assets	Assets, full value of which will not be realised within the forthcoming accounting year
Current Assets	Assets which are realisable within one year from the statement of financial position date.

Inventory	Inventory is the term for the goods available for sale and raw materials used to produce goods available for sale.
Cash and Cash Equivalents	Cash and cash equivalents are Group/Company assets that are either cash or can be converted into cash immediately.
Total Equity	Total Equity is calculated as total assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.
Total Liabilities	What the Group/Company owes which can de further classified into Non-Current Liabilities and Current Liabilities.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Current Liabilities	Obligations which are due within one financial year.
Total Debt	All interest-bearing debt obligations inclusive of long and short-term debt.
Net Debt	Total debt of a Group/Company less any cash and cash equivalents.

Financial Strength Ratios	
Current Ratio	The Current ratio (also known as the Liquidity 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 current assets to current liabilities.
Quick Ratio (Acid Test Ratio)	The quick ratio measures a Group's/Company's ability to meet its short-term obligations with its most liquid assets. It compares current assets (less inventory) to current liabilities.
Interest Coverage Ratio	The interest coverage ratio is calculated by dividing EBITDA of one period by cash interest paid of the same period.
Gearing Ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance total assets.
Gearing Ratio Level 1	Is calculated by dividing Net Debt by Net Debt and Total Equity.
Gearing Ratio Level 2	Is calculated by dividing Total Liabilities by Total Assets.
Gearing Ratio Level 3	Is calculated by dividing Net Debt by Total Equity.
Net Debt / EBITDA	The Net Debt / EBITDA ratio measures the ability of the Group/Company to refinance its debt by looking at the EBITDA.

Other Definitions	
Yield to Maturity (YTM)	YTM is the rate of return expected on a bond which is held till maturity. It is essentially the internal rate of return on a bond and it equates the present value of bond future cash flows to its current market price.

Calamatta Cuschieri

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