Calamatta Cuschieri
YOUR PARTNER IN FINANCIAL SERVICES

The Directors
Central Business Centres plc.
Cortis Buildings, Mdina Road,
Zebbug, ZBG 4211,
Malta

22nd June 2016

Dear Sirs

Central Business Centres plc. - 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 Central Business Centres plc ("the issuer"). The data is derived from various sources or is based on our own computations as follows:

(a) The forecast data for the financial year 2016, and 2017, has been extracted from the forecast financial information set out in the base prospectus supplement dated 4th December 2015.

(b) The audited accounts of the company as at 31st December 2015.

(c) Our commentary on the results of the Issuer and on its financial position is based on the explanations set out by the Issuer in the Prospectus and the updated information and forecasts from the issuer.

(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.

The Analysis is meant to assist potential investors by summarising the more important financial data set out in the Prospectus. The analysis does not contain all data that is relevant to potential investors and is meant to complement, and not replace, the contents of the full Prospectus. The Analysis does not constitute an endorsement by our firm of the current outstanding bond or the proposed Bond Issue and should not be interpreted as a recommendation to invest in the said bonds. We shall not accept any liability for any loss or damage arising out of the use of this analysis. Potential investors are encouraged to seek professional advice before investing in the bonds.

Yours sincerely,

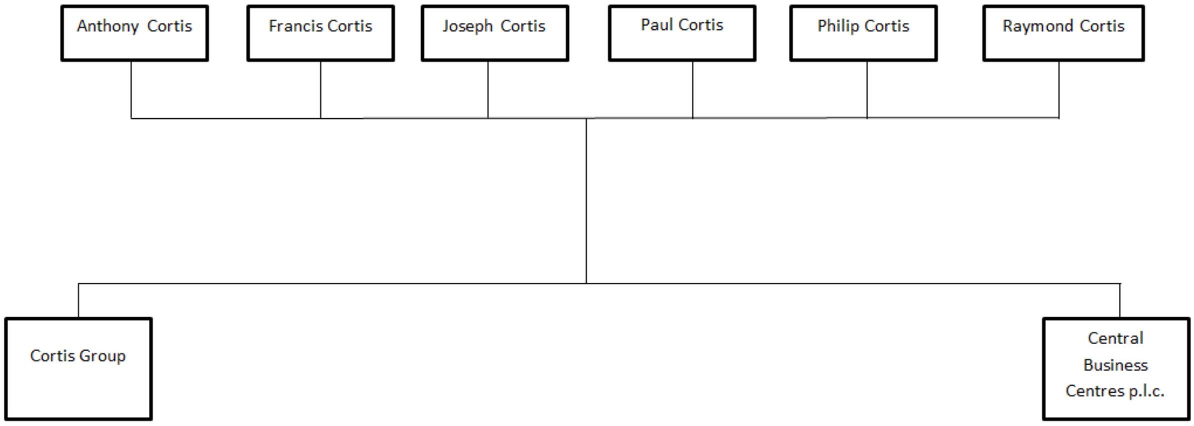
Nick Calamatta
Director

Financial Analysis Summary

Contents

Central Business Centres plc. (The Issuer)

Central Business Centres plc. (CBC) was established as a sister company with the same shareholding structure as SMW Cortis Ltd. The principal activity of Issuer is to hold commercial property for investment purposes and generate returns from this property through rental. The company's aim is to develop the "Central Business Centre" brand by emulating the success of the Group's business centre in Zebbug which has been generating a steady flow of rental returns since its opening in 2011.



Cortis Group refers to S.M.W. Cortis Limited and the S.M.W. Cortis Subsidiaries. Central Business Centre plc ("the Issuer") was established as a sister company to the group.

Current shareholders

The current shareholders of the group are:

Joseph Cortis

•Chairman and CEO of the Cortis Group since 1979.
•Qualified in Business Management, MBA and M.Phil.

Anthony Cortis

•Master craftsman in cabinet making, apertures and joinery.
•50 years hands-on experience in design, manufacture, factory organisation, cost- control, management and customer relations.
•Responsible for SMW Cortis manufacturing sector since inception.

Francis Cortis

•Master craftsman in cabinet making, apertures and joinery.

•37 years hands-on experience in manufacture, cost-control, management and customer relations.
•Responsible for organisation of stores and sales manager of Gudja warehouses for the last 12 years.
•Advises carpenters and wood-working enthusiasts on wood-working projects.

Philip Cortis

•Master craftsman in light steel works,
•47 years hands on experience in design, manufacture, factory organisation, cost control, management and customer relations.
•Responsible for Calibre Industries steel and stainless steel manufacturing sector since inception.

Raymond Cortis

•Heads Calibre Industries Limited since 1996
•Responsible for the design, manufacture, factory organisation, cost control, management and customer relations in the Aluminium, Timber, Glazing sectors.
•Engineering background - studied design, sculpture and painting at the Accademia Di Belle Arti, Firenze, Italy.

Paul Cortis

•Master craftsman in wood turning, upholstery, cabinet making, apertures and joinery.
•15 years hands-on experience in manufacture, cost control, management and customer relations.
•Responsible for organisation of stores and sales manager of Zebbug warehouses for these last 24 years
•Advises carpenters and wood-working enthusiasts on wood-working projects.

Review of the business

On 5 December 2014 the company issued a prospectus for a €6,000,000 Bond Issue Programme to be split into two tranches of €3,000,000 each. The first tranche amounting to €3,000,000 was issued on 22 December 2014. The proceeds of the bond were used to acquire the Zebbug, St Julian's and Gudja Central Business Centres and to finance the demolition and excavation works of the St Julian's Central Business Centre and to finish works on the Gudja Central Business Centre.

The second tranche amounting to €3,000,000 was issued on 24th December 2015. The net proceeds are being used for the development and construction of St. Julian's Central Business Centre. During the period under review, the Company leased the offices in the Zebbug Business Centre to third parties and registered a profit of €17,666. The Company's financial position at 31 December 2015 is set out in the statement of financial position on page 16.

During 2015 the company had arrived at an advanced stage of finishing the Gudja Business Centre and also concluded a number of rental agreements commencing in 2016. Construction at the St. Julian's Business Centre are proceeding at a good pace and the company envisages to arrive at an advanced stage of finishes by the end of 2016.

History of related business

1995 – Acquired land in Gudja
2002 – Acquired land in Zebbug

2002 – Acquired Villa Fieres Ltd and Lapsi Ltd
2011-12 – Developed business centre in Zebbug
2012– Developed shell structure of Gudja property
2012 – CBC Zebbug becomes operational
2014 - €6 mln bond issue announced, first €3 mln tranche completed
2014- Acquisition of St Julian's Central Business Centre
2015 – Second €3 mln tranche completed

Directors of the Issuer

The following are the directors and members of senior management of the Issuer:

Joseph Cortis	Executive Director and Chairman of the Board
Anthony Cortis	Non- Executive Director
Alfred Sladden	Non-Executive Director
Godfrey Farrugia	Non-Executive Director – (Resigned on 28th July 2015)
Francis Gouder	Non-executive Director – (Appointed 27th August 2015)

The business address of all of the Directors is the registered office of the Issuer. Below is a short curriculum vitae of each of the Directors.

Anthony Cortis

Anthony Cortis has been a director of the Issuer since inception in 2014. He previously held a long-standing position with SMW Cortis Limited as a master craftsman in cabinet making, apertures and joinery, with over 45 years of experience in design, manufacture, factory organisation, costs control, management and customer relations.

Alfred Sladden

Alfred Sladden commenced his career at Barclays Bank, Malta, in 1954 until his appointment to senior training manager with Barclays Bank, London, in 1968. He held such office for three years until 1971. Throughout the years that followed, Alfred Sladden continued to hold several posts with credit institutions, including manager of various branches of Barclays Bank, credit advisor of Bank of Valletta, head of internal audit at Mid-Med Bank, Assistant General Manager on administration, and Assistant General Manager of the international finance division as well as Deputy General Manager on corporate strategy at Mid-Med Bank. In 1994, he was appointed General Manager of Investment Finance Bank and held such post until 1995 whilst also holding the post of director of Mid-Med Life Insurance until 1996. He also held the post of general manager of finance and operations at Mid-Med Bank between 1995 and 1998. Between 1998-1999 he was appointed chairman of Maltapost and the Foundation for Medical Services. For nine years, between 1999-2008 he held a part time post as Financial Adviser of the Eurochange Financial Services whilst simultaneously holding a part time post as Chairman of the VAT Appeals Board from 1999 until 2011. He was Executive Director of an affiliate company of the Corinthia Group of the Czech Republic between 2000 and 2010 and also held the post of financial adviser of Technoline Ltd between 2009-2013.

Joseph Cortis

Joseph Cortis has been involved in the management of the Cortis Group since 1988, holding the position of Chairman and Chief Executive Officer of the Cortis Group. In his role as Chief Executive Officer, Joseph Cortis was particularly responsible for the strategy of the Cortis Group and its future growth. He has actively participated as a member of various committees and councils such as the Federation of Industry Council, the Malta Chamber of Commerce and the Malta Institute of Management. Joseph Cortis oversaw the management of the Zebbug Central Business Centre from the development of the said property throughout the rental of the commercial spaces forming part of the said property, and is actively involved in overseeing its management to date.

Francis Gouder

Francis Gouder was appointed as a non-executive director on the 27th August 2015. Mr Gouder served his career in the Financial Services sector for 45 years. He was a non-executive director of Bay Street Finance Plc between January 2010 and August 2012 and is currently non-executive director of Izola Bank pk. Mr Gouder currently also acts as a non-executive director of other companies operating in a different spectrum of commercial activities.

Original Transaction

On the 5 December, the issuer issued a Prospectus for the issue of 6,000,000 Bonds having a nominal value of €100 each and issued in two tranches. The first tranche of €3,000,000 was issued on the 22 December 2014 and was fully subscribed. The second tranche was issued on the 24th December 2015.

Details of the transaction were as follows:

1. The **acquisition of 3 properties** from related companies in the Cortis Group. The total consideration for the acquisition of the properties was **€12.6m** including:

   - €3.7m for property in Zebbug
   - €6.5m for property in St Julian's
   - €2.4m for property in Gudja

2. **Development and completion works** on the acquired properties totalling **€3.5m** including:

   - €3.0million for St Julian's
   - €0.5m for Gudja

Financing

- 65.6% of the cost of acquisition of the property (€10.3m) was financed through related party loans with both interest and capital repayments on such loans being subordinated till after repayment of the bond.

- The remaining €2.3m of the acquisition cost as well as the estimated €3.5m of development costs was financed by the bond.

Property market situation

The property market in Malta has been gaining pace in recent years in the form of higher demand for high quality office space and residences. The increase has been the result of several international as well as local companies seeking to improve the working place for their employees, in part to improve employee retention and well-being. The drive has been from the services sector, where employers as well as employees are becoming increasingly more sophisticated in their choices due in part to their professional statuses, as reputation and image has become increasingly important. Trends indicate that quality office spaces in office blocks are becoming increasingly attractive to employers wishing to attract additional staff.

Subsequently, there is active demand for the rental of commercial property generally. The Directors are confident that the spaces of the properties forming part of the project will be successfully leased out by third parties in view of this continuing demand. In addition to the foregoing, the Directors are confident in that the development and/or finishing of the properties shall be, barring unforeseen circumstances, smooth-running and timely particularly in view of the experience that the Cortis Group has acquired in its business of property development and construction.

The office blocks and parking spaces forming part of the Project will aim to attain that objective. The Project is geared towards 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.

Further details about each property

St. Julian's Property

•The issuer owns property in Spinola, St Julian's comprising:

i. Villa Fieres and adjoining gardens, currently owned by CBC plc. The total area covers approx. 1,100Sq.m. The building itself occupies a footprint of approximately 200Sq.m. and has 2 floors and a semi-basement. The garden covers approximately 900Sqm.

ii. An area of approximately 897 Sq.m. adjoining Villa Fieres on Spinola square currently owned by CBC plc. The area is currently occupied at ground floor level by 7 outlets, 3 of which are rented out to 3rd parties on long-term leases.

•The Cortis group acquired Fieres Ltd in May 2002.

•Arch. A. Fenech Vella valued the property at €6.5million on 30 October 2014.

•The properties were acquired by the issuer for €6.5million and the purchase price was settled by means of subordinated loans from the Cortis Group companies.

•Management estimates development and completion costs of €3.0m for restoring Villa Fieres and for developing and finishing the St. Julian's business centre.

•Plans for the St Julian's project comprise:

I. The restoration of Villa Fieres. Management explained that the building has permits for commercial and/or residential use and is intended for rental to 3rd parties either as a high-end restaurant location or as a residence for high net worth individuals

II. The development of c.2,360 Sq.m of office space targeted at medium-sized leases (250-500Sq.m per tenant). The building will comprise 2 floors at 550Sqm each, 2 floors at 480Sqm each and 1 floor at 300Sqm.)

III. Develop the ground floor level of the Villa Fieres Site into retail outlets. The four outlets which have already been vacated shall be converted into a ground floor entrance to the Central Business Central and four (smaller) retail outlets of 45 square metres of retail space shall be developed. The remaining three outlets are expected to be developed into new retail outlets once vacated.

Zebbug Property

•Central Business Centre - Zebbug was acquired by the issuer from S.M.W Cortis Ltd. It is in finished state and fully rented out to 3rd parties.

•The property was developed in 2011/12 on land acquired by the Group in 2002

•The property was independently valued by Arch. A. Fenech Vella on 30th October 2014 at €3.7m.

•It was purchased at €3.7million and the consideration will comprise €2.3m in cash and €1.4m by means of a subordinated loan from S.M.W. Cortis Ltd.

•The property comprises 1,509 Sq. m of office space, over 5 floors (including ground floor, intermediate floor, levels 1, 2 and a penthouse at level 3). Additionally, there are 27 parking spaces at underground levels 1 and 2.

•Based on management information, current occupancy for the office space and car spaces is 100%.

Gudja Property

• The issuer acquired the property for €2.4m from S.M.W. Cortis. The purchase was settled by means of subordinated loan from S.M.W. Cortis Ltd.

•The business centre in Gudja is practically complete and comprises of a basement, extending to under half the width of the adjacent drive-in and 2 upper levels for commercial use.

•The property is situated on a main road artery, a few minutes from Malta International Airport and within close proximity to the Freeport.

•On 30th October 2014, Arch.A. Fenech Vella valued the property at €2.4m

•Additional development costs for this building were estimated at **€500,000** and are currently in line with projections.

•The project comprises approximately 1,365 Sq. m of office space over 3 floors including the ground floor as well as 555 Sq.m of commercial space at basement level.

•19 car spaces are available, 7 of these car spaces at basement level, whilst a further 12 spaces are open air spaces adjacent to the building.

The building is now operational with occupancy of 69%.

Operational Performance

Set out below are the highlights of the operating performance:

	Period from 20 June 2014 to 31 December 2014	Year ended 31 December 2015
	€	€
Revenue		141,996
Administration expenses	(16,542)	75,883
Operating Profit/(Loss)	(16,542)	66,113
Finance costs	(5,063)	(183,778)
Finance costs capitalised within investment property	5,063	135,331
Profit/(Loss) for the year/period	(16,542)	17,666
Tax expense	0	0
Profit/(Loss) for the year – total comprehensive income	(16,542)	17,666
Earnings per share	(0.07)	0.07
Source: Annual report and Financial Statements		
Key Accounting Ratios		
Operating Profit Margin (EBIT/Revenue)	n/a	46.56%
Net Profit Margin	n/a	12.44%

In FY2015 the company reported a net profit of €17,666, an increase over the previous reporting period as the revenue streams from the lease of office and car spaces in the Zebbug Central Business Centre were recognised as from 1 January 2015 in line with the terms stipulated in the Company's prospectus dated 5 December 2014. The Gudja Central Business Centre is practically complete and started being rented out to tenants during 2016. When works on the St. Julian's Central Business Centre is completed, rental income will start being earned on the basis of contracts finalised with tenants.

Administration expenses increased to €75,883, in line with the recognition of administration and management fees as well as Director's fees as per prospectus.

Finance costs in FY2015 included the interest payable on issued bonds (€171,139) and the amortization of the bond issue costs (€12,639) to total €183,778. The majority of finance costs were capitalised as per accounting standards as the majority of interest was related to the development of the St Julian's property.

Tax expenses for FY2015 and FY 2014 were negligible due to capital allowances on leased buildings.

Variance Analysis

Revenue was generally in line with forecasts. Administration expenses were less than expected as a result of a change in the recognition of amortised interest over the life of the bond, which was largely the determining factor in the variance between the projected and realised net profit. Net finance costs were positively affected by an additional €21,553 which was capitalised.

Income Statement

	Year ended 31 Dec 2015 Actual	Year ended 31 Dec 2015 Forecast	Variance
	€	€	€
Revenue	141,996	133,000	8,996
Administration expenses	(75,883)	(170,000)	94,117
Operating Profit/(Loss)	66,113	(36,000)	102,113
Finance costs	(183,778)	(70,000)*	
Finance costs capitalised within investment property	135,331	n/a	21,553
Profit/(Loss) for the year/period	17,666	(104,000)	121,666
Tax expense	0	(14)	14
Profit/(Loss) for the year – total comprehensive income	17,666	(117,000)	134,666
Earnings per share	0.07	(0.47)	

- **Net of capitalised interest**

Source: Annual report and Financial Statements / Prospectus

Balance Sheet

€	FY14	FY14(Restated)	FY15
Assets			
Non-current Assets			
Investment Property	12,684,916	12,684,916	**13,309,966**
Other financial assets	-	-	**-**
	12,684,916	12,684,916	**13,309,966**
Current assets			
Cash and bank balances	586,889	586,889	**2,853,623**
Trade and other receivables	31,854	31,854	**38,653**
Total assets	13,303,659	13,303,659	**16,202,242**
Equity and Liabilities			
Equity attributable to owners of the holding company			
Share capital	250,000	250,000	**250,000**
Other equity	-	10,050,000	**10,050,000**
Retained Earnings	(16,542)	(16,542)	**1,124**
Total Equity	**233,458**	**10,283,458**	**10,301,124**
Non-current liabilities			
Debt securities in issue	2,893,144	2,893,144	**5,847,130**
Current Liabilities			
Trade and other payables	127,057	127,057	**53,988**
Borrowings	10,050,000		
Total liabilities	10,177,057	3,020,201	**5,901,118**
Total equity and liabilities	13,303,659	13,303,659	**16,202,242**
Gearing Ratio (Debt/ Debt + Equity)		22.7%	**36.4%**

The cash flows as published in the last audited financial statements up to the 31st December 2015 state the following figures:

	Year ended 31 December 2015	Period from 20 June 2014 to 31 December 2014
	€	€
Cash flows from operating activities		
Cash generated from operations	(12,910)	74,104
Finance cost	(183,778)	
Net cash (used in)/generated from operating activities	(196,688)	74,104
Cash flows from investing activities	(490,564)	(12,679,853)
Purchase of investment property		
Net cash used in investing activities	(490,564)	(12,679,853)
Cash flows from financing activities		
Loans from related parties		10,050,000
Bond proceeds	2,953,986	2,892,638
Issue of share capital		250,000
Net cash generated from financing activities	2,953,986	13,192,638
Net movement in cash and cash equivalents	2,266,734	586,889
Cash and cash equivalents at beginning of period	586,889	
Cash and cash equivalents at end of period	2,853,623	586,889

Source: Annual report 2015

Forecasts

Income Statement

Revenue of the company will compromise of rental income from the 3 business centres (St. Julian's, Zebbug and Gudja). Management maintains their forecast going forward as per the below.

The bond interest cover indicates how easily a company can cover interest payments due from earnings. The forecast below illustrates a healthy ratio, except for FY16 in which year the company is still expected to have enough cash to service the interest payment as indicated in the cash flow statement below.

The Cortis Group made a commitment to inject €400k in cash loans to the company in order to fund the shortfall in interest costs over the construction period, should the need arise.

As per supplement dated 4th December 2015, the forecasts were updated as shown below.

	Forecast	
€000	**FY16**	**FY17**
Total Rental income	**214**	**918**
Overheads	(51)	(53)
EBITDA	**163**	**865**
Bond Interest	(353)	(353)
Interest on related party loans	n/a	n/a
Interest on investments	n/a	n/a
Net Interest	(216)	(875)
Profit/(Loss) before tax	**(48)**	**1**
Tax	-	-
Profit/(Loss) After Tax	**(48)**	**1**
Interest cover	*75%*	*99%*
Bond Interest cover	*46%*	*245%*
ROCE (EBITDA/Total assets)	***0.98%***	***5.07%***
ROE (PBT/Net assets)	***n/a***	***n/a***

Overhead costs are made up of corporate costs including sales and marketing. This model has been successfully adopted at the Zebbug Business Centre. Management feels that the maintenance fee more than adequately covers its cash flow requirements in relation to upkeep of the building and common area maintenance.

With regards to the related party loans the projections assume that the agreement will provide for interest payable at the discretion of the borrower. The projections reflect no interest payments in the first 2 years and 5% per annum thereafter. The projections also assume that interest paid will be re-loaned to the issuer.

Balance Sheet

Forecasted €000	FY16	FY17
Assets		
Non-current Assets		
Investment Property	16,340	16,340
Other financial assets	150	650
	16,490	16,990
Current assets		
Cash and bank balances	45	69
	45	69
Total assets	16,534	17,058
Equity and Liabilities		
Equity attributable to owners of the holding company		
Share capital	**250**	**250**
Other equity	10,450	10,973
Accumulated Losses	(166)	(164)
Total Equity	**10,534**	**11,058**
Non-current liabilities		
Debt securities in issue	6,000	6,000
	6,000	6,000
Total equity and liabilities	**16,534**	**17,058**
Gearing Ratio (Debt/ Debt + Equity)	**36.3%**	**35.2%**

The above balance sheet illustrates how the gearing ratio is expected to move during the construction period and beyond. These gearing ratio figures are healthy when considering the industry that the company operates in. It is projected that in 2016 the gearing ratio will be 36%. The 1st tranche was issued at 5.75%. The 1st tranche is assumed to be redeemed at the end of a 7-year period whilst the 2nd tranche is assumed to be redeemed at the end of a 10-year period. From 2016 onwards, gearing should stabilise around the 36% for the following few years and then gradually decrease until both bonds are repaid.

Cashflow

€000	FY16F	FY17F	FY18F
Operating activities			
Profit/(Loss) before tax	(48)	1	255
Tax	-	-	-
Adjustment for:			
Finance costs	216	875	875
Cashflow from operations	167	876	1,130
Interest Paid	(353)	(875)	(875)
Operating cash flows after tax	**(185)**	**1**	**255**
Other financial assets	-	(500)	(675)
Development and finishing costs	(900)	-	-
Investing cash flows	**(900)**	**(500)**	**(675)**
Other Equity	-	523	549
Financing cash flows	**-**	**523**	**549**
Net movement in cash	**(1,085)**	**24**	**129**
Cash and cash equivalents at beginning of period	**1,130**	**45**	**69**
Cash and cash equivalents at end of period	**45**	**69**	**197**

Source: Supplement, Dec 2015

Assumptions

CBC - Zebbug

Projected income relating to the Zebbug Business Centre is based on existing contracts. The financial projections assume that the current agreements will continue to be renewed on an annual basis and that any terminations will be replaced without loss of income.

CBC - Gudja

•In FY16, occupancy is projected to increase from 40% to 60% in the 1st quarter, from 60%to75% in the 2nd quarter and from 75% to 95% in the third quarter, staying at 95% in quarter four. Accordingly the average occupancy for the financial year is projected at 74%.

•Notwithstanding the fact that management believes that 100% occupancy is achievable, the projections assume 95% occupancy throughout the period to cater for unforeseen vacant periods in between tenancies.

•The current rate per Sq. m is estimated €75 per annum and is projected to increase by 6% every 3 years.

•The current rate per car space is estimated at €365 per annum also increasing at 6% every 3 years. Outdoor space are rented at €150 in the upper levels

CBC - St. Julian's and Villa Fieres

The St. Julian's Central Business Centre is in one of Malta's most sought after commercial areas, St. Julian's, and offers a prime position for retail and office space. A maximum of three million Euro of the bond proceeds shall be used to develop the St Julian's Central Business Centre into a combination of commercial, residential and/or office spaces targeted at attracting professionals and financial services providers and/or high net worth individuals. The bond proceeds shall be used for:

(i) Restore Villa Fieres to its original state. The permit is due to be confirmed for the conversion to commercial use of the restored villa as a commercial and/or retail venue.

(ii) Develop approximately 2.360 square meters of office space over the Villa Fieres Site targeted at medium-sized leases (250-500 square meters per tenant). The building will comprise two floors measuring 550 square meters each, two floors at 480 square meters each and one floor at 300 square meters.

(iii) Develop the ground floor level of the Villa Fieres site. The four outlets which have already been vacated shall be converted into a ground floor entrance to the Central Business Centre and four (smaller) retail outlets of 45 square metres each. In addition, an intermediate floor at ground level providing for an additional 400 square metres of retail space shall be developed. The remaining three retail outlets are expected to be developed into new retail outlets once vacated.

The revised expected date of completion of works for the development of office space and the Villa Fieres restoration for full completion of the development, in finished form is now projected to be December 2016.

Other Assumptions

Loans from related parties

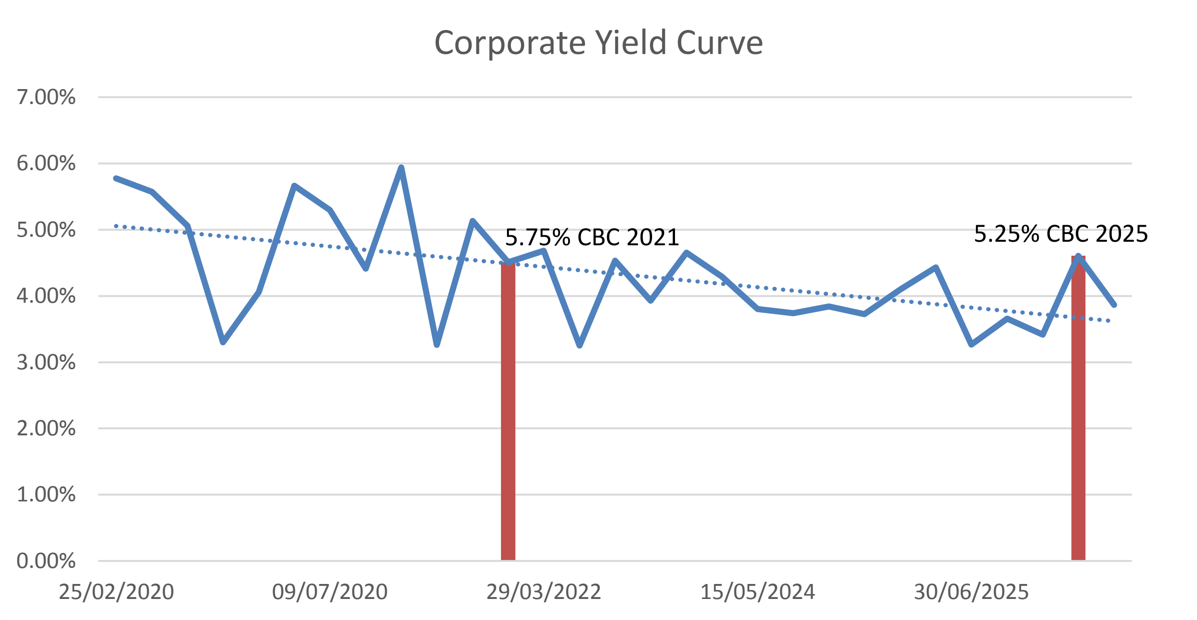
The projections assume a 2 year grace period in respect of interest on the subrogated loans from related parties, following which interest has been provided at 5% per annum. The projections assume re-investment of that interest thus increasing the loan balances accordingly over the projected period. Any shortfall in funding requirements will be covered in by SMW Cortis.

Tax

Tax has been provided at 35% on taxable income which is calculated on the basis of rental income and interest income less maintenance allowance and interest expense. The maintenance allowance is based on 20% of gross rental income. Company expenses have not been deducted for the purposes of calculating the projected tax charge. Unabsorbed losses are assumed to be carried forward to subsequent years to be set off against projected future profits. Based on the above assumptions the calculations underlying the projections reflect a situation whereby tax losses in FY16 to FY21 will be used to offset tax profits between FY22 and FY25 resulting in no tax charge between.

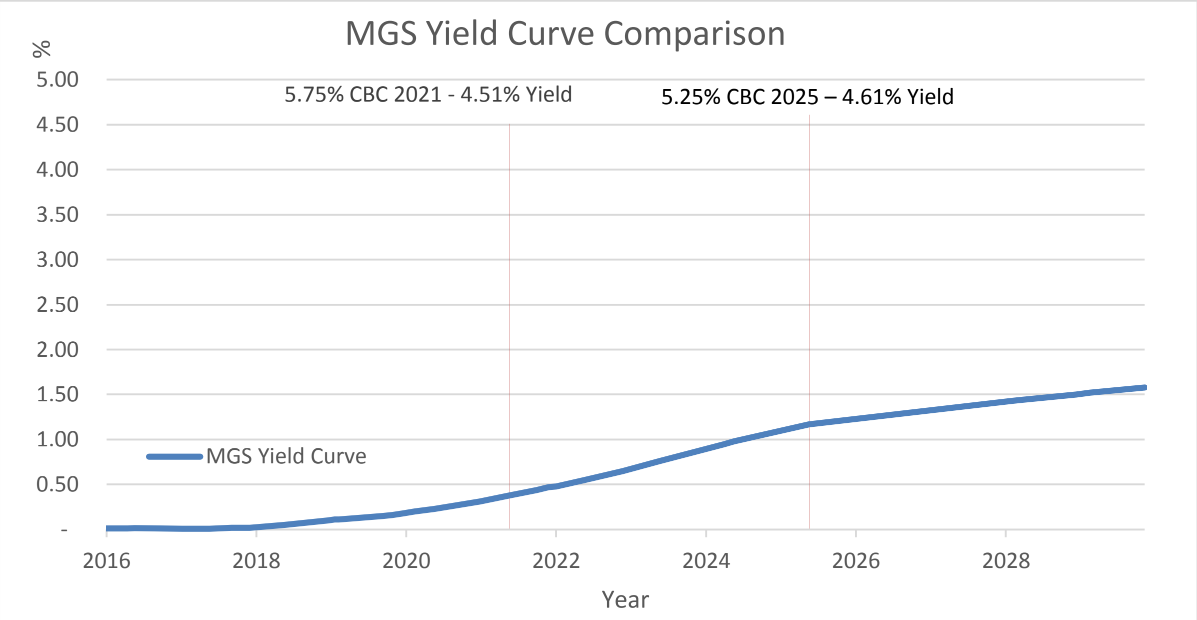
Pricing and Yield comparison

The diagram below shows the average yields for locally listed corporates of similar maturities.



Both of the company's bonds are trading in line with similar corporates traded on the Malta Stock Exchange.

The diagram below shows the yield of the company's bonds when compared with the yield curve of the Malta Government Stocks (MGS).



On average, the premium for the 5.75% CBC 2021 bond over the comparable MGS is 413 basis points and 344 basis points for the 5.25% CBC 2025 bond (as at 21st June 2016). The yield to maturity of the 5.75% CBC 2021 bond is therefore 4.51% and 4.61% for the 5.25% CBC 2025 bond.

This is in line with the average spread over and above Malta Government Stock for paper of the same duration. Comparing the spreads of both of the CBC issues to other corporates as well as the MGS yield curve, the company's bonds appear to be trading in line with its peers.

Issuer	Nominal Value (€)	YTM	Interest Cover (times)	Total Assets (€'000)	Net Asset Value (€'000)	Gearing Ratio (%)
6.25% International Hotel Investments Plc € 2017 - 2020	24,831,700	5.1%	1.68	1,159,643,000	608,288,000	0.48
5.5% Pendergardens Developments plc Secured € 2020 Series I	15,000,000	3.3%	59.04	58,034,894	11,678,674	0.80
6.6% Eden Finance plc 2017-2020	13,984,000	5.7%	1.57	145,427,353	76,647,680	0.47
5.8% International Hotel Investments plc 2021	20,000,000	5.1%	1.68	1,159,643,000	608,288,000	0.48
5.75% Central Business Centres plc Unsecured € 2021 S1T1	**3,000,000.**	**4.5%**	**0.36**	**16,202,242**	**10,301,124**	**0.36**
6% Pendergardens Developments plc Secured € 2022 Series II	27,000,000	3.3%	59.04	58,034,894	11,678,674	0.80
6% Medserv plc Sec. & Grntd € Notes 2020-2023 S1 T1	20,000,000	4.5%	4.99	81,141,028	11,122,300	0.86
5.8% International Hotel Investments plc 2023	10,000,000	4.7%	1.68	1,159,643,000	608,288,000	0.48
5.3% Mariner Finance plc Unsecured € 2024	35,000,000	3.7%	2.82	67,669,142	25,822,706	0.62
5.1% PTL Holdings plc Unsecured € 2024	36,000,000	4.1%	2.32	70,543,000	6,592,000	0.87
5.75% International Hotel Investments plc Unsecured € 2025	45,000,000	4.4%	1.68	1,159,643,000	608,288,000	0.48
4.5% Hili Properties plc Unsecured € 2025	37,000,000	3.4%	3.42	90,867,000	26,315,000	0.71
5.25% Central Business Centres plc Unsecured € 2025 S2T1	**3,000,000**	**4.6%**	**0.36**	**16,202,242**	**10,301,124**	**0.36**
4.5% Medserv plc Unsecured € 2026	21,982,400	3.9%	4.99	81,141,028	11,122,300	0.86

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	
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
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 asset 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	Non-current asset 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.