FINANCIAL ANALYSIS SUMMARY
Central Business Centres plc
15th June 2018

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

15th June 2018

Dear Sir/Madam,

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) Historical financial data for the three years ended 2015, 2016 and 2017 have been extracted from the Issuer's audited statutory financial statements for the three years in question.

b) The forecast data for the financial year ending 31st December 2018 has been provided by management.

c) Our commentary on the results of the Issuer and on its 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 the "Glossary and Definitions".

e) The principal relevant market players listed in the "Comparative Analysis" section 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 annually published financial statements of the Issuer. 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 financial statements. The Analysis does not constitute an endorsement by our firm of the proposed Bond Issue and should not be interpreted as a recommendation to invest in the Bonds. We shall not accept any liability for any loss or damage arising out of the use of the Analysis and no representation or warranty is provided in respect of the reliability of the information contained in the Analysis. Potential investors are encouraged to seek professional advice before investing in the bonds.

Yours sincerely,

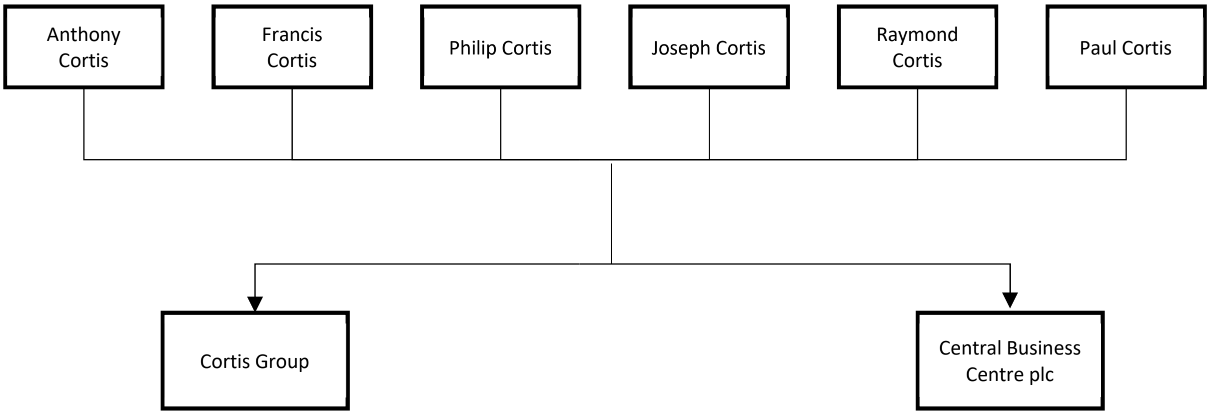
Nick Calamatta
Co-CEO

1. Table of Contents

2. Information about the Issuer

2.1 Issuer's key activities and structure

Central Business Centres plc ("CBC") was set-up in 2014 with the same shareholding structure as S.M.W. Cortis Ltd and its subsidiary companies ("the Cortis Group"). The principal activity of Issuer is to hold commercial property for investment purposes and generate returns from this property through rental agreements. 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.



S.M.W. Cortis Limited and its subsidiaries are active in the following areas:

- ◊ SMW Cortis Ltd - manufacturer and supplier of indoor and outdoor furniture and joinery
- ◊ Cortis Timber & Wood Products Ltd - Import, distribution and retail of timber
- ◊ Lapsi Court Limited - Property development
- ◊ Alcor Trading Limited - Aluminium products suppliers
- ◊ Calibre Industries Limited - Architectural aluminium, glazing, steel, timber and turnkey projects
- ◊ Precision Optical Limited - Lens manufacturer and importer of eyewear and related products and operator of outlets.
- ◊ EVS Ltd - Import and distribution of electric vehicles. This company is currently dormant.

2.2 History of the Company

In 2014, upon its incorporation, CBC acquired three properties from the Cortis Group.

The three properties comprised:

1. A business centre in Zebbug (acquisition also included the contracts with tenants already in place);
2. A plot of land in Gudja, together with a shell structure for commercial use;
3. A plot of land and an old villa with adjoining gardens in St Julian's, together with permits for the restoration of the villa and the development of a third business centre for commercial use.

The Company issued a €6,000,000 Bond Issuance programme on 5 December 2014. On 22 December 2014, CBC issued its first tranche of €3million 7-year bonds at 5.75% as part of this programme. On the 4 December 2015, the Company issued a further €3million 10-year bond at 5.25%.

The company developed the Gudja Business Centre during 2014-2015 and the first tenants entered the premises as from 1 December 2015. The property is further described later on in this section of the Analysis.

Finishing works are close to completion on the business centre in St. Julian's. Management expects that the property will start being rented out during the third quarter of 2018. Work on the villa (Villa Fieres) in St. Julian's is ongoing.

During 2017, the Company purchased a large tract of land located in Zebbug from S.M.W. Cortis Limited for a consideration of €11,500,000, with the intention of developing it into business premises comprising of storage, retail and office space.

During the same year, the Company issued a €10,000,000 Bond Issuance programme on 30th May 2017. On 12th June 2017, CBC issued a first tranche of €6 million 10-year bonds at 4.4%, resulting in net bond proceeds of €5,880,000. The bond proceeds were mainly deployed to finance the purchase of the Zebbug property (€5,700,000) and for general corporate funding purposes (€180,000). The remaining €5,800,000 consideration was financed through a subordinated loan from S.M.W. Cortis Limited.

2.3 Shareholders

The current shareholders of the Group are:

- Joseph Cortis – Chairman and CEO
- Anthony Cortis
- Francis Cortis
- Philip Cortis
- Raymond Cortis
- Paul Cortis

Each of the shareholders hold an equal share in the Company. The same shareholders own an equal holding in S.M.W. Cortis Limited.

2.4 Directors and Executive Management

Board of Directors

The Board of Directors of the Issuer is composed of the following persons:

Name	Designation
Joseph Cortis	Executive Director, Chairman
Petramay Attard Cortis	Non - Executive Director
Alfred Sladden	Non - Executive Director
Raymond Cortis	Non-Executive Director
Joseph M Formosa	Non-Executive Director

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

2.5 Major assets owned by the Issuer

The main assets held by the business include:

- ◊ Central Business Centre - Zebbug;
- ◊ Central Business Centre - Gudja;
- ◊ Central Business Centre and Villa Fieres (under development) - St Julian's;
- ◊ New site in Zebbug (acquired during 2017 and earmarked for a commercial development – more details below)

Further details about each property

Central Business Centre - Zebbug

Central Business Centre - Zebbug was acquired by the Issuer from S.M.W Cortis Ltd. This is currently rented out at full occupancy to third parties.

- ◊ The property was developed in 2011/12 on land acquired by the Cortis Group in 2002.

- ◊ The property was independently valued at €4 million on 10th May 2017 by Architect Joe Cassar.

- ◊ CBC purchased the property for a consideration of €3.7million and the consideration comprised €2.3m in cash and €1.4m by means of a subordinated loan from S.M.W. Cortis Ltd.

- ◊ The property comprises 1,509 sqm of office space, over five 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%. Rent agreements signed with tenants cater for an increase in rent of around 5% to 6% every three years from the start of the contract. First rent revisions came into force in June 2014 with a further batch of contracted rents revised in FY15. In addition to the rent, tenants pay a maintenance and management fee which are equivalent to 10% and 5% of the rent due respectively. This amount is used by the Company to fund annual maintenance, administration and common area costs.

Central Business Centre - Gudja

- ◊ 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 complete and comprises of a basement, extending to under half the width of the adjacent drive-in and two 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.

◊ The property was valued at €3.5m on 10th May 2017 by Architect Joe Cassar following completion of the majority of finishing works.

◊ The project comprises approximately 1,365 sqm of office space over three floors including the ground floor as well as 555 sqm 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 operational and the current occupancy as at end of April 2018 was at 86.1%. All rental agreements are subject to a 6% increase in rent every three years from the start date of the contract. Each tenant is charged a maintenance and management fee equal to 10% and 5% of the rental value respectively, as catered for in the signed rental contracts.

St. Julian's Business Centre and Villa Fieres

The Issuer owns property in Spinola, St Julian's comprising of:

◊ Villa Fieres, whose total area covers approximately 1,100 Sqm. The building itself occupies a footprint of approximately 200 Sqm and has two floors and a semi-basement. The garden covers approximately 900 Sqm.

Management explained that the villa has permits for commercial and/or residential use and is earmarked for rental to third parties either as a high-end restaurant location or as a residence for high net worth individuals.

◊ A newly built building of approximately 2,360 sqm of office space spread over five floors and a ground floor area currently occupied by seven outlets, three of which are rented out to third parties on long-term leases. The office space is targeted at medium-sized leases (250-500 sqm per tenant). The building will comprise two floors at 550 sqm each, two floors at 480 sqm each and one floor at 300 sqm.

The Cortis Group acquired Fieres Ltd in May 2002. The Issuer acquired the properties for €6.5million and the purchase price was settled by means of subordinated loans from the Cortis Group companies. The properties were valued at €7.5m on 10th May 2017 by Architect Joe Cassar.

New Zebbug Site

During 2017 the Company acquired a plot of land in the outskirts of Zebbug from the Cortis Group for a consideration €11,500,000. The issuer holds a permit issued by the relevant authorities on 17th November 2014 (PA 525/10) to develop 2,100 Sqm of the site footprint. The remaining area is designated for landscaping purposes and includes allocated areas for surface and underground parking.

The company has however entered into an agreement with LIDL Immobiliare Malta Ltd (LIDL) - Further details are provided in section 2.6 of the Analysis.

2.6 Operational Developments

St. Julian's Business Centre and Villa Fieres

The business centre is currently being finished. The Company is in the process of obtaining a statutory permit from the Planning Authority. As per management's assumptions, the revised permit is expected by June 2018. The finishing works are expected to be completed by Q2 2018. Management forecast first rental agreements on the property to become effective during the third quarter of 2018.

The ground floor level of the business centre site comprised seven retail outlets. The four outlets that have already been vacated have been converted into a ground floor entrance to the Central Business Central and three (smaller) retail outlets of 45 square metres of retail space have been developed. The remaining three outlets are expected to be developed into new retail outlets once vacated.

Villa Fieres is currently under restoration and development, with further excavation works yet to be completed. The Company is now seeking to obtain an extension of the current development permit, upon obtaining which the Company will be able to speed up the construction works. Management expects the permit to be in hand byQ3 2018.

New Zebbug site

Emphyteutical Grant Agreement with LIDL

On the 19th October 2017, the Company entered into a Promise of Sale Emphyteutical Grant Agreement with LIDL Immobiliare Malta Ltd (LIDL) in relation to a part of the newly acquired land in Zebbug for developing a supermarket, including ancillary facilities such as warehouse facilities, utility spaces, parking spaces and loading/unloading ramp and bay.

The Company's management indicated that the above-mentioned Promise of Emphyteutical Grant Agreement has a duration of 18 months, during which LIDL shall obtain from the Planning Authority a development permit for the entire site. Management indicated that an application has been already filed at the planning Authority. If the permit is obtained, LIDL would fund the development works for the entire site, at the end of which the portion which is not part of the Promise of Emphyteutical Grant Agreement will be returned to CBC and rented to the Cortis Group.

Since July 2017, the said Zebbug site has been rented to the Cortis Group, until the expiry of the Promise of Emphyteutical Grant Agreement with LIDL.

3. Key Market Data

3.1 General Market Conditions[1]

In the Euro area, real growth in gross domestic product (GDP) accelerated to 2.3% in 2017, from 1.8% in the previous year. Euro area GDP is forecasted to grow at 2.4% in 2018 and 1.9% in 2019. Consumer price inflation, measured on the basis of the Harmonised Index of Consumer Prices (HICP) also increased strongly, averaging 1.5% for the whole year, up from 0.2% in 2016.

The Maltese economy continued to grow strongly during 2017, with real GDP accelerating by 6.6% compared to 5.5% in the previous year, and almost three times that recorded in the euro area. Economic activity was primarily driven by net exports (services-led).

Domestic demand also supported economic expansion, although its contribution was moderate by comparison as positive contributions from private consumption and changes in inventories were partly offset by reductions in government consumption and investment. The overall Economic Sentiment Indicator (ESI) thus rose further above its long-term average of 101, ending the year at its highest level since the survey has been conducted for Malta.

3.2 Property

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 St Julian’s property will be successfully leased out to 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 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.

[1] Derived from the 2017 Annual Report of the Central Bank of Malta (www.centralbankmalta.org/annual-reports)

4. Performance Review and Forecasts

All financial information presented in this section was derived from the audited accounts of the Issuer or supplied by management. Given that some of the Company's projects were not yet complete during the period under review, Management does not consider the FY15, FY16 and FY17 results to be reflective of the Company's future performance.

4.1 Income Statement

€'000	2015A	2016A	2017A	2018F	
Turnover	142	224	329	574	1
Operating Expenses	(76)	(86)	(183)	(151)	2
EBITDA	**66**	**138**	**146**	**423**	
Fair value movement relating to investment property	-	-	662	-	
Operating income	**66**	**138**	**809**	**423**	
Finance Costs	(184)	(348)	(479)	(631)	3
Finance costs capitalised	135	179	311	327	4
Profit before tax	**18**	**(31)**	**641**	**119**	
Tax expense	-	-	(785)	(91)	
Profit for the year	**18**	**(31)**	**(144)**	**28**	
Ratio Analysis					
Revenue Growth (YoY)	*N/A*	*57.7%*	*47.1%*	*74.4%*	
EBITDA margin	*46.6%*	*61.6%*	*44.5%*	*73.7%*	
Operating Margin	*46.5%*	*61.6%*	*245.8%*	*73.7%*	
Net Margin	*12.0%*	*-13.8%*	*-43.7%*	*4.9%*	
Interest Cover	*0.386x*	*0.417x*	*0.321x*	*0.712x*	
Earnings per share (€)	*0.07*	*(0.13)*	*(0.57)*	*0.112*	

Source: Audited Financial Statements

1. Revenue is derived from rental income and maintenance fees charged to tenants occupying premises in CBC's rental properties.
2. Operating expenses are primarily comprised of administration and management fees, professional fees and insurance.
3. Finance costs relate to the annual interest expense incurred on outstanding debt and the annual amortisation of the bond issue costs which in FY17 amounted to €22.2k.
4. Finance costs capitalised reflect the part interest incurred on debt which is directly linked with development projects still under construction. Interest is capitalised until the development of the respective property is complete. This is reflected as an increase in the value of Investment property.

Financial Year 2016 reflected the progress of the Company in completing projecting and deriving revenue streams. Rental income increased to €224,000 resulting in an operating profit of €138,000. The increase in operating profit was more than off-set by an increase in finance costs (€348,000), which was partly capitalised, resulting in a net loss of €31,000 for the year.

During FY17 rental income increased by 47% to €329k as a result of the higher rental income generated from the Gudja Business Centre, which had reached 100% occupancy as at December 2017, and from the newly acquired property in Zebbug.

Operating expenses increased by 112% (€97k) due to increased operations at the Gudja Business Centre and due to a one-off impairment on the rent receivable from a tenant. In this regard, the company commenced legal proceeding against the mentioned tenant. The court case is currently pending.

Operating profit amounted to €809k and was positively impacted by a €662k fair value movement relating to the investment property.

Assumptions used in the FY18 income statement's forecasts:

- Management expects rental income to grow to €574k (+74%) because of a marginal increase in the rent receivable from the Zebbug and Gudja properties and due to the St. Julian's Business Centre starting to be rented out in Q3 2018.
- Overheads are expected to decrease to €151k from €183 in FY17, mainly because during FY17 a provision for a non-performing tenant was registered.
- Tax expense relates entirely to tax on rental income projected at a flat rate of 15% in accordance with existing tax legislation.
- Interest income is projected at a flat rate of 0.5% on excess cash transferred to investments.
- Finance costs are expected to grow by 32% compared to FY17 because interest costs relating to the €6 million bond issue will be expensed / capitalised for the first full year.

Revenue growth in FY18 is primarily driven by the completion and subsequent rental of the Business Centre in St. Julian's. Following completion of the permitted development on the newly acquired Zebbug site, total rental revenue is projected to reach a stabilised amount in FY20. Total revenue is projected to increase at the contractual rental increases thereafter.

Revenue

€'000	2015A	2016A	2017A	
Zebbug Central Business Centre	122	146	154	1
Zebbug new property	-	-	50	2
Gudja Business Centre	4	58	118	3
Total rental Income	**126**	**204**	**322**	
Other income	16	20	7	4
Total Revenue	**142**	**224**	**329**	

Source: management information

1. The purchase agreement of the Zebbug Business Centre by CBC provided that all income derived from the property until 31st December 2014 were to be earned by S.M.W. Cortis, the previous owner of the property, while all income from the property derived from the 1st January 2015 would accrue to CBC. As per Management, the Zebbug Central Business Centre is currently 100% occupied.

2. The Company started receiving rental income from the Cortis Group in relation to the site newly acquired in Zebbug since July 2017.

3. Rental income from Gudja Business Centre reflects the rental income earned from three new tenants occupying Gudja Business Centre whose lease agreement was effective from the 1st December 2015. This Business Centre is currently 86.1% occupied, after having reached 100% occupancy as at December 2017.

4. Other revenue is primarily composed of utilities expense recharge to tenants net of actual expenses incurred by the Issuer with regards to the relevant properties.

4.2 Income Statement Variance

In the above table below the income statement, variance analysis in financial year 2017 is compared against previously projected results.

€'000	2017A	2017F	Variance
Turnover	329	519	(190)
Operating Expenses	(183)	(142)	(41)
EBITDA	**146**	**376**	**(230)**
Fair value movement relating to investment property	662	757	(95)
Amortisation of bond issue costs	(22)	(29)	7
Operating profit	**787**	**1,105**	**(318)**
Interest expense	(146)	(136)	(10)
Profit before tax	**641**	**969**	**(328)**
Tax expense	(785)	-	(785)
Profit for the year	**(144)**	**969**	**(1,113)**

Source: Audited Financial Statements and management information

As per discussions with management, actual revenue was lower than expected due to delays in the in the issue of statutory approvals relating to St Julian's property, which in turn affected the completion of the works and the rental of the property. Consequently, the property did not generate any rental income during FY17.

Actual costs were €41k higher than expected due to the impairment of the rent receivable from one tenant, with whom a court case is pending.

Tax expense arose primarily from the revaluation surplus on investment property.

4.3 Statement of Financial Position

€000	2015A	2016A	2017	2018F
Assets				
Investment Property	13,310	14,243	27,369	27,920
Non- current assets	**13,310**	**14,243**	**27,369**	**27,920**
Trade and other receivables	39	650	124	125
Cash	2,854	1,247	1,074	588
Total current assets	**2,893**	**1,898**	**1,898**	**713**
Total assets	**16,202**	**16,141**	**28,567**	**28,632**
Equity				
Share capital	250	250	250	250
Capital reserve	10,050	10,050	15,850	15,850
Revaluation reserve			596	596
Retained earnings (accumulated losses)	1	(30)	(770)	(742)
Total equity	**10,301**	**10,270**	**15,926**	**15,954**
Liabilities				
Borrowings	5,847	5,856	11,762	11,798
Deferred tax liabilities	-	-	740	740
Total non-current liabilities	**5,847**	**5,856**	**12,501**	**12,538**
Trade and other payables	54	6	140	140
Total current liabilities	**54**	**6**	**-**	**140**
Total liabilities	**5,901**	**5,871**	**12,641**	**12,678**
Total equity and liabilities	**16,202**	**16,141**	**28,567**	**28,632**
Ratio Analysis				
Profitability				
Return on Common Equity	0.17%	-0.30%	-1.10%	0.00%
Return on Assets	0.11%	-0.19%	-0.50%	0.00%
Solvency				
Net Debt / Total Equity	29.03%	44.96%	67.11%	70.26%
Total Liabilities /Total Assets	36.42%	36.37%	44.25%	44.28%
Net Debt / EBITDA	45.2x	33.5x	73.0x	26.5x
Current Ratio	53.6x	325.2x	8.6x	5.1x
Net Debt/CFO	-16.2x	-5.4x	59.7x	-42.8x

Source: Audited Financial Statements

1. Investment property is composed of four separately identifiable assets, namely the Zebbug Central Business Centre, the Gudja Business Centre and Property in St Julian's and Zebbug held for development.

2. The increase in the carrying amount of investment property from FY15 to FY16 was primarily driven by development works undertaken on the St Julian's property and a capitalisation of €179k in interest incurred on debt directly linked with investment property still under development.
3. The €13 million increase observed in FY17 is primarily due to the acquisition of the new property in Zebbug, the investments in development works in the St. Julian's property and the revaluation of the Business Centres.
4. The entire €15,850k capital reserve relates to three subordinated loans with related parties, which under IAS 32 are classified as equity. The Company entered into two-subordinated loan agreements amounting to €10 million during 2014 to part finance the acquisition of the Zebbug Central Business Centre, the Gudja Central Business Centre and Villa Fieres sites. The terms of the Subordinated loan agreements stipulate that these loans are interest free (unless otherwise agreed from time to time) and will not be settled unless the company has sufficient funds to repay in full the principle and interest on the bonds in issuance in accordance with the terms of the Bond Issuance Programme. During 2017, the company entered into another subordinated loan agreement with the same terms and conditions of the former two, to part finance the acquisition of the new Zebbug property.
5. The Company has an additional €400k subordinated loan facility from S.M.W. Cortis Limited in place, which as at 30th April 2017 was not withdrawn. This was extended to finance any cash shortfalls the Company may have during the St. Julian's development. Management indicated that this subordinated loan facility will remain in place.
6. CBC plc issued a bond of €3m on 22nd December 2014 and another bond of €3m from the same issuance programme on the 24th of December 2015. The net proceeds of these funds were used to part finance the acquisition of the properties acquired in FY14 and to finance the development of St. Julian's Central Business Centre. During 2017, the Company set up a €10,000,000 Bond Issuance programme which was approved by the MFSA on 30th May 2017. On 12th June 2017 CBC issued a first tranche of €6 million 10-year bonds at 4.4%, primarily to finance the purchase of the Zebbug property. Borrowings are presented net of bond issue costs. The bond issue cost is amortised over the term of the debt instrument. The nominal balance of debt securities in issue amounts to €6m.
7. During the financial year 2017 there were no other material shifts in the composition of the balance sheet. The project in St. Julian's is close to completion, with construction works terminated, and it is expected to benefit from a positive revaluation once complete in line with the recent trends of the property market.

4.4 Cash Flow Statement Review

€000	2015A	2016A	2017A	2018F	
Cash flows from operating activities					
EBITDA	66	138	176[2]	423	
Movement in trade and other receivables	7	(590)	488	-	
Movement in trade and other payables	73	(48)	5	-	
Finance costs paid	(171)	(330)	(454)	(594)	
Tax paid	-	(22)	(36)	(91)	
Net operating cash flows	**(185)**	**(852)**	**179**	**(262)**	
Cash flows from investing activities					
Purchase of Investment property	(490)	(754)	(12,152)	(223)	1
Net cash used in investing activities	**(490)**	**(754)**	**(12,152)**	**(223)**	
Cash flows from financing activities					
Loans from related parties	-	-	5,800	-	
Bond proceeds	2,941	-	6,000	-	2
Issue of share capital	-	-	-	-	
Net cash used in financing activities	**2,941**	**-**	**11,800**	**-**	
Net movement in cash flows	**2,267**	**(1,606)**	**(173)**	**(486)**	
Cash and cash equivalents at beg of year	587	2,854	1,247	1,074	
Cash and cash equivalents at end of year	**2,854**	**1,247**	**1,074**	**588**	

Source: Audited Financial Statements

1. Purchase of investment property in FY17 relates to the acquisition of the new property in Zebbug and investment in development works in the St. Julian's property, as indicated in the section 2 of the document. The €12.2m acquisition/investment value was financed up to €5.8m through a subordinated loan agreement from S.M.W. Cortis Limited, €5.9m through the bond proceeds raised in 2017 and the remaining amount through the Company's cash flows.

2. During 2015 the Company issued the second tranche of the first bond issue programme with a nominal value of €3 million, a coupon of 5.25% and a maturity date of 2025. The Company issued the first tranche of a second bond issue programme with a nominal value of €6 million, 4.4% coupon and a maturity date of 2027 on the 12th June 2017.

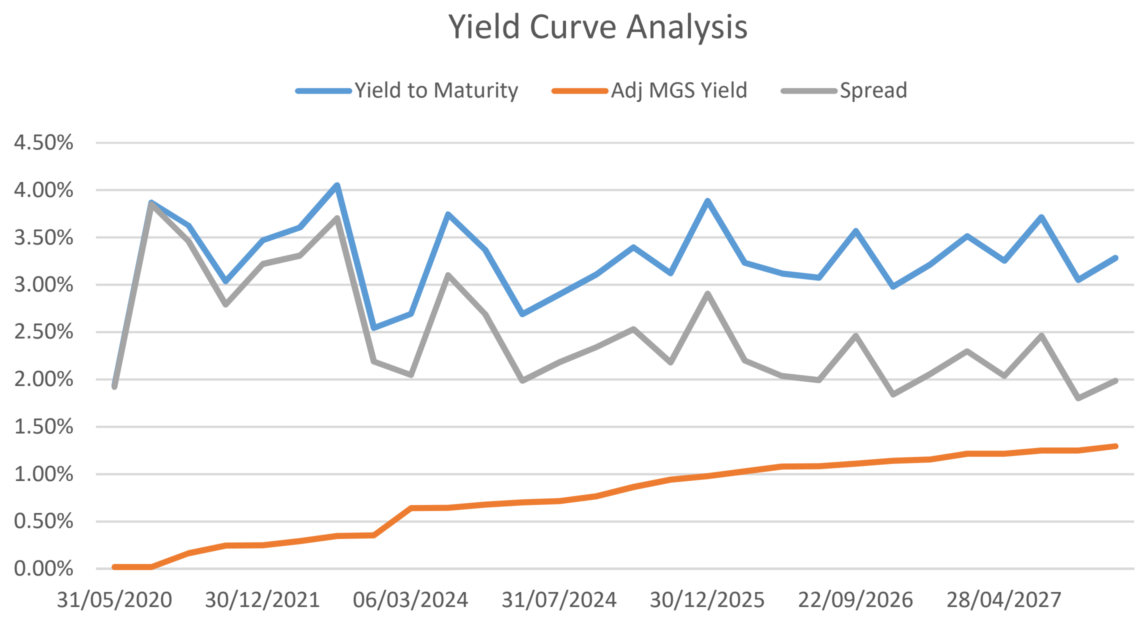
[2] FY17 EBITDA figure excludes the impairment of a trade receivable.

5. Listed Debt Securities of the Issuer

Description	Amount	ISIN Number
5.75% Central Business Centres plc Unsecured € 2021 S1T1	€3,000,000	MT0000881202
5.25% Central Business Centres plc Unsecured € 2025 S2T1	€3,000,000	MT0000881210
4.40% Central Business Centres plc Unsecured € 2027 S1/17 T1	€6,000,000	MT0000881228

6. Comparative Analysis

The purpose of the table below compares the debt issuance of the Issuer to other debt instruments with similar duration. 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.



As at 12th June 2018, the average spread over the Malta Government Stock (MGS) for corporates with maturity range of eight-nine years was 210 basis points. The 5.75% CBC bond maturing in 2021 was yielding 347 basis points and an equivalent spread of 322 basis points. The 5.25% CBC bond maturing on the 30/12/2025 was yielding 389 basis points and an equivalent spread of 291 basis points. The latest issued 4.4% CBC bond is yielding 372 basis point and a spread of 274 basis points.

	Nominal Value (€'000)	YTM	Interest Cover (times)	Current ratio (times)	Net Debt/ Equity	Liabilities / Assets
5.5% Pendergardens Developments plc Secured € 2020 Series I (xd)	14,711	1.94%	1.5	5.0	194.4%	84.0%
5.5% Mediterranean Investments Holding plc Unsecured € 2020	20,000	3.87%	0.6	0.6	71.3%	53.5%
6% Mediterranean Investments Holding plc Euro 2021	12,000	3.63%	0.6	0.6	71.3%	53.5%
5.8% International Hotel Investments plc 2021	20,000	3.04%	2.8	1.5	57.1%	44.8%
5.75% Central Business Centres plc Unsecured € 2021 S1T1	**3,000**	**3.47%**	**0.3**	**8.6**	**67.1%**	**44.2%**
6% Corinthia Finance plc € 2019-2022	7,500	3.61%	2.5	1.0	67.8%	48.9%
5% Mediterranean Investments Holding plc Unsecured € 2022	40,000	4.05%	0.6	0.6	71.3%	53.5%
6% Pendergardens Developments plc Secured € 2022 Series II	27,000	2.54%	1.5	5.0	194.4%	84.0%
6% AX Investments Plc € 2024	40,000	2.69%	4.4	0.8	35.3%	39.5%
4.4% Von der Heyden Group Finance plc Unsecured € 2024	25,000	3.75%	-0.2	0.8	140.2%	65.5%
6% international hotel Investments plc € 2024	35,000	3.37%	2.8	1.5	57.1%	44.8%
5.3% Mariner Finance plc Unsecured € 2024	35,000	2.69%	3.9	2.0	84.1%	49.8%
5% Tumas Investments plc Unsecured € 2024	25,000	2.90%	7.5	1.6	51.8%	55.1%
5% Hal Mann Vella Group plc Secured Bonds € 2024	30,000	3.11%	2.5	1.3	117.4%	63.1%
5.75% International Hotel Investments plc Unsecured € 2025	45,000	3.40%	2.8	1.5	57.1%	44.8%
4.5% Hili Properties plc Unsecured € 2025	37,000	3.12%	1.2	0.5	232.8%	71.8%
5.25% Central Business Centres plc Unsecured € 2025 S2T1	**3,000**	**3.89%**	**0.3**	**8.6**	**67.1%**	**44.2%**
4.25% Corinthia Finance plc Unsecured € 2026	40,000	3.23%	2.5	1.0	67.8%	48.9%
4% MIDI plc Secured € 2026	50,000	3.12%	-0.5	2.6	77.7%	68.0%
4% International Hotel Investments plc Secured € 2026	55,000	3.08%	2.8	1.5	57.1%	44.8%
3.9% Plaza Centres plc Unsecured € 2026	8,500	3.57%	5.6	0.6	43.3%	38.4%
3.75% Premier Capital plc Unsecured € 2026	65,000	2.98%	7.9	1.0	134.3%	70.5%
4% International Hotel Investments plc Unsecured € 2026	40,000	3.21%	2.8	1.5	57.1%	44.8%
4.35% SD Finance plc Unsecured € 2027	65,000	3.51%	5.5	0.3	92.1%	69.8%
4% Eden Finance plc Unsecured € 2027	40,000	3.25%	4.5	0.7	57.5%	46.9%
4.4% Central Business Centres plc Unsecured € 2027 S1/17 T1	**6,000**	**3.72%**	**0.3**	**8.6**	**67.1%**	**44.2%**
3.75% Tumas Investments plc Unsecured € 2027	25,000	3.05%	7.5	1.6	51.8%	55.1%
4% Stivala Group Finance plc Secured € 2027	45,000	3.28%	9.5	1.6	7.5%	19.2%

*Based on 2017 audited financial statements

7. Glossary and Definitions

Income Statement	
Revenue	Total revenue generated by the Issuer 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 Issuer 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.
Profit before Tax (PBT)	Profit before Tax is the profit is achieved during the financial year after deducting all relevant expenses including interest expenses. This however does not include tax expense.
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 Issuer'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 Issuer 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 EBITDA of one period by the company’s finance costs of the same period.
Gearing ratio	The gearing ratio indicates the relative proportion of shareholders’ equity and debt used to finance a company’s assets, and is calculated by dividing a company’s net debt by net debt plus shareholders’ equity.