

**CENTRAL BUSINESS CENTRES p.l.c.**

**Annual Report and Financial Statements  
31 December 2019**

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## **Directors' report**

The directors present the audited financial statements for the year ended 31 December 2019.

### **Principal activities**

The principal activity of the Company is to act as a finance, investment and property-holding company. Properties owned by the Company are leased to third parties.

### **Review of the business**

During the period under review, the Company leased offices in the Zebbug Business Centre, the Gudja Business Centre and the St. Julians Business Centre to third parties. During 2019, both the Gudja Business Centre and the Zebbug Business Centre were fully occupied by tenants while the St. Julians Business Centre was 38% occupied.

The profit for the year of €495,176 (2018: loss of €118,720) is net of finance costs of €208,975 (2018: €160,609) which have been expensed during the year, and which relate to the apportionment of interest on the Bonds in issue to finance the Zebbug, Gudja and St. Julians Central Business Centres.

The Company's financial position at 31 December 2019 is set out on page 16. During 2019, part of the costs relating to the continuing development of the St. Julian's Central Business Centre and restoration of the adjoining Villa Complex together with the Zebbug land which was acquired from a related entity during 2017, were capitalised within Investment Property. Management's involvement in monitoring development of these sites remains very close to ensure that costs are kept under scrutiny and for the properties to align to the high-end specifications of business centres developed by the Company.

The St. Julian's Central Business Centre started operating during the second quarter of 2019. Part of the interest costs for the Bonds in issue have thereafter been accounted for in the income statement. Projections prepared by management indicate that rental income from the St. Julian's Central Business Centre will adequately cover the interest allocated to this property given that demand from prospective tenants is very positive.

The directors have assessed that the carrying value of the Investment Property as at 31 December 2019 is reasonable and not subject to indications of impairment. In the event that general economic conditions and property market conditions experience a downturn, this may have an adverse impact on the fair value of the Company's Investment Property. The directors have no intention of disposing of the investment property in the foreseeable future.

The main liability in the statement of financial position relates to the €12 million Bonds in issue.

An analysis of exposure to market risk, credit risk, liquidity risk and cash flow risk can be found in Note 2.

### **Results and dividends**

The financial results are set out in the statement of comprehensive income on page 17. The directors do not propose any payment of dividends.

## **Directors' report** - continued

### **Directors**

The directors of the Company who held office during the year were:

Mr. Joseph Cortis  
Mr. Alfred Sladden  
Chev. Raymond Cortis  
Dr. Petramay Attard Cortis  
Mr. Joseph M Formosa

The Company's Articles of Association require directors to seek re-election on a yearly basis.

### **Statement of directors' responsibilities for the financial statements**

The directors are required by the Maltese Companies Act (Cap. 386) to prepare financial statements which give a true and fair view of the state of affairs of the Company as at the end of each reporting period and of the profit or loss for that period.

In preparing the financial statements, the directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Company will continue in business as a going concern.

The directors are also responsible for designing, implementing and maintaining internal control relevant to the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Maltese Companies Act (Cap. 386). They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of Central Business Centres p.l.c. for the year ended 31 December 2019 are included in the Annual Report 2019, which is made available on the Company's website. The directors are responsible for the maintenance and integrity of the Annual Report on the website in view of their responsibility for the controls over, and the security of, the website. Access to information published on the Company's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

### **Going concern statement pursuant to Listing Rule 5.62**

After making enquiries and having taken into consideration the future plans of the Company, the directors have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they adopt the going concern basis in the preparation of the financial statements.

### **Auditors**

PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

## **Directors' report** - continued

### **Principal risks and uncertainties faced by the Company**

*The company is subject to market and economic conditions in general*

The company is subject to general market and economic risks which include factors such as the condition of the local property market, inflation prices for the rental of commercial properties and other economic and social factors affecting demand for real estate generally. In the event that general economic conditions and property market conditions experience a downturn, this may have an adverse impact on the financial conditions of the company and its ability to meet its obligations set-out within the Bond Prospectus.

In view of the developments pertaining to the COVID-19 pandemic that occurred after the end of the reporting period, the directors have prepared budgets and projections to assess the impact that the pandemic may have on the profitability, liquidity and going concern of the Company. Based on the outcome of cash flow projections prepared by the Company which factor possible strain on rental streams and occupancy driven by the pandemic, the Directors and senior management consider the going concern assumption in the preparation of the company's financial statements as appropriate as at the date of authorisation for issue of the 2019 financial statements. They also believe that no material uncertainty that may cast significant doubt about the company's ability to continue honouring liabilities as and when they fall due and to continue operating as a going concern for the next twelve months exists as at that date.

*Risks associated with the property market*

Risks associated with the property development and real estate industry generally include, but are not limited to, risks of cost over-runs and risks of delay in completion of the Villa in St. Julian's and the new Zebbug business premises. In the event that these risks were to materialise they could have a significant impact on the financial position of the Company.

*The property market is a very competitive market that can influence the lease of space*

The real estate market in Malta is very competitive in nature. An increase in supply and/or decrease in demand in the commercial property segment in which the company operates and targets to lease, may cause the lease of such spaces to be leased at lower lease contributions or at a slower pace than that originally anticipated by the company. If these risks were to materialise, they could have an adverse material impact on the ability of the company to repay the Bond and Interest thereon.

### **Share capital structure**

The Company's authorised and issued share capital amounts to €250,000 divided into 250,000 Ordinary shares of €1 each. The share capital consists of one class of ordinary shares with equal voting rights attached. No restrictions apply to the transfer of shares.

### **Holding in Excess of 5% of the Share Capital**

On the basis of the information available to the Company as at 31 December 2019, Petramay Attard Cortis, Eman Cortis and Joelle Cortis each hold 13,890 shares, whereas Jeanelle Bonello Cortis, Claudia Borg, Alexia Camilleri Cortis, Tiziana Cortis, Adriana Cutajar and Crystielle Farrugia each hold 20,833 shares. The cumulative shares of these aforementioned shareholders are equivalent to 67% of the company's issued share capital. The remaining 33% is also held by members of the Cortis family in individual portions of less than 5%.

Shareholders holding in aggregate more than 50% of the issued share capital, shall be entitled to appoint the directors. Other limitations of the voting rights of holders are contained in the Company's Articles of Association, Clause 55.

**Directors' report** - continued

**Appointment and Replacement of Directors**

Board members are appointed for one year and are eligible for re-appointment at the Annual General Meeting.

**Board Member Powers**

The powers of the Board members are contained in the Company's Articles of Association.

The Articles of Association grant the Company the power to buy back its own shares in terms of the Maltese Companies Act (Cap. 386).

**Contracts with Board Members and Employees**

The Company has no contract with any of its Board members that include a severance payment clause. The Company had no employees during the period ended 31 December 2019.

No disclosures are being made pursuant to listing Rules 5.64.4, 5.64.5, 5.64.6, 5.64.7 and 5.64.10 as these are not applicable to the Company.

**Pursuant to Listing Rule 5.70.1**

At the year-end, the company had various agreements for the lease of office and car spaces in the Zebbug Central Business Centre, Gudja Central Business Centre and St. Julians Central Business Centre. As at 31 December 2019, the Zebbug Central Business Centre and Gudja Central Business Centre were operating at full capacity, whereas the St. Julians Central Business Centre was operating at 38% capacity.

**Pursuant to Listing Rule 5.68**

**Statement by the Directors on the Financial Statements and Other Information included in the Annual Report**

The directors declare that to the best of their knowledge, the financial statements included in the Annual Report are prepared in accordance with the requirements of International Financial Reporting Standards as adopted by the EU and give a true and fair view of the assets, liabilities, financial position and results of the Company and that this report includes a fair review of the development and performance of the business and position of the Company, together with a description of the principal risks and uncertainties that it faces.

On behalf of the board

  
Mr. Joseph Cortis  
Chairman and CEO

  
Mr. Alfred Sladden  
Director

Registered office:  
Cortis Buildings  
Mdina Road  
Zebbug ZBG 4211  
Malta

23 April 2020

## **Corporate Governance – Statement of Compliance**

The Listing Rules issued by the Listing Authority of the Malta Financial Services Authority, require listed companies to observe The Code of Principles of Good Corporate Governance (the “Code”). Although the adoption of the Code is not obligatory, Listed Companies are required to include, in their Annual Report, a Directors’ Statement of Compliance which deals with the extent to which the Company has adopted the Code of Principles of Good Corporate Governance and the effective measures that the Company has taken to ensure compliance with the Code, accompanied by a report of the auditors thereon.

### **Compliance**

The Board of Directors (the “Board”) of Central Business Centres p.l.c. (the “Company”) believes in the adoption of the Code and has endorsed it except where the size and/or particular circumstances of the Company are deemed by the Board not to warrant the implementation of specific recommendations. In this context it is relevant to note that the Company has issued bonds to the public and has no employees. Accordingly, some of the provisions of the Code are not applicable whilst others are applicable to a limited extent.

### **The Board**

The Board of Directors is responsible for devising a strategy, setting policies and the management of the Company. It is also responsible for reviewing internal control procedures, financial performance and business risks facing the Company. The Board is also responsible for decisions relating to the redemption of the Bond, and for monitoring that its operations are in conformity with the Prospectus and all relevant rules and regulations.

Throughout the period under review, the Board regularly reviewed management performance. The Company has in place systems whereby the directors obtain timely information from the Chief Executive Officer, not only at meetings of the Board but at regular intervals or when the need arises.

### **Chairman and Chief Executive Officer**

The functions of the Chairman and Chief Executive Officer are vested by the same individual. The Chairman’s main function is to lead the board, set the agenda and ensure that all board members partake in discussions of complex and contentious issues.

The Chief Executive Officer has specific authorities from the Board to manage the Company’s operational activities within the strategy and parameters set by it.

### **Complement of the Board**

The Board is composed of one executive and four non-executive directors, as listed below:

#### **Executive Directors**

Mr. Joseph Cortis (Chairman and Chief Executive Officer)

#### **Non-Executive Directors**

Mr. Alfred Sladden  
Chev. Raymond Cortis  
Dr. Petramay Attard Cortis  
Mr. Joseph M Formosa

## **Corporate Governance - Statement of Compliance** - continued

### **Non-Executive Directors** - continued

Directors are appointed during the Company's Annual General Meeting for periods of one year, at the end of which term they may stand again for re-election. The Articles of Association of the Company clearly set out the procedures to be followed in the appointment of directors.

Mr. Alfred Sladden, and Mr. Joseph M Formosa are considered independent non-executive directors.

### **Internal Control**

The Board is responsible for the Company's system of internal controls and for reviewing its effectiveness. Such a system is designed to achieve business objectives and to manage rather than to eliminate the risk of failure to achieve business objectives and can only provide reasonable assurance against material error, losses or fraud.

Authority to manage the Company is delegated to the Chief Executive Officer within the limits set by the Board of Directors. Systems and procedures are in place for the Company to control, report, monitor and assess risks and their financial implications, and to take timely corrective actions where necessary. Regular financial budgets and strategic plans are prepared, and performance against these plans is actively monitored and reported to the directors on a regular basis.

The approval of credit to customers is made by the CEO, in strict adherence to a Board-approved limit. Proposals falling outside the limit are referred, together with the supporting documentation and the CEO's recommendations, to the Board. The Board also approves, after review and recommendation by the Audit Committee, the transfer of funds and other amounts payable to related companies and ensures that these are subject to terms and conditions which are on an arm's length basis.

### **Directors' Attendance at Board Meetings**

The Board believes that it has systems in place to fully comply with the principles of the Code. Directors meet regularly, mainly to review the financial performance of the Company and to review internal control processes. Board members are notified of forthcoming meetings by the Company Secretary with the issue of an agenda and supporting Board papers, which are circulated well in advance of the meeting. All the directors have access to independent professional advice at the Company's expense should they so require.

The Board met formally five times during the period under review. The number of board meetings attended by directors for the year ended 31 December 2019 is as follows:

<b>Members</b>	<b>Attended</b>
Mr. Joseph Cortis	5
Mr. Alfred Sladden	5
Chev. Raymond Cortis	5
Dr. Petramay Attard Cortis	5
Mr. Joseph M Formosa	5

## **Corporate Governance - Statement of Compliance - continued**

### **Committees**

The directors believe that, due to the Company's size and operations, the remuneration, evaluation and nominations committees that are suggested in the Code are not required, and that the function of these can efficiently be undertaken by the board itself. However, the Board on an annual basis undertakes a review of the remuneration paid to the directors and carries out an evaluation of their performance and of the audit committee. The shareholders approve the remuneration paid to the directors at the annual general meeting.

### **Audit Committee**

The Board has established an Audit Committee (the "Committee") and has formally set out Terms of Reference as outlined in the Principles laid out in the Listing Rules. The purpose of the Committee is to protect the interest of the Company's share and bond holders and assist the directors in conducting their role effectively. In the absence of an internal audit department, the Audit Committee also monitors the financial reporting process, the effectiveness of internal control and the audit of the annual financial statements. Additionally, it is responsible for monitoring the performance of the entities borrowing funds from the Company, to ensure that budgets are achieved and if not, corrective action is taken as necessary. It also scrutinises and supervises related party transactions for materiality and ensures that these are carried out at arm's length basis. The Listing Authority considered the Terms of Reference as having sufficient safeguards to ensure the independence of the Audit Committee.

### **The Members of the Audit Committee are:**

Mr. Alfred Sladden (Chairman)  
Dr. Petramay Attard Cortis  
Mr. Joseph M Formosa

Alfred Sladden is a director who the Board considers as a person competent in accounting. Alfred Sladden held senior management positions at Mid-Med Bank and Investment Finance Bank including that of director of Mid-Med Life Insurance from 1995-1996 and chairman of Maltapost and the Foundation for Medical Services between 1998 till 1999. Between 1999-2011, he held a part time post as Financial Advisor for the Eurochange Financial Services and simultaneously the post of Chairman of the VAT Appeals Board. He was Executive Director for a subsidiary of the Cortinthia Group in the Czech Republic between 2000 and 2010 and financial advisor of Technoline Limited between 2009 and 2013.

Petramay Attard Cortis is a director who the Board considers as a person of organisational skills and strategic thinking. Petramay Attard Cortis is an anesthetist by profession and is a third-generation family member of Cortis Group of Companies. She has been an active member of the Youth Family Council (YFC) since its inception in 2007, and is involved with Succession Planning and the Group's Corporate Social Responsibility Programme, and was involved in various aspects of the business including marketing; sales; social media; event management; customer relations; and business strategy.

Joseph M Formosa is a director who the Board considers as a person competent in finance. Joseph M Formosa has had a 35 year career with Bank of Valletta Plc where he held various positions in financial control, asset and liability management, strategy, risk, marketing, mortgages and personal credit. He was Chairman of the bank's Card Services company which was mainly responsible for the successful international programme called "Malta Welcomes Visa". He also held the position of General Manager of Lohombus Bank Ltd (a joint venture between Mid-Med Bank Ltd and Bank of Valletta that specialized in home loans) and when Mid-Med Bank Limited was acquired by HSBC Plc, Joseph was actively involved in the restructuring process.

## Corporate Governance - Statement of Compliance - continued

### Remuneration Statement

In terms of the Company's Memorandum and Articles of Association, it is the shareholders of the Company in the General Meeting who determine the maximum annual aggregate remuneration of the directors. The aggregate amount approved for this purpose during the last Annual General Meeting was €12,000.

None of the directors are employed or have a service contract with the Company.

No part of the remuneration paid per annum to the directors is performance based, the Chief Executive Officer receives remuneration of €30,000. None of the directors, in their capacity as a Director of the Company, is entitled to profit sharing, share options or pension benefits. The Directors do not receive any form of monetary or non-monetary perks or benefits.

During 2019, the directors received €12,000 for services rendered (Note 17).

### Remuneration Committees

Since the remuneration of the Directors of the Company is not performance-related, the functions of the Remuneration Committee are carried out by the Board of Directors. No new proposals on the remuneration policy for Directors and Senior Executives or on the individual remuneration attributed to any of the Directors or of the Senior Executives were put forward to the Board of Directors in 2019. Monitoring will continue in 2020 and proposals will be put forward to the Board of Directors in 2020 should it be necessary.

### Relations with bondholders and the market

The Company publishes interim and annual financial statements and when required company announcements. The Board feels these provide the market with adequate information about its activities.

### Conflicts of Interest

On joining the Board and regularly thereafter, directors and officers of the Company are informed and reminded of their obligations on dealing in securities of the Company within the parameters of law and Listing Rules. The Company has also set reporting procedures in line with the Listing Rules, Code of Principles, and internal code of dealing.

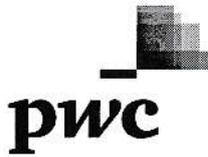
Signed on behalf of the Board of Directors on 23 April 2020 by:



Mr. Alfred Sladden  
Director and Chairman of the Audit Committee



Chev. Raymond Cortis  
Director



## *Independent auditor's report*

To the Shareholders of Central Business Centres p.l.c.

### *Report on the audit of the financial statements*

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#### *Our opinion*

In our opinion:

- Central Business Centres p.l.c.'s financial statements give a true and fair view of the company's financial position as at 31 December 2019, and of the company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

Our opinion is consistent with our additional report to the Audit Committee.

#### **What we have audited**

Central Business Centres p.l.c.'s financial statements, set out on pages 16 to 40, comprise:

- the statement of financial position as at 31 December 2019;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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#### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these codes.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the company are in accordance with the applicable law and regulations in Malta and that we have not provided non-audit services that are prohibited under Article 18A of the Accountancy Profession Act (Cap. 281).

The non-audit services that we have provided to the company, in the period 1 January 2019 to 31 December 2019, are disclosed in note 15 to the financial statements.

*Independent auditor's report - continued*  
To the Shareholders of Central Business Centres p.l.c.

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*Our audit approach*

**Overview**



Overall materiality: €290,000 which represents approximately 1% of total assets.

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*Valuation of investment properties*

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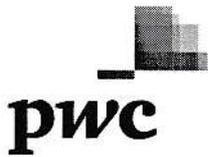
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which the company operates.

**Materiality**

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.



*Independent auditor's report - continued*  
 To the Shareholders of Central Business Centres p.l.c.

<b>Overall materiality</b>	€290,000
<b>How we determined it</b>	Approximately 1% of total assets
<b>Rationale for the materiality benchmark applied</b>	<p>We have applied total assets as a benchmark for determining materiality as we considered that this provides us with a consistent year-on-year basis for setting materiality given that a number of properties are still in the process of construction. We believe that until the respective properties start generating revenue, the Company's levels of investment property are the most appropriate basis for determining materiality, and also consider that it is the key measure used by the board and the shareholders as a body in assessing the Company's financial position.</p> <p>We selected 1% based on our professional judgement, noting that it is also within the range of commonly accepted asset-related benchmarks.</p>

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €14,500 as well as misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

**Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
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*Valuation of investment properties*

The carrying amount of investment property in the statement of financial position represents the value of the land, development and borrowing costs attributable to commercial blocks located in Zebbug, Gudja and St. Julians, which are either held for lease or property under development as at 31 December 2019.

We understood and evaluated the assessment performed by management to ascertain the fair value of investment property.

Our audit procedures included challenging the significant unobservable inputs that were applied in previous years' valuation reports for Zebbug, Gudja and St. Julians to ensure that these continued to apply during the year under review. With respect to property under development, we carried out testing to ensure that the costs were supported by available third-party data, such as invoices and work-in-progress reports.

We concluded, based on our audit work, that the outcome of the assessment is reasonable.



*Independent auditor's report - continued*  
To the Shareholders of Central Business Centres p.l.c.

Key audit matter	How our audit addressed the Key audit matter
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*Valuation of investment property - continued*

In 2019, an assessment was carried out by the directors in conjunction with the audit committee, which concluded that there were no significant changes to the underlying assumptions of the detailed valuation carried out by professional qualified valuers in previous years. The current value of the company's investment properties is reflective of the fair value as at 31 December 2019, and is made on the basis of open market values taking cognisance of the specific location of the property, the size of the site together with its development potential, the availability of similar properties in the area, and whenever possible, having regard to recent market transactions for similar properties in the same location.

Valuation of the Company's property portfolio is inherently subjective principally due to the judgemental nature of the factors mentioned above. The significance of the estimates and judgements involved, coupled with the fact that a small percentage difference in individual property valuations, when aggregated, could result in a material misstatement, warrants specific audit focus in this area.

Further disclosure is included in Note 4 to these financial statements.

In addition, we reviewed the adequacy of disclosures made in Note 4 to these financial statements and concluded that these are adequate.

The property valuation does not include COVID-19 implications, which are deemed to be a post-balance sheet event (Note 24).

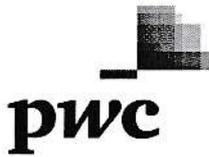
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*Other information*

The directors are responsible for the other information. The other information comprises the Directors' report (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information, including the directors' report.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the directors' report, we also considered whether the directors' report includes the disclosures required by Article 177 of the Maltese Companies Act (Cap. 386).



*Independent auditor's report - continued*  
To the Shareholders of Central Business Centres p.l.c.

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Based on the work we have performed, in our opinion:

- The information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386).

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the directors' report and other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

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*Responsibilities of the directors and those charged with governance for the financial statements*

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

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*Auditor's responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



*Independent auditor's report - continued*  
To the Shareholders of Central Business Centres p.l.c.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. In particular, it is difficult to evaluate all of the potential implications that COVID-19 will have on the company's trade, customers and suppliers, and the disruption to its business and overall economy.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

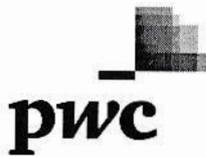
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### *Report on other legal and regulatory requirements*

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#### *Report on the statement of compliance with the Principles of Good Corporate Governance*

The Listing Rules issued by the Malta Listing Authority require the directors to prepare and include in their Annual Report a Statement of Compliance providing an explanation of the extent to which they have adopted the Code of Principles of Good Corporate Governance and the effective measures that they have taken to ensure compliance throughout the accounting period with those Principles. The Listing Rules also require the auditor to include a report on the Statement of Compliance prepared by the directors.



## *Independent auditor's report - continued*

To the Shareholders of Central Business Centres p.l.c.

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We read the Statement of Compliance and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements included in the Annual Report. Our responsibilities do not extend to considering whether this statement is consistent with any other information included in the Annual Report.

We are not required to, and we do not, consider whether the Board's statements on internal control included in the Statement of Compliance cover all risks and controls, or form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures. In our opinion, the Statement of Compliance set out on pages 5 to 8 has been properly prepared in accordance with the requirements of the Listing Rules issued by the Malta Listing Authority.

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### *Other matters on which we are required to report by exception*

We also have responsibilities:

- under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion:
  - Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
  - The financial statements are not in agreement with the accounting records and returns.
  - We have not received all the information and explanations we require for our audit.
  - Certain disclosures of directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.
- under the Listing Rules to review the statement made by the directors that the business is a going concern together with supporting assumptions or qualifications as necessary.

We have nothing to report to you in respect of these responsibilities.

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### *Appointment*

We were first appointed as auditors of the Company on 28 January 2015. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 6 years.

**PricewaterhouseCoopers**  
78, Mill Street  
Qormi  
Malta

Stephen Mamo  
Partner

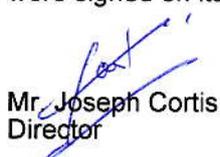
23 April 2020

## Statement of financial position

		As at 31 December	
		2019	2018
		€	€
ASSETS	Notes		
<b>Non-current assets</b>			
Investment property	4	29,121,517	28,603,634
Property, plant and equipment	5	194,528	78,862
Total non-current assets		29,316,045	28,682,496
<b>Current assets</b>			
Trade and other receivables	6	91,263	146,317
Cash and cash equivalents	7	131,653	154,953
Total current assets		222,916	301,270
<b>Total assets</b>		29,538,961	28,983,766
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	8	250,000	250,000
Capital reserve	9	16,100,000	16,100,000
Revaluation reserve	10	596,162	596,162
Accumulated losses		(393,467)	(888,643)
Total equity		16,552,695	16,057,519
<b>Non-current liabilities</b>			
Borrowings	11	11,826,169	11,793,508
Deferred tax liabilities	12	738,641	738,641
Total non-current liabilities		12,564,810	12,532,149
<b>Current liabilities</b>			
Trade and other payables	13	284,508	367,264
Current tax liability		136,948	26,834
Total current liability		421,456	394,098
<b>Total liabilities</b>		12,986,266	12,926,247
<b>Total equity and liabilities</b>		29,538,961	28,983,766

The notes on pages 20 to 40 are an integral part of these financial statements.

The financial statements on pages 16 to 40 were authorised for issue by the board on 23 April 2020 and were signed on its behalf by:

  
Mr. Joseph Cortis  
Director

  
Mr. Alfred Sladden  
Director

## Statement of comprehensive income

	Notes	Year ended 31 December	
		2019 €	2018 €
Revenue	14	<b>1,085,861</b>	356,010
Administration expenses	15	<b>(219,781)</b>	(260,833)
<b>Operating profit</b>		<b>866,080</b>	95,177
Finance Income	16	<b>144</b>	1,106
Finance Costs	17	<b>(209,119)</b>	(161,715)
<b>Profit/(loss) before tax</b>		<b>657,105</b>	(65,432)
Tax expense	19	<b>(161,929)</b>	(53,288)
<b>Profit/(loss) for the year - total comprehensive income</b>		<b>495,176</b>	(118,720)
Earnings per share	20	<b>1.98</b>	(0.47)

The notes on pages 20 to 40 are an integral part of these financial statements.

### Statement of changes in equity

	Note	Share capital €	Capital reserve €	Revaluation reserve €	Accumulated losses €	Total €
<b>Balance at 1 January 2018</b>		250,000	15,850,000	596,162	(769,923)	15,926,239
<b>Comprehensive income</b>						
Loss for the year		-	-	-	(118,720)	(118,720)
<b>Total comprehensive income</b>		-	-	-	(118,720)	(118,720)
<b>Transactions with owners</b>						
Increase in subordinated loans with related parties	9	-	250,000	-	-	250,000
<b>Balance at 31 December 2018</b>		250,000	16,100,000	596,162	(888,643)	16,057,519
<b>Balance at 1 January 2019</b>		250,000	16,100,000	596,162	(888,643)	16,057,519
<b>Comprehensive income</b>						
Profit for the year		-	-	-	495,176	495,176
<b>Total comprehensive income</b>		-	-	-	495,176	495,176
<b>Balance at 31 December 2019</b>		250,000	16,100,000	596,162	(393,467)	16,552,695

The notes on pages 20 to 40 are an integral part of these financial statements.

## Statement of cash flows

	Notes	Year ended 31 December	
		2019 €	2018 €
<b>Cash flows from operating activities</b>			
Cash generated from operations	21	725,586	173,578
Finance costs		(458,746)	(472,521)
Finance income		144	1,106
Income tax paid		(51,815)	(15,086)
<b>Net cash generated from/(used in) operating activities</b>		<b>215,169</b>	<b>(312,923)</b>
<b>Cash flows from investing activities</b>			
Purchase of investment property	4	(100,341)	(807,714)
Purchase of property, plant and equipment	5	(138,128)	(48,153)
<b>Net cash used in investing activities</b>		<b>(238,469)</b>	<b>(855,867)</b>
<b>Cash flows from financing activities</b>			
Proceeds from subordinated loans with related parties	9	-	250,000
<b>Net cash generated from financing activities</b>		<b>-</b>	<b>250,000</b>
<b>Net movement in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of year		(23,300)	(918,790)
		<b>154,953</b>	1,073,743
<b>Cash and cash equivalents at end of year</b>	7	<b>131,653</b>	154,953

The notes on pages 20 to 40 are an integral part of these financial statements.

## Notes to the financial statements

### 1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 1.1 Basis of preparation

These financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards ('IFRSs') as adopted by the EU and with the requirements of the Maltese Companies Act, (Cap. 386). The financial statements have been prepared under the historical cost convention, except as modified by the fair valuation of investment property.

During the year, the company made a profit of €495,176 (2018: loss of €118,720). As at 31 December 2019, the company's net assets amounted to €16,552,695 (2018: €16,057,519) and its current liabilities exceeded its current assets by €198,540 (2018: €92,828).

In view of the developments pertaining to the COVID-19 pandemic that occurred after the end of the reporting period, the directors have prepared budgets and projections to assess the impact that the pandemic may have on the profitability, liquidity and going concern of the Company. For financial reporting purposes, events relating to COVID-19 are deemed to be non-adjusting subsequent events, and accordingly the financial results and financial position of the company reported within these financial statements for the year ended 31 December 2019 have not been impacted by these events.

However these events have a significant impact on the economy during 2020 and given that a number of tenants may be in difficult financial circumstances, results expected to be registered during the financial year ending 31 December 2020 may be impacted with material adverse implications on the profitability, cash flows and financial position of the company. Based on the outcome of cash flow projections prepared by the Company under a pessimistic scenario, factoring significant strain on rental rates and occupancy, the Directors and senior management consider the going concern assumption in the preparation of the company's financial statements as appropriate as at the date of authorisation for issue of the 2019 financial statements. They also believe that no material uncertainty that may cast significant doubt about the company's ability to continue as a going concern exists as at that date.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires directors to exercise their judgment in the process of applying the Company's accounting policies (see Note 3 – Critical accounting estimates and judgments).

#### *Standards, interpretations and amendments to published standards effective in 2019*

In 2019, the company adopted new standards, amendments and interpretations to existing standards that are mandatory for the company's accounting period beginning on 1 January 2019. The company has applied IFRS 16, Leases, for the first time for the annual accounting period commencing 1 January 2019. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the company's accounting policies impacting the company's financial performance and position.

**1. Summary of significant accounting policies - continued**

**1.1 Basis of preparation - continued**

*Standards, interpretations and amendments to published standards that are not yet effective*

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements that are mandatory for the Company's accounting periods beginning after 1 January 2019. The Company has not early adopted these revisions to the requirements of IFRSs as adopted by the EU.

*Going concern*

The Company's principal activity is to act as a finance company for the development of various commercial blocks which once completed will be retained by the Company for rental to third parties for the generation of future rental income streams. In this context, the Company's trading prospects are dependent on the timely development of such properties and on the performance of the related projected rental streams. While the location of such developments is spread over different locations on the island, the company is exposed to risks of negative economic trends that may from time to time impact Malta.

In preparing these financial statements the directors of the Company have made reference to the cash flow forecast of the Company for 2020. The cash flow forecast assumes that the Company will complete the respective developments as planned and generate the required cash flows from its trading activities from property rentals. The cash flow forecast also factors, as noted further above in this note, the possible implications on rental streams brought about by COVID-19.

Based on the foregoing, the directors believe that it is appropriate to prepare the financial statements on a going concern basis. The financial statements, however, do not include any adjustments in the event that the forecast and assumptions as set out above do not materialise as planned.

**1.2 Foreign currency translation**

*Functional and presentation currency*

Items included in these financial statements are measured using the currency of the primary economic environment in which the entity operates ('functional currency'). The euro is the Company's functional and presentation currency.

**1.3 Investment property**

Investment property, comprising commercial premises including offices, shops, showrooms and car spaces, is held for long term rental yields or for capital appreciation or both, and is not occupied by the Company. Investment property comprises land and building and is measured initially at its historical cost, including related transaction costs and borrowing costs. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Borrowing costs which are incurred for the purpose of acquiring or constructing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway. Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended.

**1. Summary of significant accounting policies - continued**

**1.3 Investment property - continued**

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by the directors. Investment property being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. If this information is not available, the company uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections.

Valuations are reviewed every three years by a professional valuer. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value. Fair value measurement on property under construction is only applied if the fair value is considered to be reliably measurable. The fair value of the investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property. Changes in fair values are recorded in the profit or loss for the year and then transferred to "fair value gains reserve" through the statement of changes in equity. Gains or losses on disposal are determined by comparing proceeds with carrying amount and are included in surplus or deficit.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of the reclassification becomes its cost for subsequent accounting purposes. When the company decides to dispose of an investment property without development, the company continues to treat the property as an investment property. Similarly, if the company begins to redevelop an existing investment property for continued future use as investment property, it remains an investment property during the redevelopment.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under IAS 16. Any resulting increase in the carrying amount of the property is recognised in profit or loss to the extent that it reverses a previous impairment loss; with any remaining increase recognised in other comprehensive income, directly to revaluation surplus within equity.

**1. Summary of significant accounting policies - continued**

**1.3 Investment property - continued**

Any resulting decrease in the carrying amount of the property is initially charged to other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to profit or loss. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

**1.4 Property, plant and equipment**

All property, plant and equipment is stated at historical cost, less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

	%
Plant and Machinery	10
Fixtures and Fittings	10

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve relating to the assets are transferred to retained earnings.

**1.5 Financial assets**

**1.5.1 Classification**

The Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the asset. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position (Notes 1.6 and 1.7).

**1. Summary of significant accounting policies - continued**

**1.5 Financial assets - continued**

**1.5.2 Recognition and measurement**

The Company recognises a financial asset in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on settlement date, which is the date on which an asset is delivered to or by the Company. Any change in fair value for the asset to be received is recognised between the trade date and settlement date in respect of assets which are carried at fair value in accordance with the measurement rules applicable to the respective financial assets.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Loans and receivables are subsequently carried at amortised cost using the effective interest method. Amortised cost is the initial measurement amount adjusted for the amortisation of any difference between the initial and maturity amounts using the effective interest method.

**1.5.3 Impairment**

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The Company first assesses whether objective evidence of impairment exists.

The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becomes probable that the borrower will enter bankruptcy or another financial reorganisation.

*Assets carried at amortised cost*

For financial assets carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit or loss.

**1.6 Trade and other receivables**

Trade receivables comprise amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

**1. Summary of significant accounting policies - continued**

**1.6 Trade and other receivables - continued**

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment (Note 1.5). The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss. When a receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against the profit or loss.

**1.7 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at face value. In the statement of cash flows, cash and cash equivalents includes cash in hand and deposits held at call with banks.

**1.8 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

**1.9 Financial liabilities**

The Company recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The Company's financial liabilities are classified as financial liabilities which are not at fair value through profit or loss (classified as 'Other liabilities'). Financial liabilities not at fair value through profit or loss are recognised initially at fair value, being the fair value of the consideration received, net of transaction costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities are subsequently measured at amortised cost. The Company derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

**1.10 Trade and other payables**

Trade payables comprise obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**1.11 Borrowings**

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

**1. Summary of significant accounting policies - continued**

**1.12 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

**1.13 Current and deferred tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**1.14 Provisions**

Provisions for legal claims are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

**1.15 Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below.

*Rental income from investment property*

Rental income from investment property is recognised in the statement of comprehensive income on a straight-line basis over the term of the lease.

**1. Summary of significant accounting policies - continued**

**1.16 Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

**2. Financial risk management**

**2.1 Financial risk factors**

The Company's activities potentially expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk. The company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Board provides principles for overall risk management, as well as policies covering risks referred to above, and specific areas such as investment of excess liquidity. The Company did not make use of derivative financial instruments to hedge risk exposures during the current and preceding financial years.

*(a) Market risk*

*(i) Foreign exchange risk*

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the entity's functional currency. The Company has no significant currency risk since substantially all assets and liabilities are denominated in Euro.

*(ii) Cash flow and fair value interest rate risk*

The Company is exposed to risks associated with the effects of fluctuations in the prevailing levels of the market interest rates on its financing position and cash flows.

As at the reporting date, the Company has fixed rate interest-bearing liabilities and loans owed to related companies, which are interest free. Accordingly, operating cash flows are substantially independent of changes in market interest rates.

As at the statement of financial position date, the Company's exposure to changes in interest rates on bank accounts held with financial institutions was limited as the Company is subject to fixed interest rates.

Based on the above, the board considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the reporting date to be immaterial.

*(b) Credit risk*

Credit risk arises from credit exposures to customers and amounts held with financial institutions (Notes 6 and 7).

**2. Financial risk management - continued**

**2.1 Financial risk factors - continued**

*(b) Credit risk - continued*

The maximum credit exposure to credit risk at the reporting date in respect of the financial assets was as follows:

	Notes	2019 €	2018 €
Trade and other receivables	6	<b>87,180</b>	142,717
Cash and cash equivalents	7	<b>131,653</b>	154,953
		<b>218,833</b>	297,670

Credit risk on funds advanced to related entities and amounts deposited with local financial institutions is considered as limited, since cash at bank and fixed term deposits are placed with local financial institutions having a high-quality standing.

With regards to amounts receivable arising from rental income, the Company assesses the credit quality of the third-party tenants on an ongoing basis, taking into account financial position, past experience and other factors. The Company manages credit limits and exposures actively in a practicable manner such that there is no material past due amounts receivable from third party tenants as at the reporting date. The Company has no significant concentration of credit risk arising from third parties.

As of 31 December 2019, trade receivables of €32,455 (2018: €32,455) were impaired. Provisions for impairment in this respect are equivalent to the amounts disclosed. The impaired receivables relate to a previous tenant which is in unexpectedly difficult economic situations.

The movement in provisions for impairment of trade receivables is disclosed in Note 6 to the financial statements.

*(c) Liquidity risk*

The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally interest-bearing borrowings and trade and other payables (Notes 11 and 13). Prudent liquidity risk management includes maintaining sufficient cash to ensure the availability of an adequate amount of funding to meet the Company's obligations and ensuring that alternative funding is available when the bonds are due for repayment.

The following table analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the tables below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

## 2. Financial risk management - continued

### 2.1 Financial risk factors - continued

#### (c) Liquidity risk - continued

	Carrying amount €	Contractual cash flows €	Due within one year €	Between 1 and 2 years €	Between 2 and 5 years €	After 5 years €
<b>31 December 2019</b>						
Borrowings	11,826,169	15,867,255	594,000	4,188,000	4,950,000	6,135,255
Trade and other payables	284,508	284,508	284,508	-	-	-
<b>Total</b>	<b>12,110,677</b>	<b>16,151,763</b>	<b>878,508</b>	<b>4,188,000</b>	<b>4,950,000</b>	<b>6,135,255</b>
<b>31 December 2018</b>						
Borrowings	11,793,508	15,867,255	594,000	4,188,000	4,950,000	6,135,255
Trade and other payables	367,264	367,264	367,264	-	-	-
<b>Total</b>	<b>12,160,772</b>	<b>16,234,519</b>	<b>961,264</b>	<b>4,188,000</b>	<b>4,950,000</b>	<b>6,135,255</b>

The company continues to assess its funding requirements to ensure that adequate funds are in place to meet its financial liabilities when they fall due.

### 2.2 Fair value estimation

The fair value of non-current borrowings is based on amortised cost representing proceeds received net of transaction costs incurred. The amortisation of transaction costs is calculated using the effective yield method.

At 31 December 2019 and 2018 the carrying amounts of other financial instruments, comprising cash at bank, receivables, payables and accrued expenses reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation.

### 2.3 Capital risk management

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders;
- to maintain an optimal capital structure to reduce the cost of capital; and
- to comply with requirements of the Prospectus issued in relation to the 5.75%, 5.25% and 4.40% bonds.

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence to sustain future development of business. The board of directors monitor the return on capital, which the Company defines as the profit for the year divided by total equity. The board of directors also monitors the level of dividends to ordinary shareholders.

### 3. Critical accounting estimates and judgments

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1, except for:

#### *Valuation of investment property*

The Company reviews the valuation of the investment property on an annual basis. In 2017, management determined the fair value of the investment property by referring to the valuation reports prepared by third party qualified valuers. The Company adjusted the book value to its revalued amount and recognised the resultant surplus in the income statement. Further disclosures on key assumptions in this regard are included in Note 4. In both 2019 and 2018 it was unanimously agreed by both the Audit Committee and the Board of Directors that the current value of the company's properties reflects the fair value.

### 4. Investment property

	<b>Land and buildings</b>	
	<b>2019</b>	<b>2018</b>
	€	€
<b>Year ended 31 December</b>		
At 1 January	<b>28,603,634</b>	27,331,013
Additions	<b>100,341</b>	807,714
Capitalised borrowing costs	<b>417,542</b>	464,907
At 31 December	<b>29,121,517</b>	28,603,634

#### *Fair valuation of property*

On 10 May 2017, the Company's investment property, which comprises three office blocks located in Zebbug, Gudja and St Julian's, were revalued by a professionally qualified valuer. The book value was adjusted to the revalued amount and the resultant surplus, net of applicable deferred income taxes, was credited to the statement of comprehensive income. The surplus, net of deferred tax was transferred to the revaluation reserve through the statement of changes in equity (Note 10).

On 14 July 2017, the Company purchased a large tract of land located in Zebbug, from a related entity, with the intention of developing it into a business premises. The premises will comprise a combination of uses, ranging from storage, retail and office space. In the opinion of the directors, the purchase price of the newly acquired property in Zebbug, together with the respective additions and capitalised borrowing costs, reflects the market value as at 31 December 2019.

Valuations were made on the basis of open market value taking cognisance of the specific location of the property, the size of the site together with its development potential, the availability of similar properties in the area, and whenever possible, having regard to recent market transactions for similar properties in the same location.

#### 4. Investment property - continued

The Company is required to analyse non-financial assets carried at fair value by level of the fair value hierarchy within which the recurring fair value measurements are categorised in their entirety (Level 1, 2 or 3). The different levels of the fair value hierarchy have been defined as fair value measurements using:

- Quoted prices (unadjusted) in active markets for identical assets (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset that are not based on observable market data (that is, unobservable inputs) (Level 3).

The Company's investment property comprises the properties described above. The Zebbug and Gudja Central Business Centres are complete and being leased out, whilst finishing of the St. Julian's Central Business Centre is almost complete and started operating in the second quarter of 2019. Development of the newly acquired property located across the completed Zebbug Business Centre has not yet commenced. Property fair value measurements at 31 December 2019 use significant unobservable inputs and are accordingly categorised within Level 3 of the fair valuation hierarchy.

The Company's policy is to recognise transfers into and out of fair value hierarchy levels as of the beginning of the reporting period. There were no transfers between different levels of the fair value hierarchy during the year ended 31 December 2019.

A reconciliation from the opening balance to the closing balance of land and buildings for recurring fair value measurements categorised within Level 3 of the value hierarchy, is reflected in the table above.

##### *Valuation processes*

The valuation of these properties is performed on the basis of the valuation reports prepared by third party qualified valuers. These reports are based on both:

- information provided by the Company; and
- assumptions and valuation models used by the valuers; with assumptions being typically market related and based on professional judgement and market observation.

The information provided to the valuers, together with the underlying assumptions and valuation models used by the valuers, are reviewed by the Board of directors. The Board then considers the valuation report as part of its overall responsibilities.

##### *Valuation techniques*

The valuation was performed using the guidelines of the "Valuation Standards for accredited Valuers" published by the Kamra tal-Periti.

Given the specific nature of these assets, the valuations of the Level 3 property have been performed by reference to valuation models. These valuation models include:

- in the case of the completed properties, namely those located in Zebbug and Gudja, the sales comparison approach, factoring in adjustments for the respective properties to cater for differences in the size, age, location and condition; and

**4. Investment property - continued**

- in the case of the St. Julian's Central Business Centre and Villa Fieres, which still have ongoing works, the valuation is based on the contract price on acquisition during 2014, together with additional capitalised amounts covering construction costs carried out to date and property location value;
- in the case of the tract of land acquired in Zebbug during 2017, on which development has not yet commenced, it was deemed that the purchase price as at date of transfer approximates the market value.

The respective valuations include observable inputs extracted from recent market transactions and property marketed in a similar location and having a similar level of finishing.

**5. Property, plant and equipment**

	Plant and machinery Zebbug €	Plant and machinery Gudja €	Plant and machinery St Julians €	Total €
<b>At 31 December 2017</b>				
Cost	6,321	21,840	10,169	38,330
Net book amount	6,321	21,840	10,169	38,330
<b>Year ended 31 December 2018</b>				
Opening net book value	6,321	21,840	10,169	38,330
Additions	915	47,134	104	48,153
Depreciation charge	(724)	(6,897)	-	(7,621)
Closing net book amount	<b>6,512</b>	<b>62,077</b>	<b>10,273</b>	<b>78,862</b>
<b>At 31 December 2018</b>				
Cost	7,236	68,974	10,273	86,483
Accumulated depreciation	(724)	(6,897)	-	(7,621)
<b>Net book amount</b>	<b>6,512</b>	<b>62,077</b>	<b>10,273</b>	<b>78,862</b>
<b>Year ended 31 December 2019</b>				
Opening net book value	6,512	62,077	10,273	78,862
Additions	-	10,243	127,885	138,128
Depreciation charge	(724)	(7,922)	(13,816)	(22,462)
Closing net book amount	<b>5,788</b>	<b>64,398</b>	<b>124,342</b>	<b>194,528</b>
<b>At 31 December 2019</b>				
Cost	7,236	79,217	138,158	224,611
Accumulated depreciation	(1,448)	(14,819)	(13,816)	(30,083)
<b>Net book amount</b>	<b>5,788</b>	<b>64,398</b>	<b>124,342</b>	<b>194,528</b>

**6. Trade and other receivables**

	2019 €	2018 €
Trade receivables (net)	43,959	68,940
Indirect taxation	43,221	73,777
Prepayments	4,083	3,600
	<b>91,263</b>	<b>146,317</b>

Trade receivables above are disclosed net of provision for impairment amounting to €32,455 (2018: €32,455). The company's exposure to credit risk and impairment losses related to trade receivables are disclosed in Note 2.

**7. Cash and cash equivalents**

For the purposes of the statement of cash flows, the year-end cash and cash equivalents comprise the following:

	2019 €	2018 €
Cash at bank and in hand	131,653	154,953

**8. Share capital**

	2019 €	2018 €
<b>Authorised, issued and fully paid</b> 250,000 ordinary shares of €1 each	<b>250,000</b>	250,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

**9. Capital reserve**

	2019 €	2018 €
<b>Subordinated loans</b>		
At beginning of year	16,100,000	15,850,000
Additions	-	250,000
At end of year	<b>16,100,000</b>	<b>16,100,000</b>

**9. Capital reserve - continued**

On 20 November 2014, the company entered into three subordinated loans with related parties to part finance the acquisition of the Zebbug Central Business Centres, the Gudja Central Business Centre and Villa Fieres Site in St. Julian's.

On 14 July 2017, the company entered into another subordinated loan with the same terms and conditions to part finance the acquisition of the Zebbug property located across the completed Zebbug Business Centre.

During 2018, the company utilised a further €250,000 of one of the €400,000 of subordinated loans entered into on 20 November 2014.

The parties have agreed that the loans are interest-free unless otherwise agreed from time to time, provided that a two-year moratorium from date of the Subordinated Loan Agreement will automatically apply and that the rate of interest, if any, will not exceed 5%. The loan agreements stipulate that the Company has the discretion to settle the subordinated loans by way of issue of a fixed number of shares at par value. The settlement of these loans will not be made unless the Company has sufficient funds to repay the principal and interest on the Bonds in issue in full, in accordance with the terms of the Bond Issuance Programme.

In line with IAS 32 such amounts fall under the definition of equity and are therefore classified in these financial statements as a component of equity as a capital reserve.

**10. Revaluation reserve**

	2019 €	2018 €
<b>Investment property</b>		
At beginning and end of year	<b>596,162</b>	596,162

The revaluation reserve is non-distributable.

**11. Borrowings**

	2019 €	2018 €
Bonds 2021	<b>2,951,192</b>	2,935,161
Bonds 2025	<b>2,974,484</b>	2,969,055
Bonds 2027	<b>5,900,493</b>	5,889,292
	<b>11,826,169</b>	11,793,508

The interest rate exposure of the company's borrowings are as follows:

	2019 €	2018 €
Bonds 2021	<b>5.75%</b>	5.75%
Bonds 2025	<b>5.25%</b>	5.25%
Bonds 2027	<b>4.40%</b>	4.40%

**11. Borrowings - continued**

	2019 €	2018 €
<b>Bonds outstanding</b>		
Proceeds	<b>12,000,000</b>	12,000,000
Gross amount of bond issue costs	<b>291,759</b>	291,759
Amortisation of gross amount of bond issue costs:		
At 1 January	<b>85,267</b>	53,272
Amortisation charge for the period	<b>32,661</b>	31,995
Accumulated amortisation at end of period	<b>117,928</b>	85,267
Unamortised bond issue costs	<b>173,831</b>	206,492
Amortised cost and closing carrying amount	<b>11,826,169</b>	11,793,508

On 5 December 2014, the Company issued a Prospectus for the issue of a 6,000,000 Bond having a nominal value of €1 each. The Bond was issued in two tranches of €3,000,000 each. The first tranche was issued on 22 December 2014, and was fully subscribed, while the second tranche was issued on 24 December 2015, and was also fully subscribed. The Company's bonds are included on the official list of the Malta Stock Exchange. The first tranche was admitted to trading in 2014 and is redeemable at par on 30 December 2021. The second tranche was admitted to trading with effect from 29 December 2015 and is redeemable at par on 30 December 2025.

Interest on the bonds issued as part of the first tranche is payable every six months in arrears, on 30 June and 30 December of each year. The first payment was made on 30 June 2015. The net proceeds have been used to acquire the Zebbug, St. Julian's and Gudja Central Business Centres, to finance the demolition and excavation works of the St. Julian's Central Business Centre as well as to finish works on the Gudja Central Business Centre.

Interest on the bonds issued as part of the second tranche is payable annually in arrears, on 30 June and 30 December of each year. The first payment was made on 30 June 2016. The net proceeds shall be used for the development and construction of the St. Julian's Central Business Centre.

On 7 July 2017, the Company issued a Prospectus for the issue of a 10,000,000 Bond having a nominal value of €1 each. The Bond was issued in two tranches, the first tranche amounting to €6,000,000 was issued on 12 June 2017, and was fully subscribed, while the second tranche of €4,000,000 was not issued.

Interest on the bonds issued as part of the first tranche is payable annually in arrears on 30 June of each year, the first payment was made on 30 June 2018. The net proceeds were utilised to acquire the new Zebbug site.

The bonds constitute the general, direct, unconditional, unsecured, unsubordinated obligations of the Company, and rank equally without any priority or preference with all other present and future unsecured and unsubordinated obligations of the Company.

**11. Borrowings - continued**

	2019 €	2018 €
<b>Net debt reconciliation</b>		
Cash and cash equivalents (Note 7)	<b>131,653</b>	154,953
Borrowings at fixed rates -repayable after one year	<b>(594,000)</b>	(594,000)
Net Liability	<b>(462,347)</b>	(439,047)
<hr/>		
	2019 €	2018 €
Borrowings as at 1 January 2018	<b>11,793,508</b>	11,761,513
Amortisation of bond issue costs	<b>32,661</b>	31,995
Borrowings as at 31 December 2018	<b>11,826,169</b>	11,793,508

**12. Deferred taxation**

Deferred taxes are calculated on temporary differences under the liability method and are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted by the end of the reporting period. The principal tax rate used is 35%, with the exception of deferred taxation on the fair valuation of non-depreciable property which is computed on the basis applicable to disposals of immovable property i.e. tax effect of 10% of the transfer value.

The movement on the deferred tax account is as follows:

	2019 €	2018 €
At beginning of year	<b>(738,641)</b>	(739,802)
Deferred taxes on temporary differences arising on provisions for impairment of trade receivables (Note 6)	-	1,161
At end of year	<b>(738,641)</b>	(738,641)

All the amounts disclosed in the table above are recognised in the statement of comprehensive income.

The balance at 31 December represents:

	2019 €	2018 €
Temporary differences arising on provisions for impairment of trade receivables	-	3,319
	-	3,319

The recognised deferred tax assets and liabilities are expected to be recovered or settled principally after more than twelve months.

**13. Trade and other payables**

	2019 €	2018 €
Trade payables	144,213	116,089
Bond interest payable (Note 11)	133,295	128,745
Deferred income	-	109,680
Accrued expenses	7,000	12,750
	<b>284,508</b>	<b>367,264</b>

**14. Revenue**

Revenue relates to the lease of office and car spaces in the Zebbug Central Business Centre, the Gudja Central Business Centre as well as part of the St Julian's Central Business Centre. When works on the St. Julian's Central Business Centre and the adjacent villa, as well as the new site in Zebbug, are complete, rental income will be generated on the basis of contracts finalised with tenants.

**15. Expenses by nature**

	2019 €	2018 €
Professional fees	76,850	63,187
Administration and management fees	40,497	57,609
Rent expense	50,000	50,000
Insurance	11,269	10,480
Depreciation charge	22,462	7,621
Increase provision for impairment of trade receivables	-	3,319
Other expenses	18,703	68,617
	<b>219,781</b>	<b>260,833</b>

**Auditor's fees**

Fees charged by the auditor for services rendered during the financial year ended 31 December 2019 and 2018 relate to the following:

	2019 €	2018 €
Annual statutory audit	6,350	6,350
Tax compliance and other services	1,750	1,750
	<b>8,100</b>	<b>8,100</b>

**16. Finance income**

	2019 €	2018 €
Bank interest received	144	1,106

**17. Finance costs**

	2019 €	2018 €
Interest payable on bonds	594,000	594,627
Amortisation of bond issue costs (Note 11)	32,661	31,995
	626,661	626,622
Finance costs capitalised within investment property (Note 4)	(417,542)	(464,907)
	209,119	161,715

**18. Directors emoluments**

	2019 €	2018 €
Fees	12,000	11,000

The above fees were paid to five non-executive directors, whereas, the CEO received payments amounting to €30,000 (2018: €30,000). These costs are presented as part of professional fees in note 15. The Directors do not receive any form of monetary or non-monetary perks or benefits.

**19. Tax expense**

	2019 €	2018 €
Current taxation:		
Current tax expense	161,929	54,449
Deferred tax (credit)/charge (Note 12)	-	(1,161)
	161,929	53,288

The tax on the Company's (loss)/profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	2019 €	2018 €
Profit/(loss) before tax	657,105	(65,432)
Tax at 35%	229,987	(22,901)
Tax effect of:		
Rent maintenance allowances	(3,500)	(26,827)
Rental income subject to tax	(197,172)	-
Expenses not deductible for tax purposes	132,614	103,016
	161,929	53,288

**20. Earnings per share**

Earnings per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	2019 €	2018 €
Profit/(loss) for the year	495,176	(118,720)
Weighted average number of ordinary shares in issue	250,000	250,000
Earnings per share	1.98	(0.47)

**21. Cash generated from operations**

Reconciliation of operating profit to cash generated from operations:

	2019 €	2018 €
Operating profit	866,080	95,177
Adjustments for:		
Provision for impairment of trade receivables	-	3,319
Depreciation charge for the year	22,462	7,621
Changes in working capital:		
Trade and other receivables	55,054	(31,421)
Trade and other payables	(218,010)	98,882
Cash generated from operations	725,586	173,578

**22. Related party transactions**

The companies forming part of the SMW Cortis Limited Group are considered by the directors to be related parties as these companies are under a common directorship of Mr. Joseph Cortis. All members of the Cortis family are deemed to be related parties.

The following transactions were carried out with related parties:

	2019 €	2018 €
Subordinated loans	-	250,000
Administration and management fees paid	(83,727)	(57,609)
Professional fees	(42,000)	(41,000)

**23. Contingent liabilities**

As at 31 December 2019, the Company was involved in one ongoing legal claim amounting to less than €100,000 which is being repudiated. The Board of Directors, based on legal advice obtained, does not expect any financial losses to be incurred from such claims.

**24. Events after the end of the reporting period**

Since early 2020, the COVID-19 outbreak across the world has caused disruption to business and economic activity and may ultimately impact the Company's future performance and asset values. The scale and duration of these developments remain uncertain but could impact the Company's earnings, cash flow and financial position. Although, to date, the Company 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 future cash flows. The directors have assessed the reserves and financing available to the Company and are confident that these are adequate to support the Company in the foreseeable future.

Given the inherent uncertainties, it is not practicable at this time to determine the impact of COVID-19 on the Company or to provide a quantitative estimate of this impact. Notwithstanding this, the directors support the preparation of the financial statements on a going concern basis and are confident that the Company is able to operate within the next twelve months.

**25. Statutory information**

Central Business Centres p.l.c. is a limited liability company and is incorporated in Malta.

**26. Comparative information**

Comparative figures disclosed in the main components of these financial statements have been reclassified to conform with the current year's disclosure format for the purpose of compliance with requirements of the Maltese Companies Act (Cap. 386).