Calamatta Cuschieri

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

3 June 2025

**Re: Financial Analysis Summary – 2025**

Dear Board Members,

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

The purpose of the financial analysis is that of summarising key financial data appertaining to Central Business Centres p.l.c. (the "**Company**" or "**Issuer**") as explained in part 1 of the Analysis. The data is derived from various sources, including the most recent prospectus dated 24 September 2021 published by the Issuer (the "**Prospectus**"), or is based on our own computations as follows:

(a) Historical financial data for the three years ended 31 December 2022, 2023 and 2024 has been extracted from the audited financial statements of the Issuer for the three years in question.

(b) The forecast data for the current financial year 2025 has been provided by management.

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

(d) The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions set out in Part 4 of the Analysis.

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

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

Yours sincerely,

Patrick Mangion
Head of Capital Markets

# FINANCIAL ANALYSIS SUMMARY 2025

## Central Business Centres p.l.c.

**3 June 2025**

**Prepared by**
**Calamatta Cuschieri Investment Services Limited**

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# Part 1 Information about the Company

## 1.1 Issuer's Key Activities and Structure

Central Business Centres p.l.c. ("**CBC**" or "**Issuer**") was set up on 20 June 2014. Upon incorporation, CBC's total issued share capital of 250,000 ordinary shares. In January 2019, CBC underwent a succession planning exercise. At present, no individual shareholder has a holding of more than 10% in CBC.

The principal activity of the Issuer is to hold property for investment purposes and generate returns from this property through rental agreements. The Issuer's aim is to develop the "Central Business Centre" brand.

## 1.2 Directors and Key Employees

**Board of Directors - Issuer**

As at this Analysis, the following persons constitute the board of directors of the Issuer:

| Name | Office Designation |
|---|---|
| **Mr Joseph Cortis** | Executive Director, Chairman |
| **Dr Petramay Attard Cortis** | Non-Executive Director |
| **Ms Adriana Cutajar** | Non-Executive Director |
| **Mr Joseph M Formosa** | Non-Executive Director |
| **Ms Crystielle Farrugia Cortis** | Non-Executive Director |
| **Ms Helga Ellul** | Non-Executive Director |

The executive director oversees the daily management of CBC, supported by the collective experience of the Board. The directors' registered business address is that of the Issuer

As at 31 December 2024, the Issuer had no direct employees (FY23: 0). CBC subcontracts all administrative, maintenance, and other operational services.

## 1.3 Major Assets owned by the Company

### 1.3.1 Central Business Centre, Żebbuġ ("CBC Żebbuġ")

CBC Żebbuġ development includes 1,509m² of office space, 6,220m² of commercial space, 28 internal car spaces, and 241 external car spaces. Construction has been completed and the supermarket operated by LIDL Malta is now open. The remaining office and commercial space is expected to open in Q3 2025. As of the date of this Analysis, all completed areas are fully leased

Part of CBC Żebbuġ is currently undergoing finishing works, as explained in section 1.4.1 hereunder.

### 1.3.2 Central Business Centre, Gudja ("CBC Gudja")

CBC Gudja comprises 1,365m² of office and commercial space along with 19 car spaces. The centre is currently leased to seven tenants and achieved full occupancy following the expansion of an existing tenant's space. Full occupancy is expected to be maintained throughout 2025.

### 1.3.3 Central Business Centre, St Julian's ("CBC St Julian's")

The St. Julian's business centre, including Villa Fieres (the "**Villa**"), comprises 1,360m² of office space, 6 outlets, 14 car spaces, and a corporate office with a footprint of 1,100m². Restoration works on the Villa have been completed, and it is now leased.

CBC St Julian's occupancy rate increased from 76% in 2023 to 88% in 2024, with management projecting this to be higher in 2025.

### 1.3.4 Central Business Centre, Valletta ("CBC Valletta")

In 2021, the Issuer purchased a property in Valletta known as the Savoy, featuring a retail area of 1,118 m². CBC Valletta is currently undertaking significant refurbishments to add a further 2,400 m² across upper levels. During 2024, the existing space was fully occupied (46% of the total project footprint), with full occupancy projected upon project completion by end-2026. Further explanation on this is explained in section 1.4.2 hereunder.

### 1.3.5 Central Business Centre, Mrieħel ("CBC Mrieħel")

The issuer purchased a property in Mrieħel in 2024 with a net rentable area of 2,700m².

During 2024, one tenant occupied approximately 33% of the available space. Management anticipates increased occupancy by year-end 2025.

## 1.4 Operational Developments

### 1.4.1 CBC Żebbuġ

On 21 December 2023, the Issuer executed a Deed of Temporary Emphyteusis with LIDL Immobiliare Malta Limited ("**LIDL Malta**"), following a Promise of Sale Agreement dated 19 October 2017. Under the agreement, LIDL Malta undertook the development of a supermarket and an underground level for CBC's future use

The LIDL supermarket is now operational, and the remaining commercial areas are expected to open in Q3 2025 as explain in section 1.3.1.

### 1.4.2 CBC Valletta Acquisition

Following its acquisition in 2021, the Issuer continued operating the Valletta property as a retail complex on Level -1 and Level 0. In line with the use of bond proceeds, CBC has commenced refurbishment and a rebranding exercise.

As of this Analysis, conversion and construction works to expand upper levels by 2,400 m² are underway and on schedule for completion by 2026.

## 1.5 Listed Debt Securities of the Issuer

CBC has the following outstanding debt securities:

| Debt Security | ISIN | €m |
|---|---|---|
| 5.25% Central Business Centres plc Unsecured € 2025 S2T1 | MT0000881210 | 3 |
| 4.40% Central Business Centres plc Unsecured € 2027 S1/17 T1 | MT0000881228 | 6 |
| 4.00% Central Business Centres plc Unsecured Bonds 2027-2033 | MT0000881236 | 21 |
| Zero Coupon Central Business Centres plc Unsecured Callable Notes 2025 | Unlisted Note | 3 |

# Part 2 Historical Performance and Forecasts

The Issuer's historical financial information for the three years ending 31 December 2022, 2023 and 2024, as set out in the audited financial statements of the Issuer can be found in section 2.1 to 2.3 of this Analysis. These sections also include the forecast performance of the Issuer for the period ending 31 December 2025. The projected financial statements detailed below relate to events in the future and are based on assumptions, which the Company believes to be reasonable. Consequently, the actual outcome may be affected adversely by unforeseen situations and the variation between forecast and actual results may be material.

## 2.2 Issuer's Income Statement

| Income Statement for the year ended 31 December | 2022A | 2023A | 2024A | 2025F |
|---|---|---|---|---|
| | €000s | €000s | €000s | €000s |
| Revenue | 1,787 | 1,755 | 2,373 | 2,718 |
| Operating expenses | (206) | (362) | (323) | (380) |
| **EBITDA** | **1,581** | **1,393** | **2,050** | **2,338** |
| Depreciation | (42) | (57) | (71) | (94) |
| **EBIT** | **1,539** | **1,336** | **1,979** | **2,244** |
| Finance income | 1 | 20 | 15 | - |
| Fair value movement relating to investment property | - | - | 6,252 | - |
| Finance costs | (1,262) | (1,282) | (1,603) | (1,410) |
| **Profit / (loss) before taxation** | **277** | **54** | **6,643** | **834** |
| Taxation | (99) | (15) | (3,162) | (292) |
| **Profit / (loss) after taxation** | **178** | **39** | **3,481** | **542** |

| Ratio Analysis | 2022A | 2023A | 2024A | 2025F |
|---|---|---|---|---|
| *Profitability* | | | | |
| Growth in Revenue (YoY Revenue Growth) | 19.9% | -1.8% | 35.2% | 14.5% |
| EBITDA Margin (EBITDA / Revenue) | 88.5% | 79.4% | 86.2% | 86.0% |
| Operating (EBIT) Margin (EBIT/Revenue) | 86.1% | 76.1% | 83.2% | 82.6% |
| Net Margin (Profit for the year / Revenue) | 10.0% | 2.2% | 146.5% | 19.9% |
| Return on Common Equity (Net Income / Average Equity) | 0.8% | 0.2% | 13.6% | 2.0% |
| Return on Assets (Net Income / Average Assets) | 0.31% | 0.06% | 4.85% | 0.70% |
| Interest Coverage (EBITDA / Cash interest paid) | 1.3x | 1.1x | 1.6x | 1.7x |

| Revenue Segmental Analysis | 2022A | 2023A | 2024A | 2025F |
|---|---|---|---|---|
| | €000s | €000s | €000s | €000s |
| CBC Żebbuġ | 639 | 473 | 762 | 737 |
| CBC Gudja | 137 | 145 | 152 | 143 |
| CBC St. Julian's | 699 | 868 | 1,005 | 1,110 |
| CBC Valletta | 312 | 280 | 418 | 587 |
| CBC Mrieħel | - | - | 37 | 141 |
| Other income | 1 | 17 | 22 | - |
| **Total revenue** | **1,788** | **1,783** | **2,395** | **2,718** |

| | | | | |
|---|---|---|---|---|
| % Composition - CBC Żebbuġ | 35.8% | 26.5% | 31.8% | 27.1% |
| % Composition - CBC Gudja | 7.7% | 8.2% | 6.3% | 5.3% |
| % Composition - CBC St. Julian's | 39.1% | 48.7% | 42.0% | 40.8% |
| % Composition - CBC Valletta | 17.5% | 15.7% | 17.4% | 21.6% |
| % Composition - CBC Mrieħel | - | 0.0% | 1.5% | 5.2% |
| % Composition - Other income | 0.1% | 1.0% | 0.9% | 0.0% |

| | | | | |
|---|---|---|---|---|
| % Growth - CBC Żebbuġ | (2.4)% | (26.0)% | 61.1% | (3.2)% |
| % Growth - CBC Gudja | 6.1% | 6.3% | 4.3% | (5.5)% |
| % Growth - CBC St. Julian's | 4.7% | 24.3% | 15.8% | 10.5% |
| % Growth - CBC Valletta | 680.3% | (10.4)% | 49.4% | 40.5% |
| % Growth - CBC Mrieħel | N/A | N/A | N/A | 279.3% |
| % Growth - Other income | N/A | 2188.0% | 28.9% | (100.0)% |
| **% Growth - Total revenue** | **19.9%** | **(0.3)%** | **34.3%** | **13.5%** |

**Revenue**
Revenue relates to the lease of office, retail stores, warehousing, commercial and car spaces in Central Business Centres mentioned in Section 1.3.

In FY24, revenue was composed of €2.2m in rental income and €177k in maintenance fees. CBC St. Julians and CBC Zebbug made up 42.0% and 31.8% respectively, making up 73.8% of the total rental income in FY24.

Total rental income increased by 34.3% in FY24, driven by higher occupancy rates and the addition of the CBC Mrieħel property. According to management projections, revenue is expected to increase by a further 13.5% in FY25.

**Expenditure**
Operating expenses comprising of administration and management fees, professional fees and insurance, decreased by 9% to €323k in FY24 and remained relatively stable. A slight increase is expected in FY25.

**Finance cost**
Finance costs primarily comprise of interest on the bonds in issue, with these remaining stable at €1.3m during FY24, and interest on lease liabilities of €217k. The rest of the finance costs are the amortisation of bond issue costs making up c. €124k

A fair value gain of €6.3m was recorded in FY24, relating to CBC St. Julian's, Żebbuġ Commercial Centre, and Valletta. This significantly boosted profit before tax. Even excluding this gain, profit before tax rose to €391k, up from €54k in FY23.

**Profit after tax**
As a result of the fair value gain, the tax charge increased to €3.2m in FY24 (FY23: €15k), while profit after tax surged to €3.5m (FY23: €39k).

### 2.2.1 Variance Analysis

| Income Statement | 2024F | 2024A | Variance |
|---|---|---|---|
| | €000s | €000s | €000s |
| Revenue | 2,237 | 2,373 | 136 |
| Operating expenses | (162) | (323) | (161) |
| **EBITDA** | **2,075** | **2,050** | **(30)** |
| Depreciation | (78) | (71) | 7 |
| **EBIT** | **1,997** | **1,979** | **(18)** |
| Finance income | - | 15 | 15 |
| Fair value movement relating to investment property | - | 6,252 | 6,252 |
| Finance costs | (1,317) | (1,603) | (286) |
| **Profit before taxation** | **680** | **6,643** | **5,963** |
| Taxation | (238) | (3,162) | (2,924) |
| **Profit after taxation** | **442** | **3,481** | **3,039** |

The Issuer reports a stable operating base with relatively minor deviances when compared to what was forecasted. The single exception is a the €6.3m fair value gain on property which was not forecasted, significantly boosting the reported profit after considering notional tax charge on fair value gain.

There were minor variations in revenue and operating expenses leading to a negligible variance of $30K in EBITDA.

CBC reported a negative variance of $286K in finance cost following additional financing put in place to acquire the Mrieħel property.

As explained, the most significant variance compared to the financial projections from 4 June 2024 is the fair value movement in property following an appraisal of the property portfolio held by the company. After accounting for deferred tax on this fair value movement, the company reports an overall positive variance of €3.0m with a profit after tax or €3.4m when compared to the forecast of €400K.

## 2.3 Issuer's Statement of Financial Position

| Statement of Financial Position as at 31 December | 2022A | 2023A | 2024A | 2025F |
|---|---|---|---|---|
| | €000s | €000s | €000s | €000s |
| **Assets** | | | | |
| **Non-current assets** | | | | |
| Investment property | 57,292 | 64,409 | 76,188 | 76,387 |
| Property, plant and equipment | 302 | 387 | 489 | 596 |
| **Total non-current assets** | **57,594** | **64,796** | **76,677** | **76,983** |
| | | | | |
| **Current assets** | | | | |
| Trade and other receivables | 290 | 403 | 53 | 12 |
| Financial assets at fair value through profit or loss | 81 | 81 | 27 | - |
| Cash and cash equivalents | 196 | 372 | 819 | 594 |
| **Total current assets** | **567** | **856** | **899** | **606** |
| | | | | |
| **Total assets** | **58,161** | **65,652** | **77,576** | **77,589** |
| | | | | |
| **Equity and liabilities** | | | | |
| **Equity** | | | | |
| Share capital | 250 | 250 | 250 | 250 |
| Capital reserve | 16,100 | 16,100 | 16,100 | 16,100 |
| Retained earnings / (losses) | 7,439 | 7,475 | 10,953 | 11,495 |
| **Total equity** | **23,789** | **23,825** | **27,303** | **27,845** |
| | | | | |
| **Non-current liabilities** | | | | |
| Borrowings | 29,612 | 29,648 | 26,718 | 26,920 |
| Lease liabilities | - | 5,087 | 5,066 | 5,045 |
| Deferred tax liabilities | 3,923 | 5,804 | 8,769 | 8,769 |
| **Total non-current liabilities** | **33,535** | **40,539** | **40,553** | **40,734** |
| | | | | |
| **Current liabilities** | | | | |
| Borrowings | - | - | 6,020 | 5,424 |
| Lease liabilities | - | 267 | 238 | 209 |
| Trade and other payables | 756 | 1,020 | 3,377 | 3,377 |
| Current tax liability | 81 | 1 | 85 | - |
| **Total current liabilities** | **837** | **1,288** | **9,720** | **9,010** |
| | | | | |
| **Total liabilities** | **34,372** | **41,827** | **50,273** | **49,744** |
| | | | | |
| **Total equity and liabilities** | **58,161** | **65,652** | **77,576** | **77,589** |

| Ratio Analysis | 2022A | 2023A | 2024A | 2025F |
|---|---|---|---|---|
| *Financial Strength* | | | | |
| Gearing 1 (Net Debt / Net Debt and Total Equity) | 55.3% | 55.1% | 53.9% | 53.3% |
| Gearing 2 (Total Liabilities / Total Assets) | 59.1% | 63.7% | 64.8% | 64.1% |
| Gearing 3 (Net Debt / Total Equity) | 123.7% | 122.9% | 94.9% | 94.5% |
| Net Debt / EBITDA | 18.6x | 21.0x | 12.7x | 11.3x |
| Current Ratio (Current Assets / Current Liabilities) | 0.7x | 0.7x | 0.1x | 0.1x |
| Interest Coverage level 1 (EBITDA / cash interest paid) | 1.3x | 1.1x | 1.6x | 1.7x |
| Interest Coverage level 2 (EBITDA / finance costs) | 1.3x | 1.1x | 1.3x | 1.7x |

The Issuers non-current assets amounted to *circa* €76.7m in FY24 (FY23: €64.8m), primarily comprising investment property, with a negligible balance represented by property, plant and equipment ("**PPE**").

The investment property portfolio includes five separately identifiable units: CBC Żebbuġ, CBC Gudja, CBC St. Julian's, CBC Valletta, and CBC Mrieħel, as detailed in Section 1.3. Investment Property make up 98% of the total asset base.

PPE includes plant and machinery installed at the Issuer's properties. Management indicated that CBC completes the façades, common areas, and amenities (such as lifts), and in some cases, engages subcontractors to finish leased units on behalf of tenants to secure rental agreements.

As for current assets, trade and other receivables decreased significantly from €403k in FY23 to €53k in FY24, exceeding management's forecast of €109k, and are expected to decline further to €12k by FY25.

The Issuers equity has increased slightly due to an increase in retained earnings (FY23: €7.5m) while the share capital and capital reserve remained the same. The €16.1m in capital reserves originates from subordinated loans from related parties used to partly finance the acquisition of the CBC Żebbuġ, Gudja, and St. Julian's properties which have been waived.

Total liabilities primarily comprise non-current liabilities, which stood at €40.6m in FY24. Lease liabilities remained stable at €5.0m, reflecting land held on temporary emphyteusis. Borrowings, mainly consisting of bonds in issue, declined by approximately €2.9m due to reclassification of part of the balance to short term, while deferred tax liabilities increased by €3.0m, mostly due to adjustments related to investment property revaluations. These movements offset each other, keeping total non-current liabilities stable year-on-year, with similar stability expected in FY25

Current liabilities rose to €9.7m in FY24 (FY23: €1.3m), primarily due to the inclusion of €6.0m in current borrowings, reflecting the short term redemption date of 2 of the debt instruments in issue.

The trade and other payables also increased, by €2.4 million, largely due to a capital creditor balance. This liability is secured by a special hypothec and special privilege over the acquired property, is interest-free until 31 December 2025, and may be extended beyond that date at an interest rate of 6% per annum.

### 2.4 Issuers Statement of Cash Flows

| Statement of Cash Flows for the year ended 31 December | 2022A | 2023A | 2024A | 2025F |
|---|---|---|---|---|
| | €000s | €000s | €000s | €000s |
| **Cash flows from operating activities** | | | | |
| EBITDA | 1,581 | 1,393 | 2,050 | 2,338 |
| | | | | |
| *Movement in working capital:* | | | | |
| Movement in trade and other receivables | (76) | (88) | 364 | 41 |
| Movement in trade payables and accruals | (121) | 279 | 2,352 | 149 |
| Movement in financial instruments | (81) | - | 56 | 27 |
| **Cash flows from operations** | **1,303** | **1,584** | **4,822** | **2,555** |
| | | | | |
| Interest paid | (1,262) | (1,260) | (1,261) | (1,410) |
| Tax paid | (180) | (108) | (103) | (292) |
| **Net cash generated from / (used in) operating activities** | **(139)** | **216** | **3,458** | **853** |
| | | | | |
| **Cash flows from investing activities** | | | | |
| Acquisition and development costs of investment property | (538) | (390) | (5,711) | (200) |
| Refund on duty paid on the purchase of investment property | - | 398 | - | - |
| Payments on finance lease | - | (40) | (90) | (21) |
| Acquisition of property, plant and equipment | (165) | - | (173) | (201) |
| **Net cash generated from / (used in) investing activities** | **(703)** | **(32)** | **(5,974)** | **(451)** |
| | | | | |
| **Cash flows from financing activities** | | | | |
| Borrowings | - | - | - | 5,626 |
| Repayment of existing bonds | (15) | (5) | (6) | (6,250) |
| Proceeds from issuance of bonds | - | - | 2,972 | - |
| Drawdown – loan | - | - | - | - |
| Dividends paid | - | (3) | (3) | (3) |
| **Net cash generated from / (used in) financing activities** | **(15)** | **(8)** | **2,963** | **(627)** |
| | | | | |
| **Net movement in cash and cash equivalents** | **(857)** | **176** | **447** | **(225)** |
| Cash and cash equivalents at start of year | 1,053 | 196 | 372 | 819 |
| **Cash and cash equivalents at end of year** | **196** | **372** | **819** | **594** |

| Ratio Analysis | 2022A | 2023A | 2024A | 2025F |
|---|---|---|---|---|
| *Cash Flow* | **€000s** | **€000s** | **€000s** | **€000s** |
| Free Cash Flow (Net cash from operations + Interest - Capex) | 420 | 1,444 | (1,255) | 1,812 |

EBITDA for FY24 was in line with expectations at €2.0m. However, cash generated from operating activities exceeded expectations due to a significant movement in working capital. This was driven by the short-term credit facility related to the property acquisition and more efficient receivables collection during the year. As a result, net cash from operating activities reached €3.4m. Management anticipates this figure to decline in FY25 as working capital normalises.

Due to the development costs of the CBC Mrieħel the net cash used in investing activities were higher in FY24,rising to c. €6.0m. This is expected to ease in FY25, with forecasted investment activity totalling €451k.

The net cash generated from financing activities is mainly the €2.9m proceeds for the bond issue used to finance the acquisition and development of CBC Mrieħel. In FY25, the Issuer is expected to repay two maturing bonds, being the 5.25% Central Business Centres plc Unsecured € 2025 S2T1 and the Zero Coupon Central Business Centres plc Unsecured Callable Notes 2025, while securing new borrowings of €5.6m in borrowings. This will result in a forecasted net cash outflow from financing activities of €627k.

Overall, the Issuer recorded a positive net movement in cash of €447k during FY24, closing the year with cash and cash equivalents of €819k. A moderate decrease of €225k is expected in FY25, with forecasted cash and cash equivalents of €594k at year-end. The free cash flow turned negative in FY24 at €(1.3)m due to the large capital investment. However, it is forecast to rebound in FY25 to €1.8m, reflecting improved cash generation and reduced capex.

# Part 3 Key Market and Competitor Data

### 3.2 General Market Conditions

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

### 3.3 Malta Economic Update[1]

The Bank's Business Conditions Index (BCI) suggests that in March, annual growth in activity rose slightly, continuing to stand moderately above its long-term average estimated since January 2000.

The European Commission's confidence surveys show that sentiment in Malta improved in March and rose above its long-term average, estimated since November 2002. In month-on-month terms, the largest improvement was recorded in industry.

In March, the Bank's Economic Policy Uncertainty Index (EPU) rose above its historical average estimated since 2004, for the first time this year. Additionally, the European Commission's Economic Uncertainty Indicator (EUI) for Malta increased compared with February, indicating higher uncertainty, with the largest increase recorded in industry where uncertainty returned after a negative reading in February.

In February, industrial production rose at a faster pace compared to January, while annual growth in retail trade turned negative. In January, annual growth in services production was slower compared to the preceding month. The unemployment rate decreased to 2.7% in February from 2.8% in January and stood below that of 3.4% in February 2024.

In February, commercial building permits rose compared with January, but residential permits declined. Commercial building permits were also higher than a year earlier, while residential permits were lower. In March, the number of residential promise-of-sale agreements decreased on a year earlier, while the number of final deeds of sale was only marginally lower.

The annual inflation rate based on the Harmonised Index of Consumer Prices (HICP) rose to 2.1% in March, from 2.0% in the previous month. HICP excluding energy and food in Malta stood at 2.1%. Both stood below the euro area average. Inflation based on the Retail Price Index (RPI) rose to 2.1% in March, from 1.9% in February.

### 3.4 The commercial property market[2]

The majority of commercial property on the market is available on a rental basis rather than being offered for sale. The average asking rental rates for office space was €234/sqm in 2024, up from €214/sqm in 2023, while average asking rental rates for retail properties reached €294/sqm, up from €243/sqm.

Rental data for office space presents an intriguing contrast to the generally sluggish environment as expressed by industry players during consultations. Several; factors may be behind this reasoning, including a mismatch in expectations between property owners and rent seekers. It is also key to note that as these are advertised prices, they will fail to capture the extent of negotiating that is likely to occur.

The largest increase in rental rates for office space were recorded in the Central region for which saw growth of 12.5%, reaching €167/sqm (2023: €148). The highest Priced region for office space is the North Harbour, with rental rates of €275/sqm, while the lowest rate of €136/sqm hailed from the southern region. Both the Grand Harbour and Southern region saw declining growth in rental rates in office space of -2.1% and -2.2% respectfully.

### 3.5 The retail sector[3]

In March, the sentiment indicator in industry stood at 15.5, up from -16.3 in February and rose well above its long-term average of -4.5. An improvement can be observed across all three sub-components of this indicator. However, the largest improvements were reported in the assessment of stocks of finished products and in the firms' production expectations for the months ahead.

The sentiment indicator for the services sector increased and rose above its long-term average of 19.6. It stood at 21.8, compared with 8.6 a month earlier, reflecting an improvement across all three components, especially in firms' assessment of the business situation over the past three months.

[1] Central Bank of Malta – Economic Update 4/2025
[2] KPMG – Construction Industry and Property Market Report 2024
[3] Central Bank of Malta – Economic Update 4/2025

The sentiment indicator for the construction sector declined to 0.0, from 2.6 in February, but remained above its long-term average of -7.8. Sentiment for this sector ought to be interpreted with caution, due to a low response rate among enterprises.

Consumer confidence fell into negative territory in March. It averaged -2.4, down from 1.3 a month earlier, but remained above its long-term average of -9.9. A deterioration can be observed across all components of the confidence indicator. Nevertheless, the largest deteriorations were reflected in consumers' expectations of major purchases over the next 12 months and in their expectations about the general economic situation.

The confidence indicator in the retail sector turned negative and fell below its long-term average of 0.1. Sentiment averaged -8.8 compared with 8.9 a month earlier, reflecting .
a deterioration across all its three components, in particular in retailers' expectations of business activity over the next three months and in their assessment of sales over the past three months.

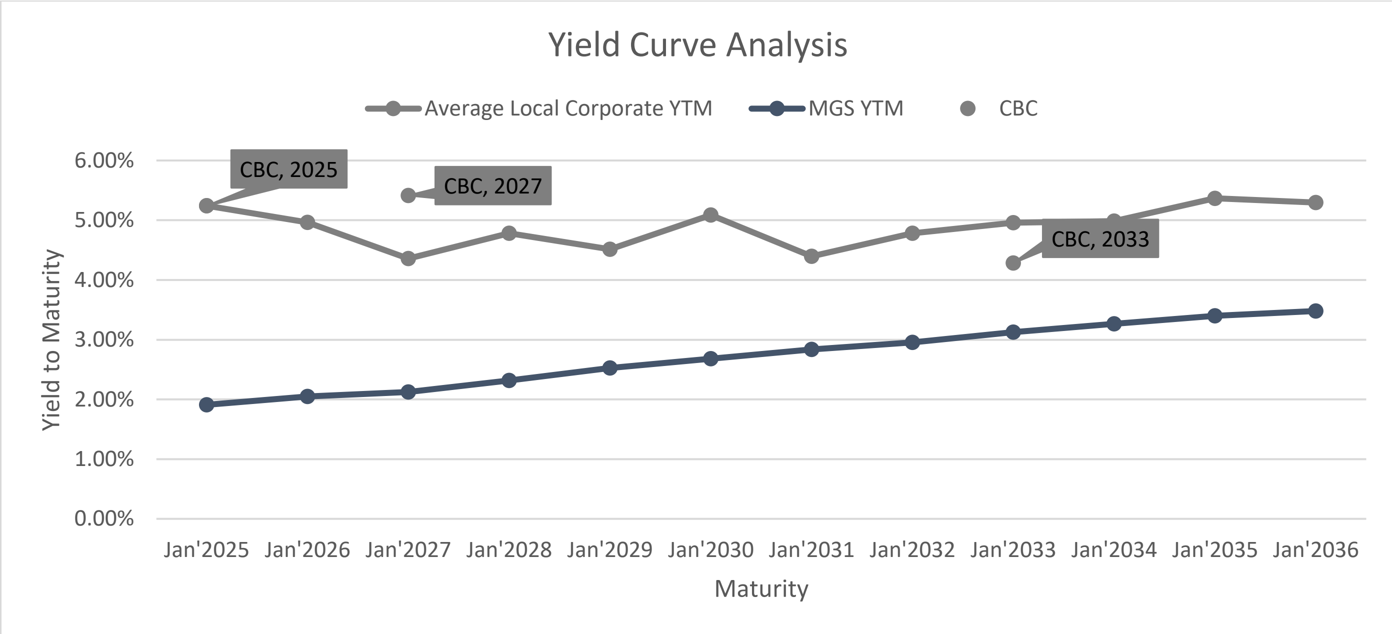
The largest increase in average rental rates was observed in the Grand Harbour region which saw prices for retail space rise by 101.6% in 2024, reaching €494/ sqm, which in tunr makes the Grand Harbour the most expensive retail location. This rise also follows a two-year dip after peaking in 2020.

The least expensive regions are the central and Southern areas, at €180/sqm and €200/sqm, respectively, although both registered modest growth over prior year. The North West's significant decline in the rental rate can be attributed to sample limitations with the prior year's data, but more data this year reveals this rate to be more in line with expectations

### 3.6 Comparative Analysis

The purpose of the table below compares the debt issuance of the Issuer to other debt instruments. We have included different securities with a similar maturity as the debt securities of the Issuer. One must note that, given the material differences in profiles and industries, the risks associated with the Issuer's business and that of other issuers is therefore different.

| Security | Nom Value €000's | Yield to Maturity (%) | Interest coverage (EBITDA) (times) | Total Assets (€'millions) | Total Equity (€'millions) | Total Liabilities / Total Assets (%) | Net Debt / Net Debt and Total Equity (%) | Net Debt / EBITDA (times) | Current Ratio (times) | Return on Common Equity (%) | Net Margin (%) | Revenue Growth (YoY) (%) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 5.25% Central Business Centres plc Unsecured € 2025 S2T1 | 2,974 | 5.24% | 1.6x | 77.6 | 27.3 | 64.8% | 53.3% | 15.2x | 0.1x | 13.6% | 146.7% | 35.2% |
| 4% International Hotel Investments plc Secured € 2026 | 55,000 | 3.99% | 1.7x | 1,795.3 | 910.4 | 57.5% | 42.2% | 8.8x | 0.8x | -0.1% | -0.4% | 6.6% |
| 4% International Hotel Investments plc Unsecured € 2026 | 60,000 | 3.99% | 1.7x | 1,795.3 | 910.4 | 57.5% | 42.2% | 8.8x | 0.8x | -0.1% | -0.4% | 6.6% |
| 3.25% AX Group plc Unsec Bds 2026 Series I | 15,000 | 3.24% | 2.6x | 513.1 | 248.8 | 51.5% | 41.6% | 8.5x | 1.3x | 2.1% | 6.1% | 67.1% |
| 3.75% Mercury Projects Finance plc Secured € 2027 | 11,500 | 3.46% | (.8)x | 279.0 | 66.1 | 76.3% | 73.2% | (46.3)x | 0.6x | -1.8% | -12.5% | -58.8% |
| 4.4% Central Business Centres plc Unsecured € 2027 S1/17 T1 | 6,000 | 5.41% | 1.6x | 77.6 | 27.3 | 64.8% | 53.3% | 15.2x | 0.1x | 13.6% | 146.7% | 35.2% |
| 3.75% Bortex Group Finance plc Unsecured € 2027 | 12,750 | 4.17% | 4.1x | 89.0 | 48.2 | 45.9% | 41.0% | 6.2x | 2.7x | 15.1% | 28.6% | 5.0% |
| 3.75% AX Group plc Unsec Bds 2029 Series II | 10,000 | 3.75% | 2.6x | 513.1 | 248.8 | 51.5% | 41.6% | 8.5x | 1.3x | 2.1% | 6.1% | 67.1% |
| 4.25% Mercury Projects Finance plc Secured € 2031 | 11,000 | 4.25% | (.8)x | 279.0 | 66.1 | 76.3% | 73.2% | (46.3)x | 0.6x | -1.8% | -12.5% | -58.8% |
| 3.65% IHI plc Unsecured € 2031 | 80,000 | 4.83% | 1.7x | 1,795.3 | 910.4 | 57.5% | 42.2% | 8.8x | 0.8x | -0.1% | -0.4% | 6.6% |
| 3.5% AX Real Estate plc Unsecured € 2032 | 40,000 | 4.78% | 2.6x | 513.1 | 248.8 | 51.5% | 41.6% | 8.5x | 1.3x | 2.1% | 6.1% | 67.1% |
| 4% Central Business Centres plc Unsecured € 2027-2033 | 21,000 | 4.28% | 1.6x | 77.6 | 27.3 | 64.8% | 53.3% | 15.2x | 0.1x | 13.6% | 146.7% | 35.2% |
| 5.85% AX Group plc Unsecured € 2033 | 40,000 | 4.96% | 2.6x | 513.1 | 248.8 | 51.5% | 41.6% | 8.5x | 1.3x | 2.1% | 6.1% | 67.1% |
| 6% International Hotel Investments plc 2033 | 60,000 | 5.32% | 1.7x | 1,795.3 | 910.4 | 57.5% | 42.2% | 8.8x | 0.8x | -0.1% | -0.4% | 6.6% |




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

As at 20 May 2025, the average spread over the Malta Government Stocks (MGS) for corporates with maturity range of 1 year was 169 basis points. The 5.25% Central Business Centres 2025 is currently trading at a YTM of 524 basis points, meaning a spread of 333 basis points over the equivalent MGS. This means that this bond is trading at a premium of 164 basis points in comparison to the market.

As at 20 May 2025, the average spread over the Malta Government Stocks (MGS) for corporates with maturity range of 2-4 years was 153 basis points. The 4.4% Central Business Centres 2027 is currently trading at a YTM of 541 basis points, meaning a spread of 329 basis points over the equivalent MGS. This means that this bond is trading at a premium of 176 basis points in comparison to the market.

As at 20 May 2025, the average spread over the Malta Government Stocks (MGS) for comparable issuers with maturity range of 6-8 years was 191 basis points. The 4% Central Business Centres plc 2033 is currently trading at a YTM of 428 basis points, meaning a spread of 116 basis points over the equivalent MGS. This means that this bond is trading at a discount of 76 basis points in comparison to the market.

# Part 4 Glossary and Definitions

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

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

| *Balance Sheet* | |
|---|---|
| **Total Assets** | What the Group/Company owns which can de further classified into Non-Current Assets and Current Assets. |
| **Non-Current Assets** | Assets, full value of which will not be realised within the forthcoming accounting year |
| **Current Assets** | Assets which are realisable within one year from the statement of financial position date. |
| **Inventory** | Inventory is the term for the goods available for sale and raw materials used to produce goods available for sale. |
| **Cash and Cash Equivalents** | Cash and cash equivalents are Group/Company assets that are either cash or can be converted into cash immediately. |
| **Total Equity** | Total Equity is calculated as total assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves. |
| **Total Liabilities** | What the Group/Company owes which can de further classified into Non-Current Liabilities and Current Liabilities. |
| **Non-Current Liabilities** | Obligations which are due after more than one financial year. |
| **Current Liabilities** | Obligations which are due within one financial year. |
| **Total Debt** | All interest-bearing debt obligations inclusive of long and short-term debt. |
| **Net Debt** | Total debt of a Group/Company less any cash and cash equivalents. |

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

| *Financial Strength Ratios* | |
|---|---|
| **Current Ratio** | The Current ratio (also known as the Liquidity Ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares current assets to current liabilities. |
| **Quick Ratio (Acid Test Ratio)** | The quick ratio measures a Group's/Company's ability to meet its short-term obligations with its most liquid assets. It compares current assets (less inventory) to current liabilities. |
| **Interest Coverage Ratio** | The interest coverage ratio is calculated by dividing EBITDA of one period by cash interest paid of the same period. |
| **Gearing Ratio** | The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance total assets. |
| **Gearing Ratio Level 1** | Is calculated by dividing Net Debt by Net Debt and Total Equity. |
| **Gearing Ratio Level 2** | Is calculated by dividing Total Liabilities by Total Assets. |
| **Gearing Ratio Level 3** | Is calculated by dividing Net Debt by Total Equity. |
| **Net Debt / EBITDA** | The Net Debt / EBITDA ratio measures the ability of the Group/Company to refinance its debt by looking at the EBITDA. |

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

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