



SECURITIES NOTE

Dated 24 September 2021

This document is a Securities Note issued in accordance with the provisions of Chapter 4 of the Capital Markets Rules published by the Malta Financial Services Authority and of the Prospectus Regulation. This Securities Note is issued pursuant to the requirements of Capital Markets Rule 4.14 of the Capital Markets Rules and contains information about the Bonds being offered by the Issuer pursuant to the Bond Issue. Application has been made for the admission to listing and trading of the Bonds of the Company on the Official List of the Malta Stock Exchange. This Securities Note should be read in conjunction with the most updated Registration Document issued from time to time containing information about the Company.

In respect of an Issue of:

€21,000,000 4% Unsecured Bonds 2033

of a nominal value of €100 per Bond issued at par
(due 10 November 2033, subject to early redemption at the option of the Issuer on any Early Redemption Date)

ISIN: MT0000881236

CENTRAL BUSINESS CENTRES PLC

A public limited liability company registered in Malta with company registration number C 65702

Legal Counsel



Mamo TCV Advocates

Sponsor, Manager & Registrar



Calamatta Cuschieri
Investment Services Limited

THIS SECURITIES NOTE HAS BEEN DRAWN UP AS PART OF A SIMPLIFIED PROSPECTUS IN ACCORDANCE WITH ARTICLE 14 OF THE PROSPECTUS REGULATION AND HAS BEEN APPROVED BY THE MALTA FINANCIAL SERVICES AUTHORITY, AS COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE MALTA FINANCIAL SERVICES AUTHORITY ONLY APPROVED THIS SECURITIES NOTE AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY IMPOSED BY THE PROSPECTUS REGULATION. SUCH APPROVAL SHOULD NOT BE CONSIDERED AS AN ENDORSEMENT OF THE ISSUER AND THE SECURITIES THAT ARE THE SUBJECT OF THIS SECURITIES NOTE. INVESTORS SHOULD MAKE THEIR OWN ASSESSMENT AS TO THE SUITABILITY OF INVESTING IN THE SECURITIES, THE SUBJECT OF THIS SECURITIES NOTE.

THE MALTA FINANCIAL SERVICES AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS, INCLUDING ANY LOSSES INCURRED BY INVESTING IN THE SECURITIES, THE SUBJECT OF THIS SECURITIES NOTE.

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY LISTED FINANCIAL INSTRUMENTS. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE SECURITIES OF AN ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT FINANCIAL ADVISER.

Approved by the Directors

Joseph Cortis

in his capacity as Director of the Company

and for and on behalf of: Petramay Attard Cortis, Adriana Cutajar, Joseph M Formosa and Alfred Sladden

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IMPORTANT INFORMATION

THIS SECURITIES NOTE CONTAINS INFORMATION ON AN ISSUE BY THE COMPANY IN ACCORDANCE WITH THE REQUIREMENTS OF THE ACT, THE CAPITAL MARKETS RULES AND THE PROSPECTUS REGULATION. THIS SECURITIES NOTE CONTAINS INFORMATION ON AN ISSUE BY THE ISSUER OF €21,000,000 UNSECURED BONDS 2033 OF A NOMINAL VALUE OF €100 PER BOND ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF 4% PER ANNUM PAYABLE ANNUALLY ON 10 NOVEMBER OF EACH YEAR UNTIL THE REDEMPTION DATE UNLESS THE COMPANY EXERCISES THE OPTION TO REDEEM ALL OR PART OF THE BONDS ON ANY OF THE EARLY REDEMPTION DATES. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON THE REDEMPTION DATE UNLESS OTHERWISE PREVIOUSLY REPURCHASED FOR CANCELLATION OR UNLESS OTHERWISE PREVIOUSLY REDEEMED AT THE OPTION OF THE ISSUER ON ANY OF THE EARLY REDEMPTION DATES.

AUTHORISED FINANCIAL INTERMEDIARIES MUST UNDERTAKE AN APPROPRIATENESS TEST AND, WHEN PROVIDING ADVICE IN RESPECT OF A PURCHASE OF THE BONDS, A SUITABILITY TEST, ON PROSPECTIVE BONDHOLDERS IN ORDER TO BE SATISFIED THAT THE BONDS ARE A SUITABLE INVESTMENT FOR THE RESPECTIVE CLIENT, PRIOR TO EXECUTING A PURCHASE OF THE BONDS. NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE COMPANY OR ITS DIRECTORS TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SECURITIES OF THE COMPANY OTHER THAN THOSE CONTAINED IN THIS SECURITIES NOTE AND IN THE DOCUMENTS REFERRED TO HEREIN, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE COMPANY, ITS DIRECTORS OR ADVISERS. THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR SECURITIES ISSUED BY THE ISSUER BY ANY PERSON IN ANY JURISDICTION: (I) IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED; OR (II) IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO; OR (III) TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION. IT IS THE RESPONSIBILITY OF ANY PERSON IN POSSESSION OF THE PROSPECTUS AND ANY PERSONS WISHING TO ACQUIRE ANY SECURITIES ISSUED BY THE COMPANY TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE INVESTORS FOR ANY SECURITIES OF THE COMPANY ADMITTED TO TRADING ON THE MSE SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF SO APPLYING FOR ANY SUCH SECURITIES AND OF ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

SAVE FOR THE OFFERING IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE SECURITIES DESCRIBED IN THE SECURITIES NOTE OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED.

IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (OTHER THAN MALTA) WHICH HAS IMPLEMENTED THE PROSPECTUS REGULATION ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING OR WHICH, PENDING SUCH IMPLEMENTATION, APPLIES ARTICLE 3.2 OF SAID REGULATION, THE SECURITIES CAN ONLY BE OFFERED TO "QUALIFIED INVESTORS" (AS DEFINED IN SAID REGULATION) AS WELL AS IN ANY OTHER CIRCUMSTANCES WHICH DO NOT REQUIRE THE PUBLICATION BY THE ISSUER OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF SAID REGULATION.

A COPY OF THIS DOCUMENT HAS BEEN SUBMITTED TO THE MALTA FINANCIAL SERVICES AUTHORITY IN SATISFACTION OF THE CAPITAL MARKETS RULES AND TO THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS.

STATEMENTS MADE IN THIS SECURITIES NOTE ARE, EXCEPT WHERE OTHERWISE STATED, BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA (AS APPLICABLE) AND ARE SUBJECT TO CHANGES THEREIN.

ALL THE ADVISERS TO THE COMPANY NAMED IN THE REGISTRATION DOCUMENT UNDER THE HEADING "ADVISERS AND STATUTORY AUDITORS" IN SECTION 5 OF THE REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE COMPANY IN RELATION TO THIS PUBLIC OFFER AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL, ACCORDINGLY, NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS. THE INFORMATION ON THE ISSUER'S WEBSITE DOES NOT FORM PART OF THE PROSPECTUS UNLESS THAT INFORMATION IS INCORPORATED BY REFERENCE INTO THE PROSPECTUS.

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISERS. THIS SECURITIES NOTE IS VALID FOR A PERIOD OF 12 MONTHS FROM THE DATE THEREOF. FOLLOWING THE LAPSE OF THIS VALIDITY PERIOD, THE ISSUER IS NOT OBLIGED TO SUPPLEMENT THIS SECURITIES NOTE IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES.

1. DEFINITIONS

Words and expressions and capitalised terms used in this Securities Note shall, except where the context otherwise requires and except where otherwise defined herein, bear the same meaning as the meaning given to such words, expressed and capitalised terms as indicated in the Registration Document forming part of the Prospectus. Additionally, the following words and expressions as used in this Securities Note shall bear the following meanings whenever such words and expressions are used in their capitalised form, except where the context otherwise requires:

Applicant/s	an applicant for the Bonds, either through the submission of an Application Form or through the subscription via an Authorised Financial Intermediary;
Application/s	the application/s to subscribe for the Bonds made by the Applicant/s;
Application Form/s	the forms of application for subscription for the Bonds;
Appropriateness Test	shall have the meaning set out in section 7.2 of this Securities Note;
Authorised Financial Intermediaries	the licensed stockbrokers and financial intermediaries as listed in Annex I of this Securities Note;
Bond Issue Price	the price of €100 per Bond;
Business Day	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
CSD	the Central Securities Depository of the Malta Stock Exchange authorised in terms of Part IV of the Financial Markets Act (Cap. 345 of the laws of Malta), having its address at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
Early Redemption Date/s	the 10 November of each of the years 2027-2032 (both years inclusive) subject to the Issuer giving the Bondholders at least sixty (60) Business Days' notice in writing;
Interest Payment Date	10 November of each year between and including each of the years 2022 and the year 2033, both years included, provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day;
Intermediaries Offer	the offer of Bonds to the Authorised Financial Intermediaries, either for their own account or for the account of underlying customers;
Issue Date	10 November 2021;
MiFIR	Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments;
Offer Period	the period between (and including) 6 October 2021 to 27 October 2021 during which the Bonds will be available for subscription;
Official List	the list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws;
Redemption Date	10 November 2033;
Redemption Value	the nominal value of each Bond (€100 per Bond);
Sponsor, Manager & Registrar	Calamatta Cuschieri Investment Services Limited, Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta;
Suitability Test	shall have the meaning set out in section 7.2 of this Securities Note; and
Terms and Conditions	the terms and conditions of issue of the Bonds set out in sections 5 and 7 of this Securities Note.

All references in the Prospectus to “Malta” are to the “Republic of Malta”.

Unless it appears otherwise from the context:

- a. words importing the singular shall include the plural and *vice-versa*;
- b. words importing the masculine gender shall include also the feminine gender and *vice-versa*;
- c. the word “may” shall be construed as permissive and the word “shall” shall be construed as imperative; and
- d. the word “person” shall refer to both natural and legal persons.

2. RISK FACTORS

The value of investments can go up or down and past performance is not necessarily indicative of future performance.

The nominal value of the Bonds will be repayable in full upon maturity on the redemption date unless the Bonds are previously re-purchased and cancelled or redeemed in whole or in part on any one or more of the Early Redemption Dates.

An investment in the Bonds involves certain risks including those described below. Prospective investors should carefully consider, with their own independent financial and other professional advisers, the following risk factors and other investment considerations as well as all the other information contained in the Prospectus before deciding to make an investment in the Bonds. The sequence in which the risks below are listed is intended to be indicative of the order of priority and to the extent of their consequences.

Neither this Securities Note, nor any other parts of the Prospectus or any other information supplied in connection with the Bonds: (i) is intended to provide the basis of any credit or other evaluation; or (ii) should be considered as a recommendation by the advisers to the Issuer or the Authorised Financial Intermediaries that any recipient of this Securities Note or any other part of the Prospectus or any other information supplied in connection with the Prospectus or the Bonds, should purchase any Bonds.

Accordingly, prospective investors should make their own independent evaluation of all risk factors and should consider all other sections in this document.

2.1 FORWARD-LOOKING STATEMENTS

This Securities Note contains “forward-looking statements” which include, among others, statements concerning matters that are not historical facts and which may involve projections of future circumstances. These forward-looking statements are subject to a number of risks, uncertainties and assumptions and important factors that could cause actual risks to differ materially from the expectations of the Directors. No assurance is given that the future results or expectations will be achieved.

2.2 SUITABILITY OF THE INVESTMENT

The Bonds are complex financial instruments and may not be suitable for all recipients of the Prospectus and prospective investors are urged to consult an independent investment adviser licensed under the Investment Services Act (Cap. 370 of the laws of Malta) as to the suitability or otherwise of an investment in the Bonds before making an investment decision. In particular, such advice should be sought with a view to ascertaining that each prospective investor:

- a) has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in the Prospectus or any applicable supplement;
- b) has sufficient financial resources and liquidity to bear all the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the prospective investor’s currency and that the Bonds meet the investment objectives of the prospective investor;
- c) understands thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- d) be able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

2.3 RISKS RELATING TO THE BONDS

- a. Status and ranking of the Bonds

The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt of the Issuer. Furthermore, subject to the negative pledge clause, third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect.

b. Orderly and liquid secondary market

The impact of CoVID-19, and other infectious illness outbreaks that may arise in the future, could adversely affect the economies of many nations or the entire global economy, individual issuers and capital markets in ways that cannot necessarily be foreseen. The existence of an orderly and liquid market for the Bonds depends on a number of factors, including but not limited to the presence of willing buyers and sellers of the Bonds at any given time and the general economic conditions in the market in which the Bonds are traded. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market, over which the Issuer has no control. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to trade in the Bonds at all.

c. Early redemption of Bonds

Any or all of the Bonds may be redeemed by the Issuer on any Early Redemption Date on at least sixty (60) Business Days' prior written notice to the relevant Bondholders. Once the Bonds are redeemed the relevant Bondholders will no longer be entitled to any interest or other rights in relation to those Bonds. If Bonds are redeemed prior to the Maturity Date a Bondholder would not receive the same return on investment that it would have received if they were redeemed on the Maturity Date. In addition, Bondholders may not be able to re-invest the proceeds from an early redemption at yields that would have been received had they not been redeemed. This optional redemption feature may also have a negative impact on the market value of the Bonds.

d. Fixed interest rate

The Bonds shall carry a fixed coupon. Consequently, investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. Investors should also be aware that the price of fixed rate bonds should theoretically move adversely to changes in interest rates. When prevailing market interest rates are rising, their prices decline and conversely, if market interest rates are declining, the prices of fixed rate bonds rise. This is called market risk since it arises only if a Bondholder decides to sell the Bonds before maturity on the secondary market.

e. Currency of reference

A Bondholder will bear the risk of any adverse fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference, if different. Such adverse fluctuations may impair the return of investment of the Bondholder in real terms after taking into account the relevant exchange rate.

f. Continuing obligations

After the Bonds are admitted to trading on the Official List of the MSE, the Issuer must remain in compliance with certain requirements. The Malta Financial Services Authority has the authority to suspend trading of the Bonds if, *inter alia*, it comes to believe that such a suspension is required for the protection of investors or of the integrity or reputation of the market. Furthermore, the Malta Financial Services Authority may discontinue the listing of the Bonds if, *inter alia*, it is satisfied that, owing to special circumstances, normal regular dealings in the Bonds are no longer possible, or upon the request of the Issuer or the MSE. Any such trading suspensions or listing revocations/discontinuations described above, could have a material adverse effect on the liquidity and value of the Bonds.

g. Amendments to the Terms and Conditions of the Bonds

In the event that the Issuer wishes to amend any of the Terms and Conditions of the Bonds it shall call a meeting of Bondholders in accordance with the provisions of section 5.12 of this Securities Note. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

h. Changes in laws or regulations, or a failure to comply with any laws or regulations, may adversely affect the Company

The Company is subject to laws and regulations enacted by national and local governments. In particular, the Company is required to comply with the applicable legislation in Malta. Compliance with, and monitoring of, applicable laws and regulations may be difficult, time consuming and costly, as laws and regulations and their interpretation and application may change from time to time. Failure by the Company to comply with applicable laws or regulations could have a material adverse effect on the Company's business, financial results, net asset value (NAV) or the value of the Bonds.

3. PERSONS RESPONSIBLE, CONSENT FOR USE OF THE PROSPECTUS & AUTHORISATION STATEMENT

3.1 PERSONS RESPONSIBLE

This document includes information given in compliance with the Capital Markets Rules for the purpose of providing prospective investors with information about the Issuer. All of the Directors accept responsibility for the information contained in this Securities Note.

To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Securities Note is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

3.2 CONSENT FOR USE OF PROSPECTUS

Consent required in connection with the use of the Prospectus by the Authorised Financial Intermediaries:

For the purposes of any subscription for Bonds through any of the Authorised Financial Intermediaries during the Offer Period in terms of this Securities Note and any subsequent resale, placement or other offering of Bonds by such Authorised Financial Intermediaries in circumstances where there is no exemption from the requirement to publish a prospectus under the Prospectus Regulation, the Issuer consents to the use of the Prospectus (and accepts responsibility for the information contained therein) with respect to any such subsequent resale, placement or other offering of the Bonds, provided this is limited only:

- i. in respect of the Bonds subscribed for through Authorised Financial Intermediaries of this Securities Note during the Offer Period;
- ii. to any resale or placement of the Bonds taking place in Malta; and
- iii. to any resale or placement of the Bonds taking place within the period of sixty (60) days from the date of the Prospectus.

None of the Issuer or its advisers accept any responsibility for any of the actions of any of the Authorised Financial Intermediaries, including their compliance with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to a resale or placement of Bonds.

Other than as set out above, neither the Issuer nor its advisers has authorised (nor do they authorise or consent to the use of this Prospectus in connection with) the making of any public offer of the Bonds by any person in any circumstances. Any such unauthorised offers are not made on behalf of the Issuer and neither the Issuer nor its advisers has any responsibility or liability for the actions of any person making such offers.

Investors should enquire whether an intermediary is considered to be an Authorised Financial Intermediary in terms of the Prospectus. If the investor is in doubt as to whether it can rely on the Prospectus and/or who is responsible for its contents, it should obtain legal advice.

No person has been authorised to give any information or to make any representation not contained in or inconsistent with this Prospectus. If given or made, it must not be relied upon as having been authorised by the Issuer or its advisers. The Issuer does not accept responsibility for any information not contained in this Prospectus.

In the event of a resale, placement or other offering of the Bonds by an Authorised Financial Intermediary, the Authorised Financial Intermediary will provide information to investors on the terms and conditions of the resale, placement or other offering at the time such is made.

Any resale, placement or other offering of the Bonds to an investor by an Authorised Financial Intermediary will be made in accordance with any terms and other arrangements in place between such Authorised Financial Intermediary and such investor including as to price, allocations and settlement arrangements. Where such information is not contained in the Prospectus, it will be the responsibility of the applicable Authorised Financial Intermediary at the time of such resale, placement or other offering to provide the investor with that information and neither the Issuer nor the Sponsor, Manager & Registrar has any responsibility or liability for such information.

Any Authorised Financial Intermediary using this Prospectus in connection with a resale, placement or other offering of the Bonds subsequent to the Bond Issue shall, limitedly for the period of 60 days from the date of the Prospectus, publish on its website a notice to the effect that it is using this Prospectus for such resale, placement or other offering in accordance with the consent of the Issuer and the conditions attached thereto. The consent provided herein shall no longer apply following the lapse of such period.

Any new information with respect to Authorised Financial Intermediaries unknown at the time of approval of this Securities Note will be made available through a company announcement which will also be made available on the Issuer's website: <http://www.centralbusinesscentres.com/Investors.aspx>

3.3 STATEMENT OF AUTHORISATION

This Securities Note has been drawn up as part of a simplified prospectus in accordance with Article 14 of the Prospectus Regulation and has been approved by the Listing Authority, as competent authority under the Prospectus Regulation. The Malta Financial Services Authority only approves this Securities Note as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the quality of the securities that are the subject of this Securities Note. Investors should make their own assessment as to the suitability of investing in the securities.

4. ESSENTIAL INFORMATION

4.1 REASONS FOR THE ISSUE AND USE OF PROCEEDS

The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €20,700,000, will be used by the Issuer for the following purposes, in the amounts and order of priority set out below:

- a. the amount of *circa* €17.5 million will be used to purchase the Property;
- b. the amount of *circa* €3 million will be used to repay the 2014 Bonds; and
- c. the amount of *circa* €200,000 will be used for general corporate funding purposes.

The Bond Issue is conditional upon: (a) 67% of the Bond Issue being subscribed for and (b) the Bonds being admitted to the Official List.

4.2 EXPENSES

Professional fees and costs related to publicity, advertising, printing, listing, registration, sponsor, management, registrar fees, selling commission and other miscellaneous expenses in connection with this Bond Issue are estimated to be *circa* €300,000. There is no particular order of priority with respect to such expenses.

4.3 ISSUE STATISTICS

Amount:	€21 million;
Form:	The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD;
Denomination:	Euro (€);
ISIN:	MT0000881236;
Minimum amount per subscription:	Minimum of €2,000 and multiples of €100 thereafter;
Redemption Date:	10 November 2033;
Early Redemption Dates:	the 10 November of each of the years 2027-2032 (both years inclusive) subject to the Issuer giving the Bondholders at least sixty (60) Business Days' notice in writing;
Plan of Distribution:	The Bonds are open for subscription by all categories of investors, including the general public;
Bond Issue Price:	At par (€100 per Bond);
Status of the Bonds:	The Bonds, as and when issued and allotted, shall constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> , without any priority or preference among themselves. Furthermore, subject to the negative pledge clause, third party security interests may be

	registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect;
Listing:	The Malta Financial Services Authority has approved the Bonds for admissibility to listing and subsequent trading on the Official List of the Malta Stock Exchange. Application has been made to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List;
Offer Period:	6 October 2021 to 27 October 2021, both days included;
Interest:	4% per annum;
Intermediaries Offer:	By 17:00 hrs on 27 October 2021;
Interest Payment Date(s):	Annually on 10 November as from 10 November 2022 (the first interest payment date);
Governing Law:	The Terms and Conditions shall be governed by and construed in accordance with the laws of Malta; and
Jurisdiction:	The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds.

4.4 INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for the possible subscription for the Bonds by Authorised Financial Intermediaries (which includes Calamatta Cuschieri Investment Services Limited), and any fees payable to Calamatta Cuschieri Investment Services Limited in connection with the Bond Issue as Sponsor, so far as the Issuer is aware, no other person involved in the Bond Issue has an interest, conflicting or otherwise, material to the Bond Issue.

5. INFORMATION CONCERNING THE SECURITIES TO BE ISSUED AND ADMITTED TO TRADING

Each Bond shall be issued on the terms and conditions set out in this Securities Note and, by subscribing to or otherwise acquiring the Bonds, the Bondholders are deemed to have knowledge of all the terms and conditions of the Bonds hereafter described and to accept and be bound by the said terms and conditions.

5.1 GENERAL

Each Bond forms part of a duly authorised issue of 4% unsecured bonds 2033 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €21,000,000 (except as otherwise provided under section 5.11 "Further Issues").

- a. The Issue Date of the Bonds is expected to be 10 November 2021.
- b. The currency of the Bonds is Euro (€).
- c. Subject to admission to listing of the Bonds to the Official List of the MSE, the Bonds are expected to be assigned ISIN MT0000881236.
- d. Unless previously purchased and cancelled or redeemed on any of the Early Redemption Dates, the Bonds shall be redeemable at par on the Redemption Date.
- e. The issue of the Bonds is made in accordance with the requirements of the Capital Markets Rules, the Act, and the Prospectus Regulation.
- f. The Bond Issue is not underwritten.
- g. There are no special rights attached to the Bonds other than as specified in section 5.3 hereunder.

5.2 RANKING OF THE BONDS

The Issuer does not have any bank financing in place, nor has it granted any security over any of its assets.

The Issuer has previously raised finance as follows:

- six million Euro (€6,000,000) through a bond programme in 2014, pursuant to which two separate issues of bonds were issued as follows:
 - o the 2014 Bonds (which will be repaid through the proceeds of this Bond Issue);
 - o three million Euro (€3,000,000) ten-year bonds (maturing in 2025) having a coupon of 5.25% issued on the 4 December 2015; and
- six million Euro (€6,000,000) through a bond programme in 2017, pursuant to which there was a single issue of ten-year bonds (maturing in 2027) having a coupon of 4.4% issued on the 7 July 2017.

(collectively the “Previous Bond Issues”)

By way of the Amendment Agreement, the 400K Loan Agreement was subordinated in favour of the bond obligations emerging from this Bond Issue. Moreover, the 2021 Subordinated Loan is already subordinated in favour of the bond obligations arising from this Bond Issue.

The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt, if any. This would also include the Previous Bond Issues. Furthermore, subject to the negative pledge clause, third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect.

5.3 RIGHTS ATTACHING TO THE BONDS

This Securities Note in its entirety contains the terms and conditions of issue of the Bonds and creates the contract between the Issuer and a Bondholder. Any and all references to the terms and conditions of the Bonds shall be construed as a reference to all and each section of this Securities Note. A Bondholder shall have such rights as are, pursuant to this Securities Note, attached to the Bonds, including:

- i. the repayment of capital;
- ii. the payment of interest;
- iii. ranking with respect to other indebtedness of the Issuer in accordance with the provisions of section 5.2 above;
- iv. the right to attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and
- v. enjoy all such other rights attached to the Bonds emanating from the Prospectus.

5.4 INTEREST

The Bonds shall bear interest from and including 10 November at the rate of 4% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be affected on 10 November 2022 (covering the period 10 November 2021 to 9 November 2022). Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. In terms of article 2156 of the Civil Code (Cap. 16 of the laws of Malta), the right of Bondholders to bring claims for payment of interest and repayment of the principal on the Bonds is barred by the lapse of five years.

When interest is required to be calculated for any period of less than a full year, it shall be calculated on the basis of a three hundred and sixty (360) day year consisting of twelve (12) months of thirty (30) days each, and in the case of an incomplete month, the number of days elapsed.

5.5 YIELD

The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds is 4% per annum. The table below illustrates the gross yield at the different Early Redemption Dates:

Redemption	Redemption Dates	Issue Price	Redemption Price	Yield
At Early Redemption Dates	2027	€100 (at par)	€100 (at par)	4%
	2028	€100 (at par)	€100 (at par)	4%
	2029	€100 (at par)	€100 (at par)	4%
	2030	€100 (at par)	€100 (at par)	4%
	2031	€100 (at par)	€100 (at par)	4%
	2032	€100 (at par)	€100 (at par)	4%
Upon Maturity	2033	€100 (at par)	€100 (at par)	4%

5.6 REGISTRATION, FORM, DENOMINATION AND TITLE

Certificates will not be delivered to Bondholders in respect of the Bonds. The entitlement to the Bonds will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer by the CSD. There will be entered in such electronic register the names, addresses, identity card numbers (in the case of natural persons), registration numbers (in the case of companies) and MSE account numbers, and any other relevant information as required from time to time, of the Bondholders and particulars of the Bonds held by them respectively, and the Bondholders shall have, at all reasonable times during business hours, access to the register of bondholders held at the CSD for the purpose of inspecting information held on their respective account.

The CSD will issue, upon a request by a Bondholder, a statement of holdings to such Bondholder evidencing his/her/its entitlement to the Bonds held in the register kept by the CSD.

Upon submission of an Application Form, Bondholders who opt to subscribe for the online e-portfolio account with the CSD, by marking the appropriate box on the Application Form, will be registered by the CSD for the online e-portfolio facility and will receive by mail at their registered address a handle code to activate the new e-portfolio login. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further detail on the e-portfolio is found on the afore-mentioned website.

The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €100, provided that on subscription the Bonds will be issued for a minimum of €2,000 per individual Bondholder. Authorised Financial Intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €2,000 to each underlying client.

Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Bond. Title to the Bonds may be transferred as provided below under the heading "*Transferability of the Bonds*" in section 5.10 of this Securities Note.

5.7 PAYMENTS

Payment of the principal amount of Bonds will be made in Euro by the Issuer to the person in whose name such Bonds are registered, with interest accrued up to the Redemption Date, by means of direct credit transfer into such bank account as the Bondholder may designate from time to time, provided such bank account is denominated in Euro and held with any licensed bank in Malta. Such payment shall be affected within seven (7) days of the Redemption Date. The Issuer shall not be responsible for any charges, loss or delay in transmission. Upon payment of the Redemption Value the Bonds shall be redeemed and the appropriate entry made in the electronic register of the Bonds at the CSD.

Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business fifteen (15) days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time, which is denominated in Euro. Such payment shall be affected within seven (7) days of the Interest Payment Date. The Issuer shall not be responsible for any loss or delay in transmission.

All payments with respect to the Bonds are subject in all cases to any applicable fiscal or other laws and regulations prevailing in Malta. In particular, but without limitation, all payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made net of any amount which the Issuer is or may become compelled by law to deduct or withhold for or on account of any present or future taxes, duties, assessments or other government charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within the Republic of Malta or any authority thereof or therein having power to tax.

No commissions or expenses shall be charged by the Issuer to Bondholders in respect of such payments. The Issuer shall not be liable for charges, expenses and commissions levied by parties other than the Issuer.

5.8 REDEMPTION AND PURCHASE

Unless previously purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 10 November 2033, provided that the Issuer reserves the right to redeem all or any part of the Bonds on any one or more of the Early Redemption Dates. The Issuer shall give at least sixty (60) days' notice in writing to all Bondholders of its intention to affect such earlier redemption, stating the number of Bonds that will be redeemed on that Early Redemption Date and the manner in which it shall select the Bonds for such early redemption.

Subject to the provisions of this section 5.8, the Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.

All Bonds so redeemed or purchased will be cancelled forthwith and may not be re-issued or re-sold.

5.9 EVENTS OF DEFAULT

The Bonds shall become immediately due and repayable at their principal amount together with any accrued interest, if any of the following events ("**Events of Default**") shall occur:

- (a) the Issuer shall fail to pay any interest on any Bond when due and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- (b) the Issuer shall fail to pay the principal amount on any Bond when due and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- (c) the Issuer shall fail duly to perform or shall otherwise be in breach of any other material obligation contained in the Terms and Conditions of the Bonds and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- (d) an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer; or
- (e) the Issuer, unless contractually entitled to do so or does so with the consent of the counterparty/ies, stops or suspends payments (whether of principal or interest) with respect to all or any class of its respective debts or announces an intention to do so or ceases or threatens to cease to carry on its respective business or a substantial part of its respective business; or
- (f) the Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or
- (g) there shall have been entered against the Issuer a final judgment by a court of competent jurisdiction from which no appeal may be or is made for the payment of money in excess of €1,000,000 or its equivalent and ninety (90) days shall have passed since the date of entry of such judgment without its having been satisfied or stayed.

5.10 TRANSFERABILITY OF THE BONDS

The Bonds are freely transferable and, once admitted to the Official List of the MSE, shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time.

Any person becoming entitled to a Bond in consequence of the death or bankruptcy of a Bondholder may, upon such evidence being produced as may from time to time properly be required by the Issuer or the CSD, elect either to be registered himself as holder of the Bond or to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the CSD a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify such election by transferring the Bond, or procuring the transfer of the Bond, in favour of that person.

All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations.

The cost and expenses of effecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Issuer shall so require, the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the Issuer.

The Issuer will not take into account the transfer or transmission of Bonds for a period of 15 days preceding an Interest Payment Date.

5.11 FURTHER ISSUES

The Issuer may, from time to time, without the consent of the Bondholders, create and issue further debentures, debenture stock, bonds, loan notes, or any other debt securities, either having the same terms and conditions as any outstanding debt securities or upon such terms as the Issuer may determine at the time of their issue.

5.12 MEETINGS OF BONDHOLDERS

Bondholders have the following powers, exercisable by a resolution voted for at a meeting of Bondholders, by a majority holding not less than seventy-five per cent (75%) of the nominal value of Bondholders present at the meeting in person or by proxy:

- (a) power to authorise the Issuer to amend and modify the Terms and Conditions (such Terms and Conditions as duly completed and supplemented in relation to any Series of Bonds by the terms of the relevant Final Terms in relation to such Series);
- (b) power to approve any scheme of reconstruction of the Issuer or the amalgamation of Issuer with any other company or corporation;

and any such resolution shall be binding on all Bondholders and each Bondholder is bound to give effect to it accordingly.

The Issuer may at any time convene a meeting of the Bondholders. If the Issuer receives a written request by Bondholders holding ten per cent (10%) of the then outstanding principal amount of the Bonds and is indemnified to its satisfaction against all costs, losses and expenses, the Issuer must convene a meeting of Bondholders. Meetings shall be convened and requested only for the purpose of considering a resolution specified in the immediately preceding paragraph.

A meeting of Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose, a quorum shall be considered present if there are Bondholders present, whether in person or by proxy, accounting for at least fifty per cent (50%) in nominal value of the Bonds then outstanding.

Once a quorum is declared present by the Chairman of the meeting (being the person who in accordance with the Memorandum and Articles of Association of the Issuer would chair a general meeting of shareholders) the meeting may then proceed to business and the Directors of the Issuer or the Bondholder(s) who requested the meeting (as the case may be) or their representatives shall present to the Bondholders the reasons for proposing the resolution. The meeting shall allow reasonable and adequate time to the Issuer to present its views to the Bondholders and to the Bondholders to present their views to the Issuer and to the other Bondholders. The meeting shall then put the resolution to a vote of the Bondholders present.

The voting process shall be managed by the Company Secretary under the supervision and scrutiny of the auditors of the Issuer.

Save for the above, the rules generally applicable to proceedings at general meetings of shareholders of the Issuer shall mutatis mutandis apply to meetings of Bondholders.

In the event that the Bonds are listed, and for so long as the Bonds remain listed, any resolution which may be proposed shall be subject to any laws, regulations, rules or bye-laws which may be applicable from time to time.

5.13 NEGATIVE PLEDGE

Without prejudice to the negative pledge undertaking in the 2017 Bond Issuance Programme, the Issuer undertakes, for as long as any principal or interest under the Bonds or any of the Bonds remains outstanding, not to create or permit to subsist any Security Interest (as defined below), other than a Permitted Security Interest (as defined below), upon the whole or any part of its present or future assets or revenues to secure any Financial Indebtedness (as defined below) of the Issuer, unless at the same time or prior thereto the Issuer's indebtedness under the Bonds is secured equally and rateably therewith, and the instrument creating such Security Interest so provides.

"Financial Indebtedness" means any indebtedness in respect of: (A) monies borrowed; (B) any debenture, bond, note, loan, stock or other security; (C) any acceptance credit; (D) the acquisition cost of any asset to the extent payable before or after the time of acquisition or possession by the party liable where the advance or deferred payment is arranged primarily as a method of raising finance for the acquisition of that asset; (E) leases entered into primarily as a method of raising finance for the acquisition of the

asset leased; (F) amounts raised under any other transaction having the commercial effect of borrowing or raising of money; (G) any guarantee, indemnity or similar assurance against financial loss of any person;

“Security Interest” means any privilege, hypothec, pledge, lien, charge or other encumbrance or real right which grants rights of preference to a creditor over the assets of the Issuer;

“Permitted Security Interest” means: (A) any Security Interest arising by operation of law; (B) any Security Interest securing temporary bank loans or overdrafts in the ordinary course of business; (C) any other Security Interest (in addition to (A) and (B) above) securing Financial Indebtedness of the Issuer, in an aggregate outstanding amount not exceeding 80% of the difference between the value of the unencumbered assets of the Issuer and the aggregate principal amount of Bonds outstanding at the time. Provided that the aggregate Security Interests referred to in (B) and (C) above do not result in the unencumbered assets of the Issuer being less than 105% of the aggregate principal amount of the Bonds still outstanding;

“unencumbered assets” means assets which are not subject to a Security Interest.

5.14 DIVIDEND RESTRICTION

The Issuer shall not make a dividend distribution except out of profits available for that purpose provided that, in addition to the requirements laid out in the Act and during the Bond Issue, the Issuer shall not make a dividend distribution except when the profits available for dividend distribution are greater than an amount corresponding to two (2) years interest payment on the Bonds (the “Minimum Amount”) and in that case, the Minimum Amount shall not be distributed.

5.15 AUTHORISATIONS AND ADMISSIBILITY TO LISTING

The Board of Directors of the Issuer authorised the Bond Issue pursuant to a board of directors’ resolution passed on 24 September 2021. The Malta Financial Services Authority has authorised the Bonds as admissible to the Official List pursuant to the Capital Markets Rules by virtue of a letter dated 24 September 2021.

The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 10 November 2021 and trading may commence as from the next Business Day therefrom.

5.16 NOTICES

Notices will be mailed to Bondholders at their registered addresses and shall be deemed to have been served at the expiration of twenty-four (24) hours after the letter containing the notice is posted, and in proving such service it shall be sufficient to prove that a prepaid letter containing such notice was properly addressed to such Bondholder at his registered address and posted.

5.17 LEGISLATION UNDER WHICH THE SECURITIES HAVE BEEN CREATED

Maltese law.

6. TAXATION

6.1 GENERAL

Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation which may be applicable to them in respect of the Bonds, including their acquisition, holding and transfer as well as on any income derived therefrom or on any gains derived on the transfer of such Bonds. The following is a summary of the anticipated tax treatment applicable to Bondholders in so far as taxation in Malta is concerned. This information does not constitute legal or tax advice and does not purport to be exhaustive.

The information below is based on interpretation of tax law and practice relative to the applicable legislation, as known to the Issuer at the date of the Prospectus. Investors are reminded that tax law and practice and their interpretation as well as the levels of tax on the subject matter referred to in the preceding paragraph, may change from time to time.

This information is being given solely for the general information of investors who do not deal in the acquisition and disposal of securities in the course of their normal trading activities. The precise implications for investors will depend, among other things, on their particular circumstances and on the classification of the Bonds from a Maltese tax perspective, and professional advice in this respect should be sought accordingly.

6.2 TAXATION OF BONDHOLDERS

6.2.1 UPON ACQUISITION OF BONDS

The acquisition of Bonds in the Company should not trigger a Maltese income tax liability for the Bondholders.

6.2.2 MALTESE INCOME TAX ON INTEREST INCOME ARISING FROM THE HOLDING OF BONDS

Interest

Since interest is payable in respect of a Bond which is the subject of a public issue, unless the Issuer is instructed by a Bondholder to receive the interest gross of any withholding tax, or if the Bondholder does not fall within the definition of “recipient” in terms of article 41(c) of the Income Tax Act (Cap. 123 of the laws of Malta), interest shall be paid to such person net of a final withholding tax, currently at the rate of fifteen percent (15%) (ten percent (10%) in the case of certain types of collective investment schemes) of the gross amount of the interest, pursuant to article 33 of the Income Tax Act. Bondholders who do not fall within the definition of a “recipient” do not qualify for the said rate and should seek advice on the taxation of such income as other rules may apply.

Article 41(c) of the Income Tax Act defines the term “Recipient”, which includes (*inter alia*) a person (both corporate or non-corporate) who is resident in Malta during the year in which investment income is payable to him/her, and EU/EEA nationals (and their spouse were applicable) who are not resident in Malta for Maltese tax purposes but who apply (at their option) the tax rates applicable to Maltese residents on the basis that the income that arises in Malta is at least 90% of their world-wide income.

The aforementioned withholding tax is considered as a final tax and a Maltese resident individual Bondholder is not obliged to declare the interest so received in his or her income tax return (to the extent that the interest is paid net of tax). No person (whether corporate or non-corporate) should be charged to further tax in respect of such income. Furthermore, such tax should not be available as a credit against the recipient’s tax liability or for a refund, as the case may be, for the relevant year of assessment in Malta. The Issuer will render an account to the Maltese Commissioner for Revenue of all amounts so deducted, including the identity of the recipient.

In the case of a valid election made by an eligible Bondholder resident in Malta to receive the interest due without the deduction of final withholding tax, interest will be paid gross and such person (whether corporate or non-corporate) will be obliged to declare the interest so received in his or her Maltese income tax return and be subject to tax on such interest at the standard rates applicable to such Bondholder at that time. Additionally, in this latter case the Issuer will advise the Maltese Commissioner for Revenue on an annual basis in respect of all interest paid gross and of the identity of all such recipients. Any such election made by a resident Bondholder at the time of subscription may be subsequently changed by giving notice in writing to the Issuer. Such election or revocation will be effective within the time limit set out in the Income Tax Act.

Exchange of Information

In terms of the applicable Maltese legislation, the Issuer and/or its agent are required to collect and forward certain information (including, but not limited to, information regarding payments made to certain Bondholders) to the Maltese Commissioner for Revenue. The Maltese Commissioner for Revenue will or may, in turn, automatically or on request, forward the information to other relevant tax authorities subject to certain conditions.

Relevant legislation includes, but is not limited to:

(i) the Agreement between the Government of the United States of America and the Government of the Republic of Malta to Improve International Tax Compliance and to Implement FATCA – incorporated into Maltese law through Legal Notice 78 of 2014 (“FATCA Legislation”); and

(ii) the implementation of Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended) which provides for the implementation of the regime known as the Common Reporting Standard (“CRS”) – incorporated into Maltese law through Legal Notice 384 of 2015 entitled the Cooperation with Other Jurisdiction on Tax Matters (Amendment) Regulations, 2015.

Under FATCA Legislation, Financial Institutions (“FIs”) in Malta (defined as such for the purposes of FATCA) are obliged to identify and report financial accounts held by Specified U.S. Persons, as defined under FATCA Legislation, and certain non-U.S. entities which are controlled by U.S. Controlling Persons, as defined under FATCA Legislation, to the Commissioner for Revenue. The latter

is in turn required to exchange such information to the US Internal Revenue Service. Financial account information in respect of holders of the Bonds could fall within the scope of FATCA and they may therefore be subject to reporting obligations.

Pursuant to obligations under FATCA Legislation, FIs reserve the right to store, use, process, disclose and report any required information, including all current and historical data related to the past and/or present account(s) held by Reportable Persons, including, but not limited to, the name, address, date of birth, place of birth and US TIN, the details of any account transactions, the nature, balances and compositions of the assets held in the account, to the Commissioner for Revenue.

The CRS requires Malta based financial institutions (“FIs”) (defined as such for the purposes of CRS) to identify and report to the Commissioner for Revenue financial accounts held by Reportable Persons, as defined under the CRS Legislation, and certain entities with one or more Controlling Persons which are classified as Reportable Persons in terms of the CRS. Financial information relating to Bonds and the holders of the Bonds may fall within the purview of CRS and may be subject to reporting and information exchange provisions.

In particular with respect to CRS, the following information may be reported by FIs to the Commissioner for Revenue in respect of each reportable account maintained by the FIs:

- The name, address, jurisdiction of tax residence, tax identification number (TIN) and date and place of birth;
- The account number (or functional equivalent in the absence of an account number);
- The account balance or value as of the end of the relevant calendar year or other appropriate reporting period or, if the account was closed during such year or period, the closure of the account;
- The total gross amount paid or credited to the account holder with respect to the account during the calendar year or other appropriate reporting period with respect to which the FI is the obligor or debtor, including the aggregate amount of any redemption payments made to the account holder during the calendar year or other appropriate reporting period.

The Commissioner for Revenue shall by automatic exchange framework for reciprocal information exchange, communicate to the other competent authority, any relevant information that may fall to be classified as reportable, and *vice-versa*.

FIs reserve the right to request any information and/or documentation required, in respect of any financial account, in order to comply with the obligations imposed under FATCA and CRS and any referring legislation. In the case of failure to provide satisfactory documentation and/or information, FIs may take such action as it thinks fit, including without limitation, the closure of the financial account.

6.3 MALTESE TAXATION ON TRANSFER OF BONDS

6.3.1 INCOME TAX ON CAPITAL GAINS ON A TRANSFER OF THE BONDS

As the Bonds do not fall within the definition of “securities” in terms of article 5(1)(b) of the Income Tax Act, that is, “shares and stocks and such like instrument that participate in any way in the profits of the company and whose return is not limited to a fixed rate of return”, to the extent that the Bonds are held as capital assets by the Bondholder, no income tax on capital gains should be chargeable in respect of a transfer of the Bonds.

6.3.2 DUTY ON DOCUMENTS AND TRANSFERS

In terms of the Duty on Documents and Transfers Act (Cap. 364 of the laws of Malta), duty is chargeable, *inter alia*, on the transfer or transmission *causa mortis* of marketable securities. A marketable security is defined in the said legislation as “a holding of share capital in any company and any document representing the same”.

Consequently, the Bonds should not be treated as constituting marketable securities within the meaning of the legislation and therefore, the transfer/transmission thereof should not be chargeable to duty.

Furthermore, even if the Bonds are considered marketable securities for the purposes of the Duty on Documents and Transfers Act, in terms of article 50 of the Financial Markets Act as the Bonds constitute financial instruments of a company quoted on a regulated market exchange, as is the MSE, redemptions and transfers of the Bonds should, in any case, be exempt from duty.

THIS INFORMATION IS BEING GIVEN SOLELY FOR GENERAL INFORMATION, IT DOES NOT CONSTITUTE A SUBSTITUTE FOR LEGAL OR TAX ADVICE, AND IT DOES NOT PURPORT TO BE EXHAUSTIVE. INVESTORS AND PROSPECTIVE INVESTORS ARE URGED TO SEEK

PROFESSIONAL ADVICE AS REGARDS BOTH MALTESE AND ANY FOREIGN TAX LEGISLATION APPLICABLE TO THE ACQUISITION, HOLDING AND DISPOSAL OF BONDS AS WELL AS INTEREST PAYMENTS MADE BY THE ISSUER. THE ABOVE IS A SUMMARY OF THE ANTICIPATED TAX TREATMENT APPLICABLE TO THE BONDS AND TO BONDHOLDERS. THIS INFORMATION, WHICH DOES NOT CONSTITUTE LEGAL OR TAX ADVICE, REFERS ONLY TO BONDHOLDERS WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY.

7. TERMS AND CONDITIONS OF THE BOND ISSUE

7.1 EXPECTED TIMETABLE OF THE BOND ISSUE

1. Application Forms available to the general public	1 October 2021
2. Opening and closing of subscription lists relative to the Offer Period	6 October 2021 to 27 October 2021, both days included
3. Commencement of interest on the Bonds	10 November 2021
4. Expected date of announcement of basis of acceptance	10 November 2021
5. Refunds of unallocated monies (if any)	10 November 2021
6. Expected dispatch of allotment advices	10 November 2021
7. Expected date of admission of the securities to listing	10 November 2021
8. Expected date of commencement of trading in the securities	11 November 2021

7.2 TERMS AND CONDITIONS OF APPLICATION

The following terms and conditions shall be read in conjunction with all the other terms and conditions relative to and regulating the contractual relationship created between the Issuer on the one hand and the Applicant on the other.

- (a) The issue and allotment of the Bonds is conditional upon: (i) the Bond Issue being at least 67% subscribed and (ii) the Bonds being admitted to the Official List of the MSE. In the event that either of the aforesaid conditions is not satisfied within 20 Business Days of the close of the Offer Period, any Application monies received by the Issuer will be returned without interest by direct credit into the Applicant's bank account as indicated by the Applicant.
- (b) The general public may subscribe for Bonds either by completing an Application Form and lodging same with any of the Authorised Financial Intermediaries or through the Authorised Financial Intermediaries in the manner instructed thereby during the Offer Period. which will open at 09:00 hours on 6 October 2021 and will close no later than 17:00 hours on 27 October 2021. In the event of an Intermediaries' Offer, the general public may apply for the Bonds through the respective Authorised Financial Intermediary in the manner instructed thereby.
- (c) The Bonds will be issued in multiples of €100. The minimum subscription amount of Bonds that can be subscribed for by Applicants is €2,000. Applications for the Bonds must be accompanied by the full price of the Bonds applied for, in Euro.
- (d) By submitting an Application, the Applicant is thereby confirming to the Issuer and the Authorised Financial Intermediary through whom the Application is made that the Applicant's remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured on its first presentation, the respective Authorised Financial Intermediary and Issuer reserve the right to invalidate the relative Application. Furthermore the Applicant will not be entitled to be registered in the register of Bondholders, unless the Applicant makes payment in cleared funds and such consideration is accepted by the respective Authorised Financial Intermediary (which acceptance shall be made in the Authorised Financial Intermediary's absolute discretion and may be on the basis that the Applicant indemnifies the Authorised Financial Intermediary against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of the Applicant's remittance to be honoured on first presentation).
- (e) The contract created by the Issuer's acceptance of an Application submitted by a prospective bondholder through an Authorised Financial Intermediary shall be subject to all the terms and conditions set out in this Securities Note and the Memorandum and Articles of Association of the Issuer.
- (f) If an Application is submitted on behalf of another party or on behalf of a corporation or corporate entity or association of persons, the person submitting such Application will be deemed to have duly bound his principal, or the relative corporation, corporate entity, or association of persons, and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions on their behalf. Such representative may be requested to submit the relative power of attorney/resolution or a copy thereof duly certified by a lawyer or notary public if so required by the Issuer and the Registrar, but it shall not be the duty or responsibility of the Registrar or Issuer to ascertain that such representative is duly authorised to submit an Application.

- (g) Legal entities (including corporations or corporate entities or associations of persons) applying for the Bonds need to have a valid Legal Entity Identifier (“LEI”) which needs to be valid and unexpired, at least, until the admission to listing of the Bonds. Without a valid LEI code the Application would be cancelled by the respective Authorised Financial Intermediary or the Issuer acting through the Registrar and subscription monies will be returned to the Applicant.
- (h) In the case of joint applicants, reference to the Applicant in these terms and conditions is a reference to each of the joint Applicants, and liability therefor is joint and several. The person first-named in the register of Bondholders shall, for all intents and purposes, be deemed to be such nominated person by all joint Applicants. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond/s so held. It shall not be incumbent on the Registrar or the Issuer to verify the signatory/ies on any Application Form submitted.
- (i) In respect of a Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. The usufructuary shall, for all intents and purposes, be deemed *vis-à-vis* the Issuer to be the holder of the Bond/s so held and shall have the right to receive interest on the Bond/s and to vote at meetings of the Bondholders but shall not, during the continuance of the Bond/s, have the right to dispose of the Bond/s so held without the consent of the bare owner, and shall not be entitled to the repayment of principal on the Bond (which shall be due to the bare owner). It shall not be incumbent on the Registrar or the Issuer to verify the signatory/ies on any Application Form submitted.
- (j) Applications in the name of deceased persons shall not be accepted by the Issuer and Authorised Financial Intermediaries.
- (k) Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or the legal guardian/s and may be required to be accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application is submitted. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents / legal guardian/s signing the Application Form until such time as the minor attains the age of 18 years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the Issuer is duly notified in writing of the fact that the minor has attained the age of eighteen (18) years. It shall not be incumbent on the Registrar or the Issuer to verify the signatory/ies on any Application Form submitted.
- (l) The Bonds have not been and will not be registered under the Securities Act of 1933 of the United States of America and accordingly may not be offered or sold within the United States or to or for the account or benefit of a U.S. person.
- (m) No person receiving a copy of the Prospectus or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to such person nor should such person in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or such Application Form could lawfully be used without contravention of any registration or other legal requirements.
- (n) It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself/herself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
- (o) Subject to all other terms and conditions set out in the Prospectus, the Issuer through the Registrar or the Authorised Financial Intermediary reserve the right to reject, in whole or in part, or to scale down, any Application and to present any cheques and/or drafts for payment upon receipt. The right is also reserved to refuse any Application which, in the opinion of the Issuer through the Registrar or the Authorised Financial Intermediary, is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents.
- (p) By not later than 10 November 2021, the Issuer shall announce the result of the Issue through an announcement on its website. The result of the Bond Issue will also be made public via a company announcement upon listing of the Bonds.
- (q) The completed Application Forms are to be lodged with any of the Authorised Financial Intermediaries. Authorised Financial Intermediaries shall, prior to accepting an Application, conduct an Appropriateness Test in respect of the Applicant and, based on the results of such test, be satisfied that an investment in the Bonds may be considered appropriate for the Applicant. To the extent that an Authorised Financial Intermediary is providing advice in respect of a purchase of the Bonds by an Applicant, such Authorised Financial Intermediary shall be required to conduct a Suitability Test in respect of the Applicant and, based on the results of such test, be satisfied that an investment in the Bonds may be considered suitable for the Applicant.

For the purpose of this Securities Note, the term “Appropriateness Test” means the test conducted by any licensed financial intermediary, when providing an investment service (other than investment advice or portfolio management) in relation to the subscription for and the trading of Bonds, for the purpose of such licensed financial intermediary determining (after collecting the necessary information) whether the investment service or the Bonds are appropriate for the prospective

Applicant or prospective transferee. In carrying out this assessment, the licensed financial intermediary shall ask the Applicant or the prospective transferee to provide information regarding the Applicant or transferee's knowledge and experience so as to determine that the Applicant or transferee has the necessary experience and knowledge in order to understand the risks involved in relation to the Bonds or investment service offered or demanded, in accordance with Part BI of the Investment Services Rules ("ISR"). In the event that the Authorised Financial Intermediary considers, on the basis of the test conducted, that the transfer of Bonds is not appropriate for the Applicant or prospective transferee, the Authorised Financial Intermediary shall reject the prospective Applicant's request to subscribe for or acquire Bonds, irrespective of whether the Applicant or transferee is warned that the investment in the Bonds is not appropriate for the Applicant or transferee.

For the purpose of this Securities Note, the term "Suitability Test" means the process through which a licensed financial intermediary providing investment advice or portfolio management services in relation to the subscription for and trading of Bonds obtains such information from the Applicant or prospective transferee as is necessary to enable the licensed financial intermediary to recommend to or, in the case of portfolio management, to effect for, the Applicant or prospective transferee, the investment service and trading in Bonds that are considered suitable for him/her, in accordance with Part BI of the ISR. The information obtained pursuant to this test must be such as to enable the licensed financial intermediary to understand the essential facts about the Applicant or prospective transferee and to have a reasonable basis for believing, giving due consideration to the nature and extent of the service provided, that the specific transaction to be recommended, or to be entered into in the course of providing a portfolio management service, satisfies the following criteria: a. it meets the investment objectives of the Applicant or prospective transferee in question; b. it is such that the Applicant or prospective transferee is able financially to bear any related investment risks consistent with investment objectives of such Applicant or prospective transferee; and c. it is such that the Applicant or prospective transferee has the necessary experience and knowledge in order to understand the risks involved in the transaction or in the management of his portfolio

- (r) In the event that an Applicant has not been allocated any Bonds or has been allocated a number of Bonds which is less than the number applied for, the Applicant shall receive a full refund or, as the case may be, the balance of the price of the Bonds applied for but not allocated, without interest, by cheque sent by mail to the address shown on the Application Form, or by credit transfer to such account indicated in the Application Form, at the Applicant's sole risk within 10 Business Days from the date of final allocation. The Authorised Financial Intermediaries, the Registrar and the Issuer shall not be responsible for any charges, loss or delay arising in connection with such direct credit transfer.
- (s) For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations 2008 (Legal Notice 180 of 2008, as subsequently amended), all Authorised Financial Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in Articles 1.2(d) and 2.4 of the "Members' Code of Conduct" appended as Appendix 3.6 of the MSE Bye-Laws, irrespective of whether the Authorised Financial Intermediaries are MSE members or not. Such information shall be held and controlled by the Malta Stock Exchange in terms of the Data Protection Act (Cap. 586 of the laws of Malta) and the General Data Protection Regulation (GDPR)(EU) 2016/679 for the purposes and within the terms of the MSE's data protection and privacy policy as published from time to time.
- (t) It shall be incumbent on the respective Authorised Financial Intermediary to ascertain that all other applicable regulatory requirements relating to subscription of Bonds by an Applicant are complied with, including without limitation the obligation to comply with all applicable anti-money laundering and counter-terrorist financing rules and regulations, all applicable MiFIR requirements as well as applicable MFSA Conduct of Business Rules and MFSA Rules for investment services providers.
- (u) By submitting an Application, the Applicant:
 - i. agrees and acknowledges to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the issue of the Bonds contained therein;
 - ii. warrants that the information submitted by the Applicant is true and correct in all respects and in the case where an MSE account number is provided by the Applicant, such MSE account number is the correct account of the Applicant. In the event of a discrepancy between the personal details (including name and surname and the Applicant's address) appearing on any Application Form submitted and those held by the MSE in relation to the MSE account number indicated on the Application Form, the details held by the MSE shall be deemed to be the correct details of the Applicant;
 - iii. authorises the Issuer, the Registrar and the MSE to process the personal data that the Applicant provides on Application, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the Data Protection Act (Cap. 586 of the laws of Malta) and the General Data Protection Regulation (GDPR)(EU) 2016/679. The Applicant has the right to request access to, and rectification of, the personal data relating to him/her as processed in relation to the Bond Issue. Any such requests must be made in writing and sent to the MSE. The requests must further be signed by the Applicant to whom the personal data relates;
 - iv. confirms that in making such Application no reliance was placed on any information or representation in relation to the Issuer or the issue of the Bonds other than what is contained in the Prospectus and accordingly agree/s

- that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;
- v. agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his/her remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the laws of Malta) and regulations made thereunder, and that such monies will not bear interest;
 - vi. agrees to provide the Authorised Financial Intermediary, the Registrar and/or the Issuer, as the case may be, with any information which may be requested in connection with the Application;
 - vii. warrants, in connection with the Application, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with his/her Application in any territory, and that the Applicant has not taken any action which will or may result in the Issuer, the Registrar or the Authorised Financial Intermediary acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bond or his/her Application;
 - viii. warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
 - ix. represents that the Applicant is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) as well as not to be accepting the invitation set out in the Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the “United States”) or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;
 - x. agrees that all documents in connection with the issue of the Bonds will be sent at the Applicant’s own risk and may be sent by post at the address (or, in the case of joint Applications, the address of the first named Applicant) as set out in any Application Form submitted by the Applicant or on its behalf; and
 - xi. renounces to any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Issuer against any amount due under the terms of these Bonds.
- (v) Any licensed financial intermediary effecting a transfer of Bonds in the secondary market shall be required to carry out an Appropriateness Test and, if providing advice, a Suitability Test, in respect of the transferee, and be satisfied, based on the results of such test (or tests, as applicable), that an investment in the Bonds may be considered appropriate and/or suitable (as applicable) for such transferee.

7.3 PLAN OF DISTRIBUTION AND ALLOTMENT

The Bonds are open for subscription to all categories of investors, provided that the Authorised Financial Intermediaries shall be required to carry out an Appropriateness Test in respect of each Applicant for the purpose of assessing such Applicant’s level of knowledge and experience prior to investing in the Bonds. Applications shall not be accepted by the Authorised Financial Intermediaries unless, based on the results of such Appropriateness Test, the Authorised Financial Intermediaries are satisfied that an investment in the Bonds may be considered appropriate for the Applicant. To the extent that the Authorised Financial Intermediaries is providing advice in respect of a purchase of the Bonds by an Applicant, the Authorised Financial Intermediaries shall be required to conduct a Suitability Test in respect of the Applicant and, based on the results of such test, be satisfied that an investment in the Bonds may be considered suitable for the Applicant.

The minimum subscription amount of Bonds that can be subscribed for by Applicants is €2,000 and subscription amounts shall be in multiples of €100. Subscriptions may be made through any of the Authorised Financial Intermediaries.

It is expected that an allotment letter will be issued by the Issuer to Applicants by latest 10 November 2021. The registration advice and other documents and any monies returnable to Applicants may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the Laws of Malta), and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.

Dealing in the Bonds shall not commence prior to admission to trading of the Bonds by the MSE or prior to the said notification.

7.4 INTERMEDIARIES’ OFFER

The Bond Issue will be distributed by the Authorised Financial Intermediaries participating in the Intermediaries’ Offer. Accordingly, the Issuer has reserved the full amount of the Bond Issue for subscription by these Authorised Financial Intermediaries. In this regard, the Issuer will enter into conditional subscription agreements with a number of Authorised Financial Intermediaries for the subscription of Bonds, whereby it will bind itself to allocate the Bonds to the Authorised Financial Intermediaries in accordance with the terms of such subscription agreements. In terms of each subscription agreement entered into with an Authorised Financial Intermediary, the Issuer will be conditionally bound to issue, and each Authorised Financial Intermediary will be conditionally bound to subscribe for, such number of Bonds specified in the relevant subscription agreement subject to the Bonds being admitted to listing and trading on the Official List. Each subscription agreement becomes binding on each of the Issuer and the relevant

Authorised Financial Intermediary upon signing, subject to receipt by the Sponsor of all subscription proceeds in cleared funds on delivery of the signed subscription agreement. The subscription agreements shall become unconditional upon approval by the MSE of the Issuer's application for the Bonds to be admitted to the Official List. Authorised Financial Intermediaries subscribing for Bonds may do so for their own account or for the account of their underlying clients, including retail clients, and shall, in addition, be entitled to distribute any portion of the Bonds subscribed to their underlying clients upon commencement of trading or instruct the Sponsor to issue a portion of the Bonds subscribed by them directly to their underlying clients.

7.5 PRICING

The Bonds are being issued at par, that is, at €100 per Bond with the full amount payable upon subscription.

7.6 ALLOCATION POLICY

The Issuer shall allocate the entirety of the Bonds to Authorised Financial Intermediaries participating in the Intermediaries' Offer as described above, without priority or preference and in accordance with the allocation policy determined by the Issuer and the Sponsor. Within five (5) Business Days from closing of the Offer Period, the Issuer shall announce the results of the Bond Issue and shall determine and announce the basis of acceptance of Applications and the allocation policy to be adopted through a company announcement. It is expected that an allotment advice will be made available to Applicants by the CSD shortly after listing of the Bonds. The registration advice and other documents and any monies returnable to Applicants may be retained pending clearance of the remittance and any verification of identity as is required by the Prevention of Money Laundering Act (Chapter 373 of the laws of Malta). Such monies will not bear interest while retained as aforesaid.

7.7 APPLICATION FORM/METHOD OF PAYMENT

Applications for the purchase of Bonds by Applicants must be submitted to Authorised Financial Intermediaries. Applications submitted by Authorised Financial Intermediaries either for their own account or directly in the names of underlying customers with respect to Pre-Allocation Agreements and the Intermediaries Offer shall be submitted in the manner prescribed in the respective agreements entered into by the Authorised Financial Intermediaries with the Issuer.

Applications must be accompanied by the full price of the Bonds applied for. In the event that cheques accompanying the Applications are not honoured on their first presentation, the Issuer and/or the Authorised Financial Intermediary reserves the right to invalidate the relative Application.

7.8 CREDIT RATING

The Issuer has not sought, nor does it intend to seek, the credit rating of an independent agency and there has been no assessment of the Bonds by any independent rating agency.

7.9 ADDITIONAL INFORMATION

Save for the property valuation report set out as Annex I to the Registration Document and the financial analysis summary set out as Annex II to this Securities Note, the Prospectus does not contain any statement or report attributed to any person as an expert. The property valuation report has been included in the form and context in which it appears with the authorization of Arch. Joseph Cassar, which has given, and has not withdrawn, its consent to the inclusion of the said report herein. Arch. Joseph Cassar does not have any material interest in the Issuer. The Issuer confirms that the property valuation report has been accurately reproduced in the Prospectus, and that there are no facts of which the Issuer is aware, that have been omitted and which would render the reproduced information inaccurate or misleading.

The financial analysis summary has been included in the form and context in which they appear with the authorisation of Calamatta Cuschieri Investment Services Limited, which has given and has not withdrawn its consent to the inclusion of such reports herein. Calamatta Cuschieri Investment Services Limited does not have any material interest in the Company. The Company confirms that the financial analysis summary has been accurately reproduced in the Prospectus and that there are no facts of which the Company is aware that have been omitted and which would render the reproduced information inaccurate or misleading.



ANNEX I – LIST OF AUTHORISED FINANCIAL INTERMEDIARIES

APS Bank p.l.c.

Address: APS Centre, Tower Street, Birkirkara BKR 4012
Telephone: 25603000

Calamatta Cuschieri Investment Services Ltd

Address: Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034
Telephone: 25688688

MeDirect Bank (Malta) p.l.c.

Address: The Centre, Tigne` Point, Sliema TPO 0001
Telephone: 25574400

Michael Grech Financial Investment Services Limited

Address: The Brokerage, Level O A, St Marta Street, Victoria VCT 2550, Gozo
Telephone: 21554492

ANNEX II – FINANCIAL ANALYSIS SUMMARY



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

Re: **Financial Analysis Summary – 2021**

24 September 2021

Dear Sirs,

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

The purpose of the financial analysis is that of summarising key financial data appertaining to Central Business Centres p.l.c. (the “**Issuer**”) as explained in part 1 of the Analysis. The data is derived from various sources or is based on our own computations as follows:

- (a) Historical financial data for the three years ended 31 December 2018, 2019 and 2020 has been extracted from the audited financial statements of the Issuer for the three years in question.
- (b) The forecast data for the financial years ending 2021 and 2022 has been provided by management.
- (c) Our commentary on the Issuer’s results and financial position is based on the explanations set out by the Issuer in the Prospectus and MFSA Listing Policies.
- (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 potential investors by summarising the more important financial data set out in the Prospectus. The Analysis does not contain all data that is relevant to potential investors and is meant to complement, and not replace, the contents of the full Prospectus. The Analysis does not constitute an endorsement by our firm of the proposed bond issue and should not be interpreted as a recommendation to invest in the Bonds. We shall not accept any liability for any loss or damage arising out of the use of the Analysis and no representation or warranty is provided in respect of the reliability of the information contained in the Prospectus. Potential investors are encouraged to seek professional advice before investing in the bonds.

Yours sincerely,



Nick Calamatta
Director

Calamatta Cuschieri Investment Services Ltd | Ewropa Business Centre, Triq Dun Karm, Birkirkara, BKR9034, Malta | P.O. Box 141, Il-Marsa, MRS 1001, Malta
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Calamatta Cuschieri Investment Services Ltd. is a founding member of the Malta Stock Exchange and is licenced to conduct investment services by the Malta Financial Services Authority.

**FINANCIAL ANALYSIS
SUMMARY 2021**



Central Business Centres p.l.c.

24 September 2021

Prepared by Calamatta Cuschieri
Investment Services Ltd

Central Business Centres p.l.c.
FINANCIAL ANALYSIS SUMMARY 2021

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Central Business Centres p.l.c.
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Introduction

Central Business Centres p.l.c. is issuing €21 million 4% Unsecured Bonds 2033 pursuant to a prospectus dated 24 September 2021. This Financial Analysis Summary has been prepared in line with the MFSA Listing Policies.

Part 1 - Information about the Group

1.1 Issuer’s Key Activities and Structure

Central Business Centres plc (“**CBC**” or “**Issuer**”) was set-up in 2014. Upon incorporation, CBC’s total issued share capital of 250,000 ordinary shares was equally held by 6 shareholders, namely Joseph Cortis, Raymond Cortis, Paul Cortis, Francis Cortis, Anthony Cortis and Philip Cortis (the “**Shareholders**”).

In January 2019, CBC underwent a reorganisation exercise whereby the Shareholders transferred the bare ownership of their equity holding in CBC to their descendants by way of donation whilst they retained the usufruct thereon. With the present shareholding structure, no individual shareholder has a holding of more than 10% in the Company.

The Shareholders, on the other hand collectively still hold 100% equity holding in SMW Cortis Limited (“**SMW Cortis**”), which is a related company of CBC. SMW Cortis Limited and its subsidiary and associate entities throughout this Analysis is referred to as the “**Cortis Group**”.

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

1.2 Directors and Key Employees

Board of Directors - Issuer

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

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

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

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

As at 31 December 2020, the Issuer had no employees (FY19: Nil). Management confirmed that the Company subcontracts all of its administration, repair and maintenance works.

1.3 Major Assets owned by the Group

1.3.1 Central Business Centre – Żebbuġ (CBC Żebbuġ)

Primarily comprises of office space and car spaces for rental and comprises 1,509sqm of office space, over five floors (including ground floor, intermediate floor, levels 1, 2 and a penthouse at level 3) and 27 parking spaces at underground levels 1 and 2.

Based on management information as at the date of this Analysis, CBC Żebbuġ was fully occupied with tenants. Rent agreements signed with tenants cater for an increase in rent of around 5% to 6% every three years from the start of the contract. Tenants also pay a maintenance fee equivalent to 10% of the rent due. This amount is used by the Company to fund annual maintenance and common area costs.

This property is currently occupied by 8 tenants in total and management anticipate full occupancy throughout 2021.

1.3.2 Central Business Centre – Gudja (CBC Gudja)

Comprises of office space, commercial space and car spaces (19) for rental. As per discussions with management the commercial space is currently let out in part as storage space and in part as additional parking space.

As per discussions with management, the rental rate increases as well as maintenance fees charged to tenants

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occupying CBC Żebbuġ are also applicable to the seven tenants currently operating from CBC Gudja. While CBC Gudja is at present fully occupied with tenants, management anticipate full occupancy throughout 2021.

1.3.3 Central Business Centre - St Julian's (CBC St Julian's)

St. Julian's business centre is a newly-built building comprising of office space as well as a number of retail units held for rental. This building has a total lettable area (offices) of 1,365 sqm spread over five floors and a ground floor area currently occupied by seven outlets, three of which are rented out to third parties on long-term leases.

Rent agreements signed with tenants cater for an increase in rent of 2% annually. Tenants also pay a maintenance fee equivalent to 5% of the rent due.

Management explained that the CBC St Julian's was 58% occupied as at the date of this Analysis, and talks with prospective tenants for the vacant areas are ongoing. Management also confirmed that this building is at present occupied by 10 tenants.

1.3.4 Villa Fieres – St Julian's (Villa Fieres)

Villa Fieres and the surrounding gardens located in St Julian's, covers a total area of approximately 1,100sqm. The building itself occupies a footprint of approximately 200sqm and has two floors and a semi-basement. The garden covers an area of approximately 900sqm.

1.3.5 Commercial Site – Żebbuġ (Commercial Site)

CBC owns commercial land in Żebbuġ which was acquired from SMW Cortis. This commercial site was being rented out to the Cortis Group as from July 2017.

Management explained that, CBC was planning to develop the site into a mixed-use commercial space and obtained all necessary permits in this respect. However, on 19 October 2017, CBC entered into a Promise of Sale Agreement (POS) (Emphyteutical Grant for a period of 34 years) with LIDL Malta for the development of a supermarket, including ancillary facilities such as warehouse facilities, utility spaces, parking spaces and loading/unloading ramp and bay on the said site.

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

1.4 Operational Developments**1.4.1 Historical Background**

As noted above, CBC was incorporated in June 2014. Upon incorporation, CBC acquired the following from SMW Cortis: (i) CBC Żebbuġ (and agreements with tenants already in place at the time) (ii) CBC Gudja (which was still in shell form with CBC completing the development of the office block) and (iii) plot of land and old villa in St Julian's.

Also, in 2014, CBC entered into 3 subordinated loan agreements with related parties to part-finance the required acquisitions and developments concerning the aforementioned properties.

In addition, CBC issued a €6m bond issuance programme on 5 December 2014. On 22 December 2014, CBC issued its first tranche of €3m 7-year bonds at 5.75% as part of this programme ("**2021 Bonds**"). On the 4 December 2015, the Company issued a further €3 million 10-year bond at 5.25% ("**2025 Bonds**").

On 15 May 2017, CBC subscribed to a subordinated loan of €5.8m from SMW Cortis, which was used to part-finance the remaining consideration of the Żebbuġ tract of land. During the same year, the Company issued a €10 million bond issuance programme. On 12th June 2017, CBC issued the first (and only) tranche of bonds, amounting to €6m, from the above-mentioned programme, redeemable at par and bearing interest at 4.4% per annum ("**2027 Bonds**").

1.4.2 Villa Fieres

Villa Fieres has permits for commercial and/or residential use and is earmarked for rental to third parties to be used as a high-end restaurant. Permit (i) to allow for outdoor seating areas, (ii) construction of a unit with level access to Ix-Xatt ta' Spinola (ii) construction of two levels of storage and kitchen facilities and (iii) construction of a lightweight staircase structure and panoramic lift was granted on 10 November 2020. Villa Fieres is still undergoing restoration works and is projected to be completed during Q4 2021.

1.4.3 Commercial Site

CBC owns commercial land in Żebbuġ which was acquired from SMW Cortis was being rented out to the Cortis Group as from July 2017.

Management further explained that CBC was planning to develop the site into a mixed-use commercial space and obtained all necessary permits in this respect. However, on 19 October 2017 CBC entered into a Promise of Sale Agreement (Emphyteutical Grant) for a period of 34 years with LIDL Malta for the development of a supermarket,

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including ancillary facilities such as warehouse facilities, utility spaces, parking spaces and loading/unloading ramp and bay on the said site.

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

Whilst CBC was still in the process of obtaining the necessary permits for such development, LIDL Malta started incurring ground rent as from 2019 on the area to be eventually used by LIDL Malta as well as rental income on the area.

However, in August 2021, the Company was granted the necessary permit to build the aforementioned LIDL supermarket, whereby management further confirmed that development works will commence immediately.

Once the latter area is developed, LIDL Malta will stop incurring rent in this respect and CBC will then charge rent to the Cortis Group.

1.4.4 Proposed Bond Issue and Use of Proceeds

The net proceeds from the Bond Issue, after provision of relevant issue expenses (€0.3m), are expected to amount to *circa* €20.7m. These will be utilised for the following purposes, in the order of priority:

- i. €17.5m will be used to purchase the Savoy Shopping Complex in Valletta (the "**Valletta Property**") – refer to the sub-section below for the description of the project;
- ii. €3m will be used to repay the 2021 Bonds, which will mature in December 2021;
- iii. €0.2m for the Company's general corporate funding requirements.

1.4.5 Planned Valletta Property Acquisition

As per above-explained use of proceeds, the Issuer has identified the Valletta Property, which it intends to acquire and operate in accordance with its current occupation use.

The Valletta Property currently enjoys just under 50% occupancy and following the acquisition of the said property, it will be managed and operated in a manner similar to the other existing properties of the Company.

Management confirmed that once CBC receives the net proceeds from this proposed bond issue, the parties will proceed with finalising the transaction relating to this proposed acquisition. Following the conclusion of this transaction, the Issuer's intention is to implement a

significant refurbishment to the Valletta Property and embark on a re-branding exercise of the shopping complex.

1.5 COVID-19 impact on the Group's operational and financial performance

The COVID-19 pandemic has had a dramatic impact on world economies since March 2020, significantly causing disruption to business and economic activity. Travel and freedom of movement remain conditioned despite an aggressive vaccine drive in Malta, while the rest of the Europe is expected to be tackling their back-log until the latter parts of 2021.

The scale and duration of disruption remains uncertain while having an impact on Company's earnings, cash flow and financial position. Although, to date, the Company has not seen a material impact on its operations because of this crisis, COVID-19 could lead to reduced rental streams and therefore reduced future revenues and future cash flows.

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

The pandemic did create a lot of new challenges for CBC especially in terms of liquidity, as CBC accommodated each tenant as much as possible, revenue in terms of on boarding new tenants for the newly-finished properties and future prospects going forward. The Company has and will continue addressing these challenges, in an attempt to turn these into opportunities to strengthen the Company.

With the exception of one tenant who terminated the tenancy, the Company supported, where needed, tenants on an individual basis addressing their difficulties to help them get through this very tough period. The Company addressed its' tenants' needs on an individual basis and received almost all rent for 2020 by year end.

Management further explained that all rental obligations (up until August 2021), have also been honoured in full by the Company's tenants. More specifically, up until the date of this Analysis, no tenant within the Company's properties has defaulted, and no tenant is expected to default moving forward.

Management affirmed that the Company did not provide any form of discounts to tenants throughout this crisis and also confirmed that, in view of the current situation, the yearly increases included in the tenants' contracts will still be honoured and will not be overturned.

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

1.5.3 Liquidity Measures

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

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. All of the company's legal obligations were honoured in full, including its interest payments for the financial year. The Company also expects to be in a position to honour its commitments in the future.

1.6 Listed Debt Securities of the Issuer

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

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

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Part 2 - Historical Performance and Forecasts

The historic financial statements detailed below, from section 2.1 to section 2.3, include the consolidated historical and projected financial performance of CBC for the period FY18-FY22. Given that some of the Company's projects were not yet complete during the historical period under review (FY18-FY20), management does not consider the FY18, FY19 and FY20 results to be reflective of the Company's future performance.

The projected financial statements detailed below relate to events in the future and are based on assumptions which the Company believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

The financial information below is extracted from the audited consolidated financial statements of CBC for the financial years ended 31 December 2018 to 2020. The projected financial information for the years ending 31 December 2021 and 31 December 2022 has been provided by Group management.

2.1 Issuer's Statement of Comprehensive Income

Statement of Comprehensive Income	FY18	FY19	FY20	FY21F	FY22P
	€'000s	€'000s	€'000s	€'000s	€'000s
Revenue	356	1,086	1,252	1,575	3,307
Operating Expenses	(253)	(198)	(114)	(127)	(151)
EBITDA	103	888	1,138	1,448	3,156
Depreciation	(8)	(22)	(23)	(25)	(71)
EBIT	95	866	1,115	1,423	3,085
Other income	-	-	3	-	-
Fair value movement relating to investment property	-	-	4,843	-	-
Finance costs	(626)	(627)	(629)	(703)	(1,344)
Finance costs capitalised	465	418	-	-	-
Profit before tax	(66)	657	5,332	720	1,741
Tax expense	(53)	(162)	(1,668)	(236)	(496)
Net Income	(119)	495	3,664	484	1,245

Ratio Analysis ¹	FY18	FY19	FY20	FY21F	FY22P
Profitability					
Growth in Revenue (YoY Revenue Growth)	8.2%	205.1%	15.3%	25.8%	110.0%
EBITDA Margin (EBITDA / Revenue)	28.9%	81.8%	90.9%	91.9%	95.4%
Operating (EBIT) Margin (EBIT/Revenue)	26.7%	79.7%	89.1%	90.3%	93.3%
Net Margin (Profit for the year / Revenue)	-33.4%	45.6%	292.7%	30.7%	37.6%
Return on Common Equity (Net Income / Average Equity) ²	-0.7%	3.0%	19.9%	2.4%	5.8%
Return on Assets (Net Income / Average Assets)	n/a	1.69%	11.40%	1.10%	2.31%
Interest Coverage (EBITDA / Cash interest paid)	0.2x	1.5x	1.9x	2.1x	2.4x

¹ Marginal differences might arise from last year due to rounding of differences

² Return on equity/assets were previously worked out on total equity/assets as at year end, however this was amended to reflect the average of total equity/ assets over two financial periods.

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Revenue Segmental Analysis	FY18	FY19	FY20	FY21F	FY22P
	€'000s	€'000s	€'000s	€'000s	€'000s
CBC Żebbuġ	157	147	148	150	155
CBC Gudja	99	113	101	131	142
CBC St. Julian's	-	276	499	755	1,029
Villa Fieres	-	-	-	25	301
Żebbuġ Commercial Site	100	550	504	514	524
Valletta Property	-	-	-	-	1,158
Other Income	-	-	3	-	-
Total Revenue	356	1,086	1,255	1,575	3,309
% Composition - CBC Żebbuġ	44.1%	13.5%	11.8%	9.5%	4.7%
% Composition - CBC Gudja	27.8%	10.4%	8.1%	8.3%	4.3%
% Composition - CBC St. Julian's	n/a	25.4%	39.8%	47.9%	31.1%
% Composition - Villa Fieres	n/a	n/a	n/a	1.6%	9.1%
% Composition - Żebbuġ Commercial Site	28.1%	50.6%	40.2%	32.6%	15.8%
% Composition - Valletta Property	n/a	n/a	n/a	n/a	35.0%
% Composition - Other Income	n/a	n/a	0.2%	n/a	0.0%
% Growth - CBC Żebbuġ	1.9%	-6.4%	0.7%	1.4%	3.3%
% Growth - CBC Gudja	-16.1%	14.1%	-10.6%	29.7%	8.4%
% Growth - CBC St. Julian's	n/a	100.0%	80.8%	51.3%	36.3%
% Growth - Villa Fieres	n/a	n/a	n/a	100.0%	1104.0%
% Growth - Żebbuġ Commercial Site	100.0%	450.0%	-8.4%	2.0%	1.9%
% Growth - Valletta Property	n/a	n/a	n/a	n/a	100.0%
% Growth - Other Income	n/a	n/a	100.0%	n/a	n/a
% Growth - Total Revenue	8.2%	205.1%	15.5%	25.5%	110.1%

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

During FY20, rental income increased by 15.5% to *circa* €1.3m as a result of the higher and full year occupancy achieved at the St. Julian's business centre. Revenue generated during FY20 also includes continued rental income generated from CBC Żebbuġ and CBC Gudja, as well as rental income derived from LIDIL concerning the Company's Żebbuġ commercial site.

The largest contributors towards the Company's revenue during FY20 were CBC St. Julian's (47.9%) and the Żebbuġ Commercial site (32.6%), on aggregate amounting to *circa* 80.5% of CBC's FY20 total revenue.

Moving forward, the Company is projecting total revenue to increase to €1.6m during FY21, illustrating an overall improvement of 25.5% over FY20. More specifically, this revenue figure also symbolises an overall improvement of *circa* 70% over the projections provided by the Company in the 2021 Financial Analysis Summary (€926k).

Management further explained that with the economic situation globally, remaining relatively subdued throughout the first half of FY21, mainly as the pandemic related climate persisted, the Company opted to take a prudent approach

and anticipated a 30% decline in its overall projected revenue for FY21.

However, based on the FY21 interim results whereby total revenues amounted to €870k, and also as most macroeconomic variables continued to improve from the very low levels observed in 2020, management opted to revise upwards its FY21 projections. Moreover, the aforementioned revenue improvement is also attributable to projected higher at CBC St Julian's as well as the commencement of rental income derived from Villa Fieres in St Julian's, which is expected to start operating in Q421.

Meanwhile, CBC expects revenue to further improve to €3.3m during FY22, mainly reflecting the inclusion of rental income expected to be derived from the Company's Valletta property. As in the case of the prior year, this improvement in revenue is also attributable to higher occupancy at CBC St Julian's.

On the expenditure front, the company's operating expenses are primarily composed of administration and management fees, professional fees, rent expense and insurance. During FY20, operating expenses (exclusive of depreciation) incurred by CBC declined by 42.4% to €114k. As noted in section 1.4 above, the drop in operating expenditure primarily relates to waiving of rent concerning the use of land by the company adjacent to the Żebbuġ

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Commercial Site, as well as part waiver of the directors' fees and CEO fees.

In addition, management anticipates a higher level of operating expenses during FY21 (€127k) and FY22 (€151k), with this being predominantly in line with new regulatory requirements.

After considering the aforementioned improvement in revenue as well as the overall expected increases in operating expenditure, the Company's EBITDA during FY21 and FY22 is expected to improve to €1.4m and €3.2m, translating into an EBITDA margin of 91.9% and 95.4% respectively.

The depreciation charge for FY20 remained relatively unchanged at €23k. This is expected to remain at this level during FY21 (€25k) and is expected to increase to €71k during FY22 once the transaction of the Valletta property is fully completed.

Operating profit generated during FY20 amounted to *circa* €1.1m (FY19: €0.9m). This improvement was mainly driven by revenue growth and cost reduction, resulting in an overall increase in EBIT margin from 79.7% in FY19 to 89.1% in FY20. In line with the expected improvement in rental income during both FY21 and FY22, operating profit is expected to amount higher to €1.4m in FY21 and €3.1m in FY22, translating into an EBIT margin of 90.3% and 93.3% respectively.

In FY20, the Company's immovable property was valued at €34m by a professional valuer, resulting in a gain on fair

value of €4.8m. Specifically, the completion of the St Julian's business centre was the main driver for the increase in value. No further fair value movements are projected during FY21 and FY22.

Finance costs primarily comprise the interest cost on the Company's bonds in issue. The interest expense relating to that portion of the debt utilised to finance the St Julian's business centre was capitalised during FY18 and FY19 as this was still under development and was completed by end of 2019. No interest expense was capitalised during FY20.

While the Company's finance costs are projected to increase to €0.7m during FY21, these are further projected to increase during FY22 (€1.3m), mainly reflecting the full year of interest paid on this proposed bond issue.

During the historical period, the Company's operations were limited to the rental of investment property and hence, current tax charge primarily represented the 15% Final Withholding Tax incurred on rental income. The aforementioned fair value gain on investment property in FY20 resulted into a corresponding deferred tax liability of €1.5m.

Upon taking the above into consideration, the Company's net income is expected to improve to €1.2m during FY22.

2.2 Issuer's Statement of Financial Position

Statement of Financial Position	FY18	FY19	FY20	FY21F	FY22P
	€'000s	€'000s	€'000s	€'000s	€'000s
Assets					
Non-current assets					
Investment Property	28,604	29,122	34,000	34,410	51,910
Property, plant and equipment	79	195	180	279	583
Total non-current assets	28,683	29,317	34,180	34,689	52,493
Current assets					
Trade and other receivables	146	91	210	192	192
Current tax assets	-	-	-	-	-
Cash and cash equivalents	155	132	360	18,272	2,129
Total current assets	301	223	570	18,464	2,321
Total assets	28,984	29,540	34,750	53,153	54,814
Equity and liabilities					
Capital and reserves					
Share capital	250	250	250	250	250
Capital reserve	16,100	16,100	16,100	16,100	16,100
Revaluation reserve	596	596	4,954	4,954	4,954

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Retained earnings	(889)	(393)	(1,089)	(604)	640
Total equity	16,057	16,553	20,215	20,700	21,944
Non-current Liabilities					
Borrowings	11,794	11,826	8,879	29,629	29,719
Deferred tax liabilities	739	739	2,239	2,239	2,239
Total non-current liabilities	12,533	12,565	11,118	31,868	31,958
Current liabilities					
Borrowings	-	-	2,982	110	110
Trade and other payables	367	285	319	475	803
Current tax liability	27	137	116	-	-
Total current Liabilities	394	422	3,417	585	913
Total liabilities	12,927	12,987	14,535	32,453	32,871
Total equity and liabilities	28,984	29,540	34,750	53,153	54,814

Ratio Analysis	FY18	FY19	FY20	FY21F	FY22P
Financial Strength					
Gearing 1 (Net Debt / Net Debt and Total Equity)	42.0%	41.4%	36.3%	35.6%	55.8%
Gearing 2 (Total Liabilities / Total Assets)	44.6%	44.0%	41.8%	61.1%	60.0%
Gearing 3 (Net Debt / Total Equity)	72.5%	70.6%	56.9%	55.4%	126.2%
Net Debt / EBITDA	113.0x	13.2x	10.1x	7.9x	8.8x
Current Ratio (Current Assets / Current Liabilities)	0.8x	0.5x	0.2x	31.6x	2.5x
Interest Coverage level 1 (EBITDA / Cash interest paid)	0.2x	1.5x	1.9x	2.1x	2.4x
Interest Coverage level 2 (EBITDA / finance costs)	0.2x	1.4x	1.8x	2.1x	2.3x

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The Company's non-current assets amounted to *circa* €34.8m in FY20 (FY19: €29.5m), principally made up of investment property and property, plant and equipment.

CBC's main asset is its portfolio of investment property, which as at FY20 amounted to €34m and represented 97.8% of total assets. These were financed primarily through bonds and subordinated loans provided by related parties, which will be discussed in further detail in this section.

The Company's investment property which is at present composed of four separately identifiable assets, namely the Żebbuġ Central Business Centre, the Gudja Business Centre, property in St. Julian's, including Villa Fieres, and the Żebbuġ property held for development, is expected to amount higher to €52.5m following the acquisition of the Valletta property for €17.5m.

Property plant and equipment (PPE) include the plant and machinery installed in the Company's properties. Management explained that Company finishes the façade and common areas (and related amenities such as lifts) of the buildings, but does not provide any finishes to the office areas, which are finished and furnished by tenants themselves. PPE is projected to increase to €0.6m during FY22.

Trade and other receivables during FY20 increased to €210k as several outstanding payments payable to CBC remained outstanding. These are expected to remain at approximately this level over the projected period. Moreover, the Company's current assets amounted to €0.6m during FY20, with these expected to increase to €18.3m following this proposed bond issue.

Moving to equity, the entire €16.1m listed as capital reserve relates to three subordinated loans with related parties, which, under IAS 32, would be classified as equity. The Company entered into three-subordinated loan agreements to part-finance the acquisition of the Żebbuġ Central Business Centre, the Gudja Central Business Centre, the St. Julian's Central Business Centre, Villa Fieres site, and the new Żebbuġ property. The terms of the subordinated loan agreements stipulate that these loans are interest-free (unless otherwise agreed from time to time) and will not be settled unless the Company has sufficient funds to repay the principle and interest of its issued bonds in full, in accordance with the terms of the bond issuance programme.

The Company has an additional €0.4m subordinated loan facility from S.M.W. Cortis Limited in place, of which, as at

December 2018, it utilised €0.25m. This was extended to finance any cash shortfalls the Company may have. Management indicated that this subordinated loan facility will remain in place. There were no new subordinated loans with related parties during FY20.

In addition, retained earnings were reduced to negative €1.1m in FY20 (FY19: -€0.4m) as a result of an accounting movement related to the revaluation of investment property. The revaluation reserve increased to €5m in FY20 from €0.6m in FY19, resulting in total equity increasing to €20.2m in FY20. In line with an anticipated improvement in retained earnings, total equity is expected to increase to €21.9m during FY22.

On the liabilities side, deferred tax liabilities relate to the temporary differences arising from the revaluation of the investment properties. €1.5m of the total balance relates to the uplift in the fair value of the St Julian's CBC resulting from the revaluation exercise carried out in FY20. These are expected to remain at €2.2m throughout the projected period.

Borrowings listed under non-current assets during FY20 amounted to €8.9m and mainly relate to the Company's 2025 and 2027 bonds currently in issue. Likewise, FY20 borrowings listed under current liabilities relate to the company's 2021 bonds which are deemed to mature in December and which are expected to be repaid as per use of proceeds discussed in prior sections of this Analysis. The below table summarises CBC's bonds currently in issue:

	Issue date	Amount €'m	Coupon	Term
Bonds 2021	Dec-14	3	5.75%	7 years
Bonds 2025	Dec-17	3	5.25%	10 years
Bonds 2027	Jun-17	6	4.40%	10 years

In addition, FY21 borrowings listed under non-current assets of €29.6m incorporate the new proposed bond as well as the 2025 and 2027 bonds which are at present already in issue.

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2.3 Issuer's Statement of Cash Flows

Statement of Cash Flows	FY18	FY19	FY20	FY21F	FY22P
	€'000s	€'000s	€'000s	€'000s	€'000s
Cash flows from operating activities					
EBITDA	103	888	1,138	1,448	3,156
<i>Movement in working capital</i>					
(Increase)/ Decrease in trade and other receivables	(31)	55	(119)	19	-
Increase/ (Decrease) in trade payables and accruals	224	(83)	34	49	68
	296	860	1,053	1,516	3,224
Interest paid	(594)	(594)	(594)	(687)	(1,315)
Tax paid	(15)	(52)	(189)	(116)	(236)
Net cash generated from operating activities	(313)	214	270	713	1,673
Cash flows from investing activities					
Acquisition and development costs of investment property	(808)	(100)	(35)	(410)	(17,500)
Acquisition of property plant and equipment	(48)	(137)	(7)	-	-
Refurbishment and alteration cost - New Property Valletta	-	-	-	(125)	(375)
Net cash generated from/(used in) investing activities	(856)	(237)	(42)	(535)	(17,875)
Cash flows from financing activities					
Net movement in short-term highly liquid investments	-	-	-	(18,166)	16,194
Return on short-term investments	-	-	-	3	6
Bonds:					
Repayment of existing bonds	-	-	-	(3,000)	-
Drawdown - New 2033 bonds	-	-	-	20,727	-
Proceeds from subordinated loans with related parties	250	-	-	-	-
Net cash used in/(generated from) financing activities	250	-	-	(436)	16,200
Net movement in cash and cash equivalents	(919)	(23)	228	(258)	(2)
Cash and cash equivalents at start of year	1,074	155	132	360	102
Cash and cash equivalents at end of year	155	132	360	102	100
Ratio Analysis³	FY18	FY19	FY20	FY21F	FY22P
Cash Flow					
Free Cash Flow (Net cash from operations + Interest - Capex)	€(783)	€363	€615	€627	€(15,341)

Cash flows from operating activities in FY20 exceeded expectations with this being mainly reflective of the positive financial performance recorded by CBC on a historical basis. The Company is forecasting an improved positive flow of €0.7m for FY21 after considering the revised projections discussed in prior sections of this Analysis. Net cash from operating expenditure is expected to further improve to €1.7m during FY22.

While minimal investing activities were recorded during FY20, net cash flows used in investing activities is expected to increase to amount to negative €0.5m during FY21. This increase is deemed to be in line with the restoration and development works being carried out at Villa Fieres. The projected net cash used in investing activities during FY22 is

mainly in line with the Company's projected acquisition of the Valletta property which is expected to be completed in January 2022.

As explained above, there were no new subordinated loans with related parties during FY20, resulting in CBC not recording any financing activities during the year. The quasi equity of €0.2m previously anticipated for FY20 was not required, as the majority of the Group's tenants honoured their respective contractual agreements in full. No further financing activities are projected for FY21. Investing activities recorded throughout the projected period are predominantly aligned to the drawdown of the new 2033 bonds.

³ Ratio Analysis may not agree to prior FAs, due to a change in the calculation methodology (refer to section 4 of this Analysis)

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

3.1.1 Malta Economic Update⁴

In July, business conditions were again positive, reflecting the fact that most macroeconomic variables continued to improve from the very low levels observed in 2020. This is reflected in large annual percentage changes for several indicators. Nevertheless, the level of economic activity generally still remains below pre-pandemic levels. On the other hand, although European Commission data show that sentiment eased again in July, it remained above its year-ago level and its long-term average.

In June, industrial production rose at a faster annual rate compared with a month earlier, while the volume of retail trade rose at a slower pace. Activity in the residential property market remained brisk. The number of registered unemployed fell, while the unemployment rate has virtually returned to its pre-pandemic level. The annual inflation rate based on the Harmonised Index of Consumer Prices (HICP) stood at 0.2% in June, unchanged from May.

Inflation based on the Retail Price Index (RPI) rose to 1.5% in June from 1.3% a month earlier. Maltese residents' deposits expanded at an annual rate of 6.5% in June, following an increase of 6.3% in the previous month, while annual growth in credit to Maltese residents eased to 8.9%, from 9.1% a month earlier. In June, the deficit on the cash based Consolidated Fund narrowed when compared with a year earlier, reflecting an increase in government revenue and a decline in government expenditure.

⁴ Central Bank of Malta – Economic Update 8/2021

3.1.2 The commercial property market

The strong economic growth sustained by the Maltese economy in recent years has contributed to a rise in the employment rate and the influx of foreign workers within the Maltese workforce. This has contributed to an increase in the demand for rental of office and commercial space in Malta. To address such growing demand, the supply of office and commercial space in Malta has considerably increased over the last couple of years. Of note, there are several traditional business areas in Malta. For instance, Sliema attracts many international brands and companies. Likewise, Valletta, being Malta's capital city, is considered as the hub for law firms and many long-established family businesses. Other traditional commercial areas include the likes of St. Julian's, which is popular for its sea-view offices, and Floriana, which attracts businesses that want to be located in the vicinity of Valletta. In furtherance, there are also top-quality commercial developments within in the proximity of the airport and in other residential areas such as Naxxar, Mosta, Mellieha and in parts of the south of Malta. The variety of commercial and office space in Malta cater for every type of business, from start-ups to established global organisations. In this regard, numerous business centres have recently been developed, with new centres in the pipeline. These include SkyParks, The Quad, Trident Park, The Centre and Aragon House Business Centre.

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

In line with latest statistical data issued by Eurostat⁵, the index reflecting residential building permits, indicated a marked decrease throughout 2020, further strengthening the argument that a vast number of plans were put on hold pending the uncertainty surrounding the pandemic. In Q1 2020 the index fell to 267.3 from 306.2 in the previous

⁵ <https://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>

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quarter, falling to a low of 158.3 in Q2 2020, before recovering to 178.3 and 190.3 in Q3 and Q4 respectively.

3.1.3 The retail sector

The retail sector in Malta has lately undergone a gradual transformation, whereby it was fragmented with small businesses and a limited number of importers, wholesalers and distributors. Subsequent to Malta's entry into European Union (EU) in 2004, the liberalisation of the market greatly encouraged foreign chains to set up in Malta, forcing local traders to come up with more convenient and unique distribution strategies. The 'all-under-one-roof' concept has been gaining popularity among the general public, as witnessed by the opening of a number of shopping destinations in Malta such as The Point Shopping Mall, The Plaza Shopping Centre and D-Mall. This concept has allowed individuals to cater for all their shopping requirements under one roof rather than having to go to different retail shops in multiple locations. Growing consumer expectations has resulted in shops remaining open for longer hours, instead of closing during lunch hours, as occurs in the majority of the other Mediterranean countries.

The current COVID-19 pandemic has undoubtedly had a negative impact on Malta's retail sector. In accordance to the restrictions implemented by the Government of Malta, all retail outlets were forced to close their doors for the end of March until the beginning of May 2020, and similarly again from March until early May 2021. Whether retail shops will be forced to shut down again remains an uncertainty, however Malta's extremely advanced vaccination program augers well that an extended period of shutdown can be avoided going forward, as virus cases remain manageable.

As the current climate remains uncertain, the full impact that the COVID-19 pandemic has had on the local retail industry, is still not completely known. Undoubtedly, the lower level of tourism numbers compared to the benchmark year 2019 will have a negative effect on the overall industry, and it will take time until full potential will be realised. The outlook for the industry has turned positive though, as the high level, and increasing numbers of vaccinated people originating from typically European countries that visit Malta will create greater confidence; cemented by newly introduced measures like a vaccine passport.

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

3.1.4 COVID-19 impact on rental commercial market

In accordance to the economic turmoil caused by the COVID-19 outbreak, leases in Europe (Malta included) are currently in a state of disarray. Many businesses have been forced to shut down and employees have been laid off or have had to suffer pay-cuts. The pandemic has caused havoc in commercial as well as in residential leases. Retail outlets, whose revenues have ground to halt overnight, are generally still bound to pay their rent, even though they may not be able to do so for much longer. At the same time, landlords of such commercial properties now have to deal with tenants defaulting on the rents. The situation is no different in the housing sector (including both longer and shorter term lets); landlords have suddenly found themselves with vacant properties, and others are attempting to evict defaulting tenants.

According to a leading real estate broker⁶, the pandemic automatically put a lot of people's business plans on hold. The movement in the office segment of the market caused a reorganisation of their business with some relocating, others downsizing and others taking the unprecedented downtime as an opportunity to strategise.

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

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

3.2 Comparative Analysis

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

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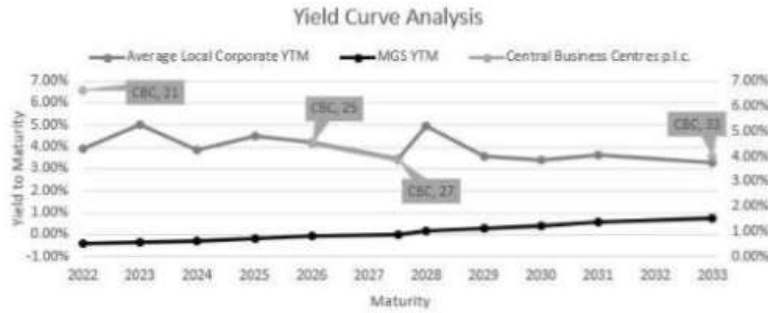
Security	Nom Value €000's	Yield to Maturity (%)	Interest coverage (EBITDA)	Total Assets € millions	Total Equity € millions	Total Liabilities / Total Assets	Net Debt / Net Debt and Total Equity	Net Debt / EBITDA	Current Ratio (times)	Return on Common Equity (%)	Net Margin (%)	Revenue Growth (YoY) (%)
5.8% International Hotel Investments plc 2021	20,000	5.65%	(2)x	1,544.1	773.2	49.9%	42.1%	(149.9)x	0.9x	-9.1%	-82.3%	-65.7%
5.75% Central Business Centres plc Unsecured € 2021 S1T1	3,000	6.63%	1.9x	34.8	20.2	41.8%	36.3%	10.1x	0.2x	19.9%	292.6%	15.3%
3.65% GAP Group plc Secured € 2022	29,812	2.11%	2.2x	103.9	15.1	85.4%	81.1%	7.2x	7.2x	31.2%	17.2%	-15.9%
6% Pendergardens Developments plc Secured € 2022 Series II	21,845	4.61%	1.6x	60.6	29.5	51.3%	36.4%	5.2x	2.2x	0.0x	0.0x	(4)x
4.25% GAP Group plc Secured € 2023	19,247	3.79%	2.2x	103.9	15.1	85.4%	81.1%	7.2x	7.2x	31.2%	17.2%	-15.9%
5.8% International Hotel Investments plc 2023	10,000	5.11%	(2)x	1,544.1	773.2	49.9%	42.1%	(149.9)x	0.9x	-9.1%	-82.3%	-65.7%
6% AX Investments Plc - € 2024	40,000	4.68%	0.8x	348.7	217.4	37.6%	25.5%	28.3x	0.8x	-3.5%	-27.5%	-44.7%
6% International Hotel Investments plc € 2024	35,000	4.88%	(2)x	1,544.1	773.2	49.9%	42.1%	(149.9)x	0.9x	-9.1%	-82.3%	-65.7%
5% Tumas Investments plc Unsecured € 2024	25,000	3.98%	7.2x	229.6	137.5	40.1%	17.6%	1.6x	4.5x	8.3%	32.6%	-42.5%
5% Hai Mann Vella Group plc Secured € 2024	30,000	3.78%	2.4x	122.4	47.3	61.3%	52.9%	10.8x	1.2x	3.1%	6.1%	4.8%
5.75% International Hotel Investments plc Unsecured € 2025	45,000	5.17%	(2)x	1,544.1	773.2	49.9%	42.1%	(149.9)x	0.9x	-9.1%	-82.3%	-65.7%
4.5% Hill Properties plc Unsecured € 2025	37,000	3.74%	1.6x	149.6	62.7	58.1%	54.9%	14.6x	0.5x	6.8%	52.9%	-11.5%
5.25% Central Business Centres plc Unsecured € 2025 S2T1	3,000	4.52%	1.9x	34.8	20.2	41.8%	36.3%	10.1x	0.2x	19.9%	292.6%	15.3%
4% MIDI plc Secured € 2026	50,000	3.30%	(5)x	227.6	101.8	55.3%	37.8%	(64.5)x	2.9x	-2.1%	-75.1%	-89.8%
4% International Hotel Investments plc Secured € 2026	55,000	3.46%	(2)x	1,544.1	773.2	49.9%	42.1%	(149.9)x	0.9x	-9.1%	-82.3%	-65.7%
4% International Hotel Investments plc Unsecured € 2026	60,000	3.95%	(2)x	1,544.1	773.2	49.9%	42.1%	(149.9)x	0.9x	-9.1%	-82.3%	-65.7%
3.25% AX Group plc Unsec Bds 2026 Series I	15,000	2.95%	0.8x	348.7	217.4	37.6%	25.5%	28.3x	0.8x	-3.5%	-27.5%	-44.7%
3.75% Mercury Projects Finance plc Secured € 2027	11,500	3.53%	34.1x	69.4	24.3	65.0%	57.1%	1.1x	0.9x	210.3%	125.6%	119.2%
4.4% Central Business Centres plc Unsecured € 2027 S1/17 T1	6,000	3.85%	1.9x	34.8	20.2	41.8%	36.3%	10.1x	0.2x	19.9%	292.6%	15.3%
3.75% Tumas Investments plc Unsecured € 2027	25,000	3.34%	7.2x	229.6	137.5	40.1%	17.6%	1.6x	4.5x	8.3%	32.6%	-42.5%
4% Stivala Group Finance plc Secured € 2027	45,000	3.46%	2.6x	354.1	231.4	34.6%	26.5%	11.5x	5.0x	11.7%	229.8%	-46.9%
4% Exalco Finance plc Secured € 2028	15,000	3.67%	4.5x	70.9	42.0	40.8%	28.1%	4.5x	1.7x	5.6%	47.7%	10.0%
3.65% Shivala Group Finance plc Secured € 2029	15,000	3.21%	2.6x	354.1	231.4	34.6%	26.5%	11.5x	5.0x	11.7%	229.8%	-46.9%
3.75% AX Group plc Unsec Bds 2029 Series II	10,000	2.94%	0.8x	348.7	217.4	37.6%	25.5%	28.3x	0.8x	-3.5%	-27.5%	-44.7%
4.25% Mercury Projects Finance plc Secured € 2031	11,000	3.67%	34.1x	69.4	24.3	65.0%	57.1%	1.1x	0.9x	210.3%	125.6%	119.2%
4% Cablemet Communication Systems plc Unsecured € 2030	40,000	3.37%	11.4x	91.1	13.1	86.3%	66.5%	1.6x	1.1x	-19.5%	-6.1%	17.9%
4.65% Smartcare Finance plc Secured € 2031	13,000	4.37%	2.0x	24.9	13.4	46.0%	38.2%	15.9x	1.9x	-1.0%	-2.9%	355.0%
3.5% GO plc Unsecured € Bonds 2031	60,000	3.00%	48.3x	357.4	126.4	64.6%	47.8%	1.6x	1.0x	11.2%	7.6%	4.2%
3.9% Browns Pharma Holdings plc Unsec Call € Bonds 2027-2031	13,000	3.29%	6.4x	45.9	18.9	37.6%	32.7%	2.9x	0.3x	8.1%	5.3%	103.5%
4.25% Central Business Centres plc Unsecured € 2033	21,000	4.06%	1.9x	34.8	20.2	41.8%	36.3%	10.1x	0.2x	19.9%	292.6%	15.3%
Average**		3.80%										

Source: Latest available audited financial statements

* Last closing price as at 02/09/2021

**Average figures do not capture the financial analysis of the issuer

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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 well as the yield of the new proposed 4.25% Central Business Centres plc bond.

As at 3rd September 2021, the average spread over the Malta Government Stocks (MGS) for corporates with maturity range of 1-2 years was 391 basis points. The 5.75% Central Business Centres 2021 is currently trading at a YTM of 663 basis points, meaning a spread of 620 basis points over the equivalent MGS. This means that this bond is trading at a premium of 237 basis points in comparison to the market.

As at 3rd September 2021, the average spread over the Malta Government Stocks (MGS) for corporates with maturity range of 4-6 years was 382 basis points. The 5.25% Central Business Centres 2025 is currently trading at a YTM of 452 basis points, meaning a spread of 436 basis points over the equivalent MGS. This means that this bond is trading at a premium of 54 basis points in comparison to the market.

As at 3rd September 2021, the average spread over the Malta Government Stocks (MGS) for corporates with maturity range of 6-8 years was 327 basis points. The 4.4% Central Business Centres 2027 is currently trading at a YTM of 385 basis points, meaning a spread of 383 basis points over the equivalent MGS. This means that this bond is trading at a premium of 56 basis points in comparison to the market.

As at 3rd September 2021, the average spread over the Malta Government Stocks (MGS) for comparable issuers with maturity range of 8-12 years was 297 basis points. The proposed 4.00% Central Business Centres plc 2033 bond is being priced with a 4.00% coupon issued at par, meaning a spread of 323 basis points over the equivalent MGS, and therefore at a premium to the average on the market of 323 basis points. It is pertinent to note that the above analysis is based on a maturity-matching basis and that the Issuer's industry is significantly different to the corporates identified and as such its risks also differ to that of other issuers.

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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.
Operating Profit (EBIT)	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.
Net Income	The profit made by the Group/Company during the financial year net of any income taxes incurred.
Profitability Ratios	
Growth in Revenue (YoY)	This represents the growth in revenue when compared with previous financial year.
Gross Profit Margin	Gross profit as a percentage of total revenue.
EBITDA Margin	EBITDA as a percentage of total revenue.
Operating (EBIT) Margin	Operating margin is the EBIT as a percentage of total revenue.
Net Margin	Net income expressed as a percentage of total revenue.
Return on Common Equity	Return on common equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing the net income by the average common equity (average equity of two years financial performance).
Return on Assets	Return on assets (ROA) is computed by dividing net income by average total assets (average assets of two years financial performance).
Cash Flow Statement	
Cash Flow from Operating Activities (CFO)	Cash generated from the principal revenue producing activities of the Group/Company less any interest incurred on debt.
Cash Flow from Investing Activities	Cash generated from the activities dealing with the acquisition and disposal of long-term assets and other investments of the Group/Company.
Cash Flow from Financing Activities	Cash generated from the activities that result in change in share capital and borrowings of the Group/Company.
Capex	Represents the capital expenditure incurred by the Group/Company in a financial year.
Free Cash Flows (FCF)	The amount of cash the Group/Company has after it has met its financial obligations. It is calculated by taking Cash Flow from Operating Activities less the Capex of the same financial year.
Balance Sheet	
Total Assets	What the Group/Company owns which can be 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 be further classified into Non-Current Liabilities and Current Liabilities.
Non-Current Liabilities	Obligations which are due after more than 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.
Current Liabilities	Obligations which are due within one financial year.

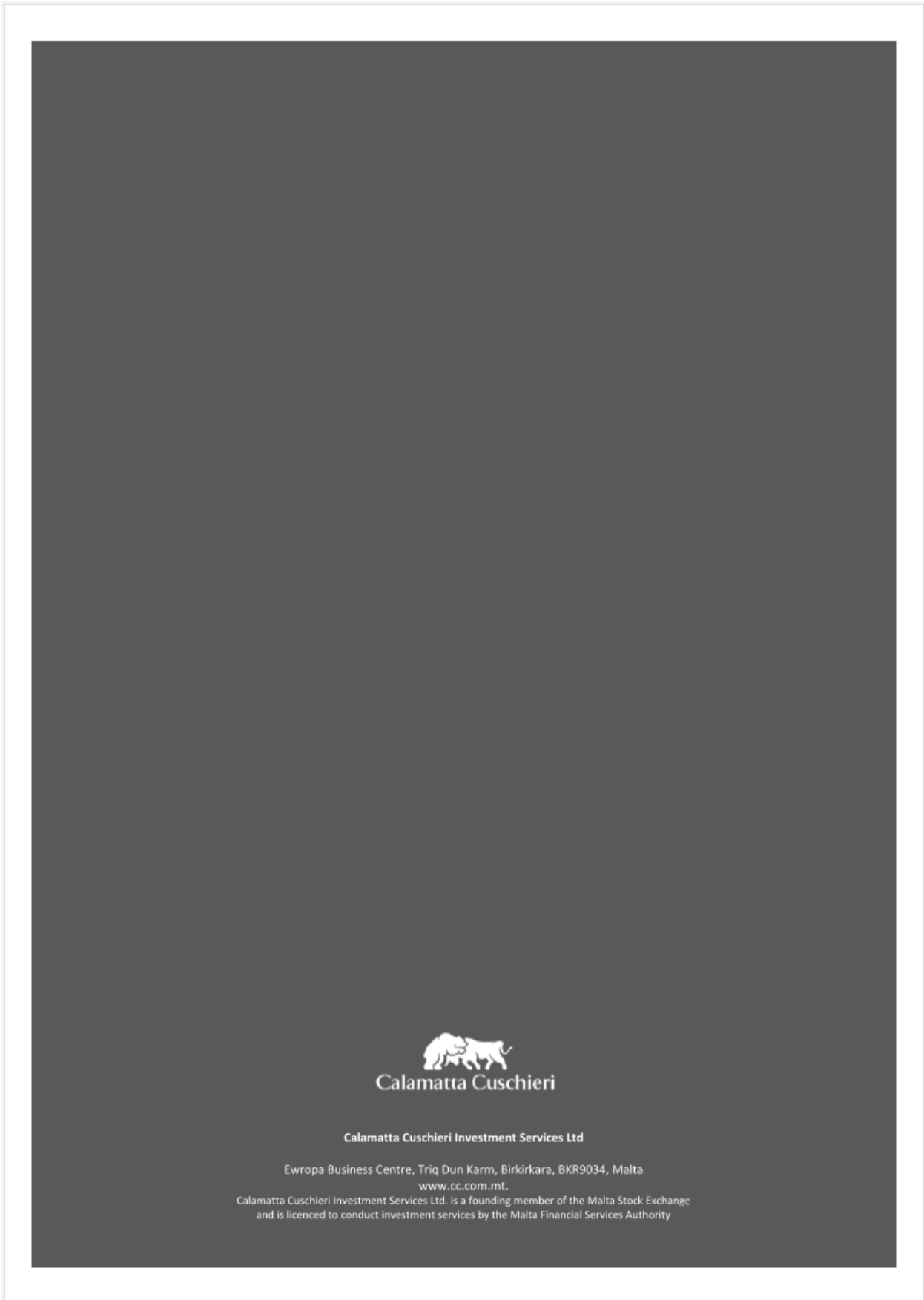
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Financial Strength Ratios

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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Calamatta Cuschieri

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