

COMPANY ANNOUNCEMENT

This is an announcement being made by the Company in compliance with Chapter 5 of the Listing Rules:

QUOTE

The Financial Analysis Summary for 2021 is available and can be accessed on the Company's website:

<http://centralbusinesscentres.com/Portals/5/Central%20Business%20Centres%20p.l.c.%20-%202021%20Financial%20Analysis%20Summary%2014.06.21.pdf?ver=2021-06-14-100348-807>

A copy of the Financial Analysis Summary is also attached herewith.

UNQUOTE



Desiree Cassar
Company Secretary
14th June 2021

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FINANCIAL ANALYSIS SUMMARY
Central Business Centres p.l.c.
14th June 2021



The Directors

Central Business Centres plc,
Cortis Buildings,
Mdina Road,
Żebbuġ, ZBG 4211,
Malta

14th June 2021

Dear Sir/Madam,

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

The purpose of the financial analysis is that of summarising key financial data appertaining to Central Business Centres plc (the “**Issuer**” or the “**Company**”). 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 2018, 2019 and 2020 have been extracted from the Issuer’s audited statutory financial statements for the three years in question.
- b) The forecast data for the financial year ending 31st December 2021 has been provided by management.
- c) Our commentary on the results of the Issuer and on its financial position is based on the explanations provided by management.
- d) The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions set out in the “**Glossary and Definitions**”.
- e) The principal relevant market players listed in the “**Comparative Analysis**” section of the document have been identified by management. Relevant financial data in respect of competitors has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies.

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

Yours sincerely,



Nick Calamatta
Director

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Part 1 - Information about the Issuer

1.1 Issuer's key activities and structure

Central Business Centres plc (“**CBC**” or “**Issuer**”) was set-up in 2014. In January 2019, the shareholders transferred their shares to their children whilst retaining usufruct rights, effectively ensuring a generational change in the shareholding structure. With the present shareholding structure, no individual shareholder has a holding of more than 10% in the Company. 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

▪ The Company's history

In 2014, upon its incorporation, CBC acquired three properties from the Cortis Group, which is a related group.

The three properties comprised of:

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

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

The Company developed the Gudja Business Centre during 2014 and 2015, with the first tenants entering the premises as from 1 December 2015. The property is further described later on throughout section 1.3 of the Analysis.

Finishing works on the business centre in St. Julian's are complete and management confirmed that this business centre started operating during the second quarter of 2019. Works on the villa (Villa Fieres) in St. Julian's is ongoing. These two properties are explained in further detail in section 1.3 of the Analysis.

During 2017, the Company purchased a large tract of land located in Żebbuġ from S.M.W. Cortis Limited for a consideration of €11.5 million, with the intention of developing it into business premises comprising of storage, retail and office space.

During the same year, the Company issued a €10 million bond issuance programme on 30th May 2017. On 12th June 2017, CBC issued a first tranche of €6 million 10-year bonds at 4.4%, resulting in net bond proceeds of €5.88 million. The bond proceeds were mainly deployed to finance the purchase of the

Żebbuġ property (€5.7 million) and for general corporate funding purposes (€1.8 million). The remaining €5.8 million consideration was financed through a subordinated loan from S.M.W. Cortis Limited.

1.2 Directors and key employees

Board of Directors

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

Name	Designation
Joseph Cortis	Executive Director, Chairman
Petramay Attard Cortis	Non-Executive Director
Alfred Sladden	Non-Executive Director
Adriana Cutajar	Non-Executive Director
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 of 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 Company

The main assets held by the business include:

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

▪ Central Business Centre - Żebbuġ

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

- ◇ The property was developed in 2011/12 and acquired by the Issuer in 2014.
- ◇ The property was independently valued at €4 million on 5th December 2020 by Architect Joe Cassar.

- ◇ The property comprises of 1,509 sqm 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 April 2021, the Żebbuġ Business Centre 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. Management anticipate full occupancy throughout 2021.

▪ **Central Business Centre - Gudja**

- ◇ The Issuer acquired the property in 2014.
- ◇ The business centre in Gudja is complete and comprises of a basement extending to under half the width of the adjacent drive-in, and two upper levels for commercial use.
- ◇ The property is situated on a main road artery, a few minutes from Malta International Airport and within close proximity to the Freeport.
- ◇ The property was valued at €3.5 million on 5th December 2020 by Architect Joe Cassar.
- ◇ The project comprises approximately 1,365 sqm of office space over three floors including the ground floor, as well as 555 sqm of commercial space at basement level.
- ◇ 19 car spaces are available, 7 of which are at basement level and 12 are open air spaces adjacent to the building.
- ◇ The building is operational and with full occupancy as at April 2021. Management anticipate full occupancy throughout 2021.

▪ **St. Julian's Business Centre and Villa Fieres**

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

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

The Issuer has obtained permits earmarked as a high-end restaurant location. Management confirmed that permits relating to this villa were granted in Q4 2020, and restoration work has resumed in 2021, with works expected to be completed by Q4 2021.

- ◇ St. Julian's business centre, is a newly-built building of approximately 2,360 sqm of office space spread over five floors and a ground floor area currently occupied by seven outlets, three of which are rented out to third parties on long-term leases. The building will comprise of two floors at 550 sqm each, two floors at 480 sqm each, and one floor at 300 sqm.

Management explained that the St. Julian's Business Centre was 57% occupied up until April 2021, and talks with prospective tenants for the vacant areas are ongoing.

The Issuer acquired the properties in 2014 for €6.5million with the purchase price being settled by means of subordinated loans from the Cortis Group companies. The properties were valued at €15 million on 5th December 2020 by Architect Joe Cassar.

- **New Żebbuġ Site**

The issuer owns property in Żebbuġ comprising of a showroom, a factory, and warehouses. It also holds a permit for the extension to develop additional stores, parking facilities and landscaping.

The Company has entered into an agreement with LIDL Immobiliare Malta Ltd (LIDL) - Further details are provided in section 1.4 of the Analysis.

1.4 Operational Developments

- **St. Julian's Business Centre and Villa Fieres**

During 2018, the Company completed the process of obtaining a statutory permit from the Planning Authority. Apart from minor amendments to the building such as signage installation, works on the business centre are fully completed. Management confirmed that, as at April 2021, the building is 57% occupied. Management further confirmed that discussions to rent the remainder of the area are currently ongoing.

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

Villa Fieres is currently under restoration and development, with further maintenance works yet to be completed. Management confirmed that permits regarding this villa were granted in Q4 2020, and restoration work has resumed in 2021, with works expected to be completed by Q4 2021.

An improved permit was obtained with respect to Villa Fieres, whereby a panoramic lift will be installed on the exterior of the building, offering an improvement in terms of quality and safety of patrons. Contracts of works are currently being finalised in respect of the complete works on the property.

- **New Żebbuġ site**

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

As at April 2021, management confirmed that LIDL are still in process of obtaining a development permit from the Planning Authority for this site. Management expect to have the relevant approvals in hand during Q3 2021. Once permit approvals are in hand, management discussed that the

construction of the supermarket will be implemented immediately. Management also confirmed that the site is currently generating operational income in full, despite the pending permit.

Since July 2017, the said site was being rented out to the Cortis Group from CBC until the development permit procedure is fully finalised by the Planning Authority. Although, to date, such permits are not yet finalised (and are expected to be finalised during Q3 2021 as discussed above), management confirmed that during 2020 CBC continued receiving lease income on this property from LIDL.

1.5 COVID-19 Update

The COVID-19 pandemic has had a dramatic impact on world economies since March 2020. The pandemic has caused disruption to business and economic activity and the situation remains fluid. 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 to this crisis, COVID-19 could lead to reduced rental streams and therefore reduced future revenues and future cash flows.

Assessment of COVID-19 situation, potential impact on the Company, reasonable assumptions to financial forecasts 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.

The Company has evaluated the situation of each tenant closely and prepared several financial projections to assess the potential impact that the pandemic might have on the Company. Projections for 2021 were carried out after examining each tenants' current position from the feedback received directly throughout 2020 and allocated a percentage of successful continuation of the tenancy. Upon carrying out this exercise, another substantial 30% percentage was added to create another buffer, just in case the pandemic persists during 2021.

In order to preserve liquidity, new investments will be made with strict accountability to the pre-set budget allocation.

Management confirmed that, up until April 2021, no tenant within the Company's properties has defaulted, and no tenant is expected to default.

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.

Cost mitigation

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.

Liquidity management

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.

Part 2 – Historical Performance and Forecasts

2.1 Issuer's Income Statement

All financial information presented in this section was extracted from the audited accounts of the Issuer or supplied by management. Given that some of the Company's projects were not yet complete during the period under review, management does not consider the FY18, FY19 and FY20 results to be reflective of the Company's future performance.

Statement of Comprehensive Income	Dec-18 Audited	Dec-19 Audited	Dec-20 Audited	Dec-21 Forecast
	€'000s	€'000s	€'000s	€'000s
Revenue	356	1,086	1,252	926
Operating expenses	(253)	(198)	(114)	(128)
EBITDA	103	888	1,138	798
Depreciation	(8)	(22)	(23)	(23)
EBIT	95	866	1,115	775
Other income	-	-	3	-
Fair value movement relating to investment property	-	-	4,843	-
Finance costs	(626)	(627)	(629)	(631)
Finance costs capitalised	465	418	-	-
Profit before tax	(66)	657	5,332	144
Tax expense	(53)	(162)	(1,668)	(139)
Net Income	(119)	495	3,664	5

Ratio Analysis*	Dec-18	Dec-19	Dec-20	Dec-21
Profitability				
Growth in Revenue (YoY Revenue Growth)	8.2%	205.1%	15.3%	-26.0%
EBITDA Margin (EBITDA / Revenue)	28.9%	81.8%	90.9%	86.2%
Operating (EBIT) Margin (EBIT/Revenue)	26.7%	79.7%	89.1%	83.7%
Net Margin (Profit for the year / Revenue)	-33.4%	45.6%	292.7%	0.5%
Return on Common Equity (Net Income / Average Equity)	-0.7%	3.0%	19.9%	0.0%
Return on Assets (Net Income / Average Assets) ¹	-0.41%	1.69%	11.40%	0.01%
Interest Coverage (EBITDA / Cash interest paid)	0.2x	1.9x	1.9x	1.3x

* Marginal differences might arise from last year due to rounding differences variance

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

During 2020, rental income increased by 15.3% 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 2020 also includes continued rental income from LIDIL concerning the new Żebbuġ site as explained in section 1.4 of this Analysis.

¹ Return on assets was previously worked out on the total assets as at year-end, however this was amended to reflect the average of total assets over two financial periods.

In view of the current COVID-19 climate, management explained that the Company has evaluated the situation of each tenant closely and prepared several financial projections to assess the impact that the pandemic might have on the Company. As a result, and as further explained in section 1.5 of the Analysis, the Company preferred to utilise a 'prudent approach' relating to the above projections used for the purpose of this document.

Management explained that the Company prepared the financial projections in full for FY21 while taking into consideration all anticipated revenue derived from projects which are scheduled for the current financial year (which are clearly explained in section 1.3 and 1.4 of the Analysis). The projections were done after evaluating the impact made during FY20, which turned out to be better than expected and resulting in significant positive variances for FY20.

In line with the fact that the pandemic situation remains relatively fluid, as in the case of the 2020 Financial Analysis Summary, the Company opted to take a prudent approach and is anticipating a 30% decline in terms of revenue projected for FY21. Upon comparing, projected revenue utilised for the purpose of this document shows a 26% decline from that achieved during FY20. This assumption may be further strengthened through management explaining that unlike the previous year, the Company did not have to provide any sort of favourable credit terms to its tenants as rental payments during FY21 (until the date of this Analysis) were all received in a timely manner. More specifically, this is the primary reason as to why management deem the above projections as being conservative.

Management explained that the Company did not provide any form of discounts to tenants and also confirmed that the yearly increases included in the tenants' contracts will still be honoured and will not be overturned.

In line with the forecasts shown above, it is projected that the Żebbuġ and Gudja business centres will be fully occupied during 2021. As described in further detail throughout section 1.4, the St. Julian's business centre was 57% occupied up until April 21 and, despite the weak market conditions, the occupancy rate is expected to increase during 2021 to 79%. Although management expects the occupancy in the St. Julian's business centre to increase in 2021, the Company still opted for conservative assumptions given the negative repercussions brought about by this pandemic. As a result of the above assumptions, revenue for FY21 is projected to amount to *circa* €0.9m.

Revenue Segmental Analysis	Dec-18	Dec-19	Dec-20
	€'000s	€'000s	€'000s
Żebbuġ Central Business Centre	157	147	148
Żebbuġ new property	100	550	504
Gudja Business Centre	99	113	101
St. Julian's Business Centre	-	276	499
Total rental income	356	1,086	1,252
Other Income	-	-	3
Total Revenue	356	1,086	1,255

- i. All income from the property derived from the 1st January 2015 accrues to CBC. As per management, the Żebbuġ Central Business Centre is currently 100% occupied.

- ii. CBC started receiving rental income from the Cortis Group in relation to the acquired site in Żebbuġ from July 2017. Until the development permit procedure relating to LIDL's proposed development is fully finalised by the Planning Authority, part of the said property will be rented out to the Cortis Group. Although LIDL are still in process of obtaining a development permit from the Planning Authority for this site, during FY20, the Company continued receiving lease income from LIDIL on this property as previously agreed.
- iii. Other revenue is primarily composed of utilities expense recharge to tenants, net of actual expenses incurred by the Issuer with regard to the properties.

2. Operating expenses

Operating expenses are primarily comprised of administration and management fees, professional fees, rent expense and insurance.

During FY20, operating expenses (exclusive of depreciation) incurred declined by 42.4% to €114k. As previously explained, these mainly relate to the part waiver of the directors' fees and CEO fees.

Management anticipate a higher level of operating expenses during FY21. This is deemed to be in line with new regulatory requirements.

3. Depreciation

The depreciation charge for FY20 remained relatively unchanged at €23k. This is expected to remain at this level during FY21.

4. Operating profit

Operating profit generated during FY20 amounted to *circa* €1.1m (FY19: €0.9m). This was mainly driven by revenue growth and cost reduction, resulting in an overall increase in EBIT margin from 79.7% in 2019 to 89.1% in 2020. In line with the expected decline in rental income during FY20, operating profit is expected to reach *circa* €0.8m in FY21, translating into an EBIT margin of 83.7%.

5. Finance costs

Finance costs relate to the annual interest expense on outstanding debt and the annual amortisation of the bond issue costs. These totalled €0.6m during FY20 and are projected to remain at a similar level during FY21.

Finance costs capitalised reflect the part interest incurred on debt which is directly linked with development projects still under construction. Interest is capitalised until the development of the respective property is complete. This is reflected as an increase in the value of Investment property. Given that construction work was paused in FY20, no charge was incurred, however this is expected to feature in FY21 as works on Villa Fieres resume.

Assumptions used in the FY21 income statement's forecasts:

- In line with the current COVID-19 climate, management carried out their projections for 2021 on the basis of each tenants' current position from the feedback they received directly throughout 2020, and allocated a percentage of successful continuation of the tenancy. Upon carrying out this exercise, another substantial two-digit percentage (30%) was added to create another buffer level to cater for pandemic effects in the current period.
- Operating expenses are expected to increase to 128k in FY21 from €114k in FY20. This reflects the resumption of certain high-level management expenses which are expected to resume.
- Tax expense relates entirely to tax on rental income projected at a flat rate of 15% in accordance with existing tax legislation.
- Interest income is projected at a flat rate of 0.5% on excess cash transferred to investments. Finance costs are expected to remain constant.

2.1.1 Variance Analysis

Statement of Comprehensive Income	Dec-20F	Dec-20A	Variance
	€'000s	€'000s	€'000s
Revenue	763	1,252	489
Operating expenses	(175)	(114)	61
EBITDA	588	1,138	550
Depreciation	(22)	(23)	(1)
EBIT	566	1,115	549
Other Income	-	3	3
Fair value movement relating to investment property	-	4,843	4,843
Finance costs	(629)	(629)	-
Finance costs capitalised	290	-	(290)
Profit before tax	227	5,332	5,105
Tax expense	(115)	(1,668)	(1,553)
Net Income	112	3,664	3,552

▪ Variance Analysis Commentary

As per discussions with management, actual revenue for FY20 was significantly higher than previously anticipated. This is mainly attributable to the conservative estimates used in the formulation of the projections when catering for the effects of the COVID-19 pandemic.

The lower than anticipated costs were due to the short-term measures taken by the Directors to minimise costs, including the waiver of part of directors' fees and CEO fees.

Upon taking into consideration the aforementioned increase in revenue and the lower level of operating expenses incurred during the period, the Company reported a higher level of operating profit (EBIT) for FY20.

In 2020, an independent architect carried out a fair valuation of the Company's investment property, resulting in an upward revision of the St. Julian's Business Centre's fair value of the investment property. No finance costs were capitalised as the projects in hand were put on hold.

The Company's tax expense was significantly higher due to the sharp increase in deferred tax expenses related to the revaluation of the investment property. As a result of the above, CBC reported a higher net profit than previously expected.

2.2 Issuer's Financial Position

Statement of Financial Position	Dec-18 Audited	Dec-19 Audited	Dec-20 Audited	Dec-21 Forecast
	€'000s	€'000s	€'000s	€'000s
Assets				
Non-current assets				
Investment property	28,604	29,122	34,000	34,355
Property, plant and equipment	79	195	180	156
Total non-current assets	28,683	29,317	34,180	34,511
Current assets				
Trade and other receivables	146	91	210	210
Cash and cash equivalents	155	132	360	71
Total current assets	301	223	570	281
Total assets	28,984	29,540	34,750	34,792
Equity and liabilities				
Capital and reserves				
Share capital	250	250	250	250
Capital reserve	16,100	16,100	16,100	16,100
Revaluation reserve	596	596	4,954	4,954
Retained earnings	(889)	(393)	(1,089)	(1,083)
Total equity	16,057	16,553	20,215	20,221
Non-current Liabilities				
Borrowings	11,794	11,826	8,879	11,897
Deferred tax liabilities	739	739	2,239	2,239
Total non-current liabilities	12,533	12,565	11,118	14,136
Current liabilities				
Borrowings	-	-	2,982	-
Trade and other payables	367	285	319	296
Current tax liability	27	137	116	139
Total current Liabilities	394	422	3,417	435
Total liabilities	12,927	12,987	14,535	14,571
Total equity and liabilities	28,984	29,540	34,750	34,792

Ratio Analysis	Dec-18	Dec-19	Dec-20	Dec-21
Financial Strength				
Gearing 1 (Net Debt / Net Debt and Total Equity)	42.0%	41.4%	36.3%	36.9%
Gearing 2 (Total Liabilities / Total Assets)	44.6%	44.0%	41.8%	41.9%
Gearing 3 (Net Debt / Total Equity)	72.5%	70.6%	42.1%	58.5%
Net Debt / EBITDA	113.0x	13.2x	7.5x	14.8x
Current Ratio (Current Assets / Current Liabilities)	0.8x	0.5x	0.2x	0.6x
Interest Coverage level 1 (EBITDA / Cash interest paid)	0.2x	1.9x	1.9x	1.3x
Interest Coverage level 2 (EBITDA / finance costs)	0.2x	1.4x	1.8x	1.3x

1. Investment property is 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.
2. The increase in the carrying amount of investment property from FY19 to FY20 was primarily attributable to the valuations held during the financial year.
3. CBC's property, plant and equipment for the year declined in line with its depreciation schedule and the Company's decision to cease capital expenditure.
4. Trade and other receivables during FY20 increased to €210k as several outstanding payments payable to CBC remained outstanding. This is in line with the more generous credit terms offered to tenants.
5. The entire €16.1m 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.
6. The Company has an additional €0.4 million subordinated loan facility from S.M.W. Cortis Limited in place, of which, as at December 2018, it utilised €0.25 million. 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.
7. Retained earnings were reduced to €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 €5.0m in FY20 from €0.6m in FY19, resulting in total equity increasing to €20.2m in FY20.
8. CBC issued a bond of €3m on 22nd December 2014 and another bond of €3m from the same issuance programme on the 24th of December 2015. The net proceeds of these funds were used to part-finance the acquisition of the properties acquired in FY14 and to finance the development of the St. Julian's Central Business Centre. The Company then set up a €10m bond issuance programme on 30th May 2017.

Moreover, on 12th June 2017, it issued a first tranche of €6m 10-year bonds at 4.4%, primarily to finance the purchase of the Żebbuġ property. Borrowings are presented net of bond issue costs. The bond issue cost is amortised over the term of the bond. Total borrowings marginally increased to €11.9m during FY20.

2.3 Issuer's Cash Flow

Statement of Cash Flows	Dec-18 Audited €'000s	Dec-19 Audited €'000s	Dec-20 Audited €'000s	Dec-21 Forecast €'000s
Cash flows from operating activities				
Cash generated from operations	173	726	1035	798
Cash interest paid	(471)	(459)	(594)	(594)
Income tax paid	(15)	(52)	(168)	(139)
Net cash flows generated from/(used in) operating activities	(313)	215	273	66
Cash flows from investing activities				
Purchase of investment property	(808)	(100)	(44)	(355)
Purchase of property plant and equipment	(48)	(138)	-	
Net cash flows used in investing activities	(856)	(238)	(44)	(355)
Cash flows from financing activities				
Proceeds from subordinated loans with related parties	250	-	-	-
Net cash flows generated from financing activities	250	-	-	-
Net movement in cash and cash equivalents	(919)	(23)	229	(289)
Cash and cash equivalents at start of year	1,074	155	132	360
Cash and cash equivalents at end of year	155	132	360	71
Ratio Analysis²	2018A	2019A	2020A	2021F
Cash Flow				
Free Cash Flow (Net cash from operations + Interest - Capex)	€(698)	€435	€823	€305

Cash flows from operating activities in FY20 exceeded expectations and is reflective of the positive financial performance recorded by CBC during this period. The Company is forecasting positive flows of €0.1m for FY21 after catering for pandemic related impacts on the financial statements.

While minimal investing activities were recorded during FY20, net cash flows used in investing activities is expected to increase to *circa* €0.4m during FY21. This increase is deemed to be in line with the restoration and development works being carried out at Villa Fieres.

As explained above, there were no new subordinated loans with related parties during FY20, resulting in CBC not having any financing activities for FY20. 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.

² Ratio Analysis may not agree to prior FASs, due to a change in the calculation methodology (refer to section 4 of this Analysis)

Part 3 – Key market and competitor data

3.1 Economic Update³

In April, business conditions improved significantly with respect to the previous month. However, economic activity levels remained low, reflecting the weak economic conditions triggered by COVID-19. European Commission data show that economic sentiment rose significantly in April and reached the highest level recorded since January 2018. It also stood above its long-term average for the first time since the onset of the pandemic. In April, confidence turned positive in industry, the construction and services sectors as well as among consumers. However, sentiment declined significantly – and remained negative – in the retail sector.

In March, industrial production and the volume of retail trade contracted at a slower pace in annual terms. The number of registered unemployed fell compared with February, while the unemployment rate edged down from a month earlier. The annual inflation rate based on the Harmonised Index of Consumer Prices (HICP) remained unchanged at 0.1% in March, while inflation based on the Retail Price Index (RPI) rose to 0.4%. Maltese residents' deposits expanded at an annual rate of 7.0% in March, following an increase of 8.0% in the previous month, while annual growth in credit to Maltese residents rose to 11.8%, from 11.1% a month earlier. In March, the deficit on the cash-based Consolidated Fund widened when compared with a year earlier, mainly as a result of higher expenditure which continued to be affected by COVID-19 related support to the private sector.

3.2 Economic Outlook⁴

The pandemic situation in Malta has evolved considerably during 2021. Following a sharp increase in active cases during the first two months of the year, a number of containment measures were re-introduced in March and April, such as school closures and the shutdown of non-essential shops and services. These measures were then gradually eased following a subsequent decline in active cases.

At the same time, the pace of vaccination has been remarkable, with more than 70% of the adult population receiving at least one jab of the vaccine, which was better than envisaged in February. Indeed, while herd immunity was initially expected to be attained towards the end of summer, this was achieved a month ahead of its start. In addition, fiscal support to the private sector was extended.

Hence, the Central Bank of Malta (CBM) estimates that the downward impact on activity emanating from higher stringency during the first half of 2021 will be compensated by the enhanced fiscal response and the impact on confidence of the rapid pace of vaccination.

The level of gross domestic product (GDP) in 2021 is expected to recover somewhat from last year's contraction but is to remain below the 2019 level. It is expected to then reach and exceed 2019 levels in 2022. Containment measures and uncertainty are expected to have negatively affected the supply-side of the economy. In particular, the Maltese economy attracted a smaller net inflow of foreign workers in 2020, average hours worked dropped, investment was postponed and capacity utilisation declined. As a result, potential output growth is estimated to have slowed down from 6.2% in 2019 to 0.9% in 2020.

Potential output growth is expected to pick up to 1.9% in 2021, reflecting an improvement in capacity utilisation, as well as a recovery in investment. It is projected to increase further in 2022 and 2023, mainly reflecting a recovery in productivity and a return of net migration flows more similar to those

³ Central Bank of Malta – Economic Update: Issue 5/2021

⁴ Central Bank of Malta – Economic Projections: 2020 – 2023 (2021:2)

seen in the pre-pandemic period. Despite the projected recovery in GDP, the economy is expected to continue operating below its potential. Indeed, while the output gap is expected to narrow over the projection horizon, it remains negative throughout, partly reflecting the expectation that the tourism sector will continue to operate below capacity for an extended period.

GDP is set to grow by 4.9% in 2021, 5.4% in 2022, and 4.7% in 2023. These estimates are mainly attributed to a weaker first half due to higher containment measures, which the CBM expects to be broadly offset by a stronger second half due to the very strong pace of vaccination, as well as the enhanced fiscal response.

Due to the pandemic related challenges, private sector firms' investment plans were mostly postponed last year. As uncertainty begins to recede and the economy begins to recover in 2021, investment is expected to bounce back. Furthermore, the EU Budget as well as Next Generation EU (NGEU) funds will provide a substantial boost to government investment during the next three years.

Exports are set to recover somewhat this year from the sharp decline in 2020, but levels will remain relatively low due to the partial recovery in foreign demand and tourism. The recovery in exports is expected to continue in 2022 and 2023, as travel disruptions ease and travellers respond favourably to the high vaccination rate in Malta, although travel exports are not expected to reach 2019 levels until the end of the projection horizon.

With regards to imports, these are set to increase in 2021, reflecting higher domestic demand as well as positive developments in goods exports. Imports are then set to grow further over the rest of the projection horizon, reflecting the expected recovery in final demand.

The unemployment rate is projected to decline marginally to 4.2% this year, from 4.3% last year. It is then expected to remain stable throughout the rest of the projection horizon.

In terms of consumer prices, annual inflation based on the Harmonised Index of Consumer Prices (HICP) is projected to decelerate in 2021, largely reflecting technical factors, mostly related to the computation of the index. In particular, households' consumption basket changed considerably in 2020 as a result of the pandemic, which brought about a large change in the weights of certain subcomponents of the index in 2021.

In 2021, HICP inflation is projected to stand at 0.3%, down from 0.8% in 2020. Thereafter, inflation is expected to pick up, reaching 1.3% in 2022 and 1.6% in 2023.

▪ **Property**

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

▪ COVID-19 impact on rental commercial market⁶

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 broker⁷, 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.

3.3 Listed Debt Securities of the Issuer

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

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

⁶ Agile, Perspective on Malta's economy post COVID-19 (Seed)

⁷ <https://franksalt.com.mt/news/covid-19-effect-on-property-market>

3.4 Comparative Analysis

The purpose of the table below compares the proposed debt issuance of the group to other debt instruments. 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 also different.

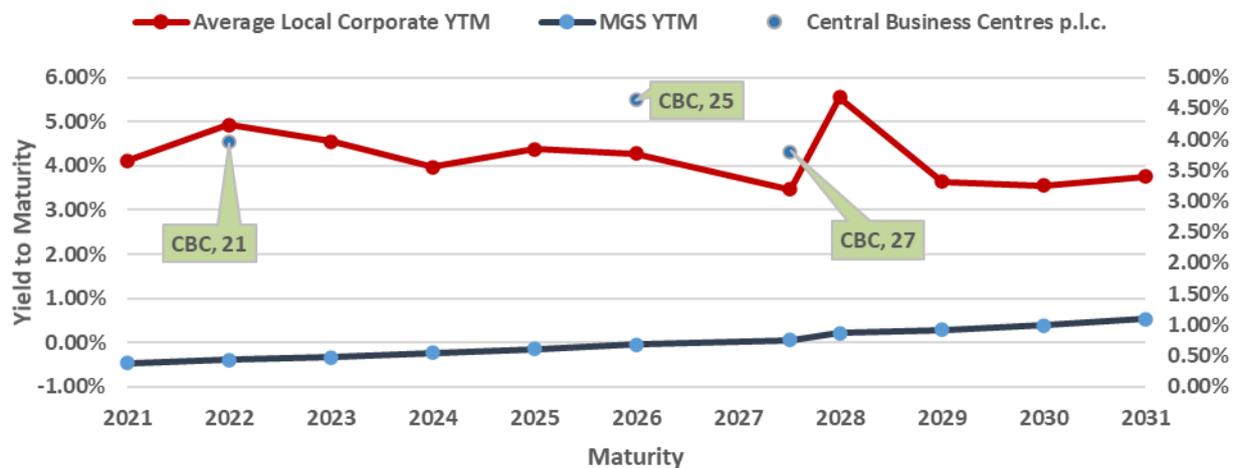
Security	Nom Value	Yield to Maturity	Interest coverage (EBITDA)	Total Assets	Total Equity	Total Liabilities / Total Assets	Net Debt / Net Debt and Total Equity	Net Debt / EBITDA	Current Ratio	Return on Common Equity	Net Margin	Revenue Growth (YoY)
	€000's	(%)	(times)	(€ millions)	(€ millions)	(%)	(%)	(times)	(times)	(%)	(%)	(%)
5.8% International Hotel Investments plc 2021	20,000	4.29%	(.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	3.96%	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	1.22%	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	3.52%	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	2.65%	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	4.46%	(.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	4.76%	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	4.16%	(.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	4.31%	7.2x	229.6	137.5	40.1%	17.6%	1.6x	4.5x	8.3%	32.6%	-42.5%
5% Hal Mann Vella Group plc Secured € 2024	30,000	4.19%	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	4.34%	(.2)x	1,544.1	773.2	49.9%	42.1%	(149.9)x	0.9x	-9.1%	-82.3%	-65.7%
4.5% Hili Properties plc Unsecured € 2025	37,000	3.96%	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	4.64%	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	3.35%	(.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	3.57%	(.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	3.64%	(.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	2.28%	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	3.63%	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	3.79%	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	3.38%	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	3.21%	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% Stivala Group Finance plc Secured € 2029	15,000	3.35%	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	3.75%	34.1x	69.4	24.3	65.0%	57.1%	1.1x	0.9x	210.3%	125.6%	119.2%
Average**		3.57%										

Source: Latest Available Audited Financial Statements and MSE

* Last price as at 02/06/2021

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

Yield Curve Analysis



Source: Malta Stock Exchange, Central Bank of Malta and Calamatta Cuschieri Estimates

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 plots the entire MGS yield curve, thus taking into consideration the yield of comparable issuers. The graph illustrates on a stand-alone basis, the yield of comparable issuers having a maturity between 1-3 years, 4-6 years and 7-10 years respectively (Peers YTM).

As at 2nd June 2021, the average spread over the Malta Government Stocks (MGS) for corporates with maturity range of 1-3 years was 283 basis points. The 5.75% Central Business Centres 2021 is currently trading at a YTM of 396 basis points, meaning a spread of 350 basis points over the equivalent MGS. This means that this bond is trading at a premium of 67 basis points in comparison to the market.

As at 2nd June 2021, the average spread over the Malta Government Stocks (MGS) for corporates with maturity range of 4-6 years was 368 basis points. The 5.25% Central Business Centres 2025 is currently trading at a YTM of 464 basis points, meaning a spread of 449 basis points over the equivalent MGS. This means that this bond is trading at a premium of 81 basis points in comparison to the market.

As at 2nd June 2021, the average spread over the Malta Government Stocks (MGS) for corporates with maturity range of 6-10 years was 317 basis points. The 4.4% Central Business Centres 2027 is currently trading at a YTM of 379 basis points, meaning a spread of 374 basis points over the equivalent MGS. This means that this bond is trading at a premium of 58 basis points in comparison to the market.

Part 4 - Glossary and Definitions

Income Statement	
Revenue	Total revenue generated by the Group/Company from its principal business activities during the financial year.
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 Income (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 the 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.
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)	Free cash flow (FCF) represents the cash a Group/Company generates after accounting for cash outflows to support operations and maintain its capital assets. It is calculated by taking Cash Flow from Operating Activities add back the payment of interest and 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.
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.

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 measures how many times a Group/Company can cover its current interest payment with its available earnings.
Interest Coverage Level 1	Is calculated by dividing EBITDA by Cash Interest Paid.
Interest Coverage Level 2	Is calculated by dividing EBITDA by Finance Costs.
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.
Occupancy Level	The occupancy level is expressed as a percentage and indicates the number of rooms occupied to the total number of available rooms in a given time period.