

# SUPPLEMENT DATED 4<sup>th</sup> DECEMBER 2015 TO THE BASE PROSPECTUS DATED 5 DECEMBER 2014



**Central Business Centres p.l.c.**, a public limited liability company registered under the laws of Malta with company registration number C 65702 and with registered office situated at Cortis Group, Cortis Buildings, Mdina Road, Zebbug, ZBG 4211, Malta, as Issuer of

## **€6,000,000 Unsecured Bond Issuance Programme**

This supplement dated 4<sup>th</sup> December 2015 (“Supplement”) constitutes a supplement within the meaning of Listing Rule 4.26 and Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 as amended by Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010 to the extent that such amendments have been implemented in a relevant Member State (the “Prospectus Directive”).

This Supplement is supplemental to, and should be read in conjunction with the base prospectus dated 5 December 2014 (“Base Prospectus”) prepared by the Issuer in connection with the €6,000,000 Unsecured Bonds (the “Programme”). Defined words and phrases used in the Base Prospectus shall have the same meanings when used in this Supplement. Save as disclosed in this Supplement, there has been no significant change and no significant new matter has arisen since the publication of the Base Prospectus.



**Sponsor, Manager and Registrar**

**CAMILLERI PREZIOSI**  
ADVOCATES

**Legal Counsel**

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The Listing Authority approved the Base Prospectus and authorised admissibility to listing of the Programme on the Official List of the Malta Stock Exchange on the 5 December 2014. The first tranche of the Programme was subsequently admitted to listing and trading on the Official List of the Malta Stock Exchange on 23 December 2014.

This Supplement contains information given in compliance with the Listing Rules of the Listing Authority for the purpose of giving information. The Board of Directors of the Issuer (listed in Section 9.10.1 of the Base Prospectus as amended by Section 1.3 of this Supplement) accepts responsibility for the information contained in the Supplement. To the best of the Directors' knowledge (having taken all reasonable care to ensure that such is the case), the information contained herein is in accordance with the facts and does not omit anything likely to affect the import of such information. A copy of this Supplement has been delivered to the Listing Authority.

The Base Prospectus shall be supplemented by the following information:

## **1.1 Definitions**

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1.1.1 The definition of “S.M.W. Cortis Subsidiaries” in Section 3 entitled “Definitions” shall be deleted and amended and replaced with the following:

*“each of the following subsidiaries of S.M.W. Cortis Limited:*

- a) Cortis Timber & Wood Products Limited (a limited liability company registered under the laws of Malta with company registration number C-15637);*
- b) Lapsi Court Limited (a limited liability company registered under the laws of Malta with company registration number C-896);*
- c) Alcor Trading Limited (a limited liability company registered under the laws of Malta with company registration number C-31773);*
- d) Calibre Industries Limited (a limited liability company registered under the laws of Malta with company registration number C-17167);*
- e) Precision Optical Limited (a limited liability company registered under the laws of Malta with company registration number C-27531); and*
- f) EVS Ltd (a limited liability company registered under the laws of Malta with company registration number C-49336);*

*Fieres Limited (a limited liability company registered under the laws of Malta with company registration number C-11135) was previously a subsidiary of S.M.W. Cortis Limited. Effective as of 1 March 2015, Fieres Limited amalgamated with S.M.W Cortis Limited. On the effective date of the amalgamation (1 March 2015), Fieres Limited ceased to exist without being wound up.”*

## **1.2 Summary**

1.2.1 Section B.9 of Section 4 entitled “Summary” shall be deleted and amended and replaced as follows:

<b>B.9</b>	<b>Profit forecast or estimate</b>	<i>The following is an extract from the profit forecast of the Issuer for the financial years ending 31 December 2015, 2016, 2017 and 2018, as updated in order to take into account the developments, explained in section 1.9.2 below of this Supplement, which arose since the date of the Base Prospectus (principally: (i) delays in expected dates of completion works for the development of office space over the Villa Fieres Site in shell form and subsequently in finished form, and delays in restoration works on Villa Fieres; and (ii) approval by MEPA, in November 2015, of an application for minor amendments to permission resulting in the addition of an intermediate floor at ground floor level providing for an additional 400 square metres of retail space).</i>			
		<b>Forecast</b> 2015 €000	<b>Forecast</b> 2016 €000	<b>Forecast</b> 2017 €000	<b>Forecast</b> 2018 €000
	Revenue	133	214	918	1,183
	Operating expenses	(170)	(51)	(53)	(54)
	<b>Operating (loss)/profit</b>	(36)	163	865	1,129
	Investment income	2	4	11	27
	Finance costs	(70)	(216)	(875)	(901)
	<b>(Loss)/ profit before tax</b>	<b>(104)</b>	<b>(48)</b>	<b>1</b>	<b>255</b>
	Income tax expense	(14)	-	-	-
	<b>(Loss)/profit for the year</b>	<b>(117)</b>	<b>(48)</b>	<b>1</b>	<b>255</b>

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1.2.2 Section B.10 of Section 4 entitled “Summary” shall be deleted and amended and replaced as follows:

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<b>B.10</b>	<b>Nature of any qualifications in audit report on historical financial information</b>	<i>Not Applicable: the audit report on the historical financial information of the Issuer for the financial year ended 31 December 2014 contains no such qualifications</i>
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1.2.3 Section B.12 of Section 4 entitled “Summary” shall be deleted and amended and replaced as follows:

<b>B.12</b>	<b>Selected key financial information; no material adverse change and no significant change statements:</b>	
	<u>Selected Key Financial Information:</u>	
	<i>The financial information about the Issuer is included in the audited financial statements for the period 20 June 2014 (being the date of incorporation) to 31 December 2014 and the unaudited accounts for the period 1 January 2015 to 30 June 2015. The said statements have been published and are available on the Issuer’s website (<a href="http://www.centralbusinesscentres.com">http://www.centralbusinesscentres.com</a>) and at its registered office. Set out below are highlights taken from the audited financial statements of the Issuer for the period ended 31 December 2014 and highlights taken from unaudited financial statements for the period ended 30 June 2015.</i>	
	<b>Condensed income statement for the period 20 June 2014 to 31 December 2014 and unaudited condensed income statement for the period 1 January 2015 to 30 June 2015</b>	
	<b>Period from 1 January 2015 to 30 June 2015 (unaudited)</b>	<b>Period from 20 June 2014 to 31 December 2014</b>
	€	€
	Administrative expenses	(16,542)
	(60,339)	(16,542)
	<b>Operating loss</b>	<b>(16,542)</b>
	Finance income	-
	81,868	-
	Finance costs	(5,063)
	(85,258)	(5,063)

Finance costs capitalised within investment property	85,258	5,063
<b>Profit/loss for the period</b>	<b>21,529</b>	<b>(16,542)</b>
Earnings per share	0.09	0.07

**Condensed statement of financial position as at 31 December 2014 and unaudited condensed statement of financial position as at 30 June 2015**

	As at 30 June 2015 (unaudited)	As at 31 December 2014 (restated)*	As at 31 December 2014
	€	€	€
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment property	13,007,687	12,684,916	12,684,916
<b>Current assets</b>	193,023	618,743	618,743
<b>Total assets</b>	13,200,710	13,303,659	13,303,659
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	250,000	250,000	250,000
Capital reserve	10,050,000	10,050,000	-
Retained earnings	4,987	(16,542)	(16,542)
Total equity	10,304,987	10,283,458	233,458
<b>Non-current liabilities</b>			
Borrowings	2,892,638	2,893,144	2,893,144
<b>Current liabilities</b>			
Borrowings	-	-	10,050,000
Trade and other payables	3,084	127,057	127,057
	3,084	127,057	10,177,057
Total liabilities	2,895,722	3,020,201	13,070,201
<b>Total equity and liabilities</b>	13,200,710	13,303,659	13,303,659

**\*Restatement of classification of borrowings within the statement of financial position as at 31 December 2014**

The subordinated loan agreements with related parties (narrative below refers) stipulate that the Company has the discretion to settle the loans by way of issue of a fixed number of shares at par value. In line with IAS 32 such amounts fall under the definition of equity

and accordingly have been restated as capital reserve within equity. The restated classification was applied in the condensed unaudited financial statements for the period ended 30 June 2015 and this classification will also be applied within the financial statements for the year ending 31 December 2015.

**Condensed cash flow statement for the period 20 June 2014 to 31 December 2014 and unaudited condensed cash flow statement for the period 1 January 2015 to 30 June 2015**

	Period from 1 January 2015 to 30 June 2015 (unaudited)	Period from 20 June 2014 To 31 December 2014
	€	€
Cash flows (used in)/generated from operating activities	(40,254)	74,104
Cash flows used in investing activities	(322,771)	(12,679,853)
Cash flows (used in)/generated from financing activities	(86,0790	13,192,638
<b>Net movement in cash and cash equivalents</b>	<b>(449,104)</b>	<b>586,889</b>
Cash and cash equivalents at beginning of period	586,889	-
<b>Cash and cash equivalents at end of period</b>	<b>137,785</b>	<b>586,889</b>

Material Adverse Change:

*There has been no material adverse change in the prospects of the Issuer since 31 December 2014, being the date of the last published audited financial information.*

Significant Change:

*There has been no significant change in the financial or trading position of the Issuer since the 31 December 2014, being the date of the last published audited financial information.*

### 1.3 Directory

The heading “Board of Directors of Issuer” contained in Section 6 entitled “Directory” shall be deleted and amended and replaced with the following:

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<i>Board of Directors of Issuer</i>	<i>Alfred Sladden</i> <i>Francis Gouder</i> <i>Joseph Cortis</i> <i>Anthony Cortis</i>
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#### **1.4 Incorporation by Reference/Documents on Display**

The second paragraph of Section 7 entitled “Incorporation By Reference/Documents on Display” shall be supplemented with the following:

*“ d) the audited financial statements of the Issuer for the financial year ended 31 December 2014”*

#### **1.5 Statutory Auditors**

The first sentence of Section 9.1 entitled “Statutory Auditors” shall be deleted and amended and replaced with the following:

*“The Issuer has been established for a full financial year and on the 15 September 2015 filed audited financial statements for the year ended 31 December 2014. The Company’s audited financial statements are drawn up in accordance with the International Financial Reporting Standards as prescribed by the European Union. ”*

#### **1.6 Selected Financial Information – Issuer**

The introduction to Section 9.3 entitled “Selected Financial Information – Issuer” together with sections 9.3.1, 9.3.2 and 9.3.3 shall be deleted and shall be replaced with the following:

*“9.3 Selected Financial Information – Issuer*

*The financial information about the Issuer is included in the audited financial statements for the period 20 June 2014 (being the date of incorporation) to 31 December 2014 and the unaudited accounts for the period 1 January 2015 to 30 June 2015 The said statements have been published and are available on the Issuer’s website (<http://www.centralbusinesscentres.com>) and at its registered office. Set out below are highlights taken from the audited financial statements of the Issuer for the period ended 31 December 2014 and the unaudited financial statements for person ended 30 June 2015.*

**Condensed income statement for the period 20 June 2014 to 31 December 2014 and unaudited income statement for the period 1 January 2015 to 30 June 2015**

	Period from 1 January 2015 to 30 June 2015 (unaudited)	Period from 20 June 2014 to 31 December 2014
	€	€
Administrative expenses	(60,339)	(16,542)
<b>Operating loss</b>	(60,339)	(16,542)
Finance income	81,868	-
Finance costs	(85,258)	(5,063)
Finance costs capitalised within investment property	85,258	5,063
<b>Profit/loss for the period</b>	21,529	(16,542)
Earnings per share	0.09	0.07



**Condensed statement of financial position as at 31 December 2014 and unaudited financial position as at 30 June 2015**

	As at 30 June 2015 (unaudited)	As at 31 December 2014 (restated)*	As at 31 December 2014
	€	€	€
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment property	13,007,687	12,684,916	12,684,916
<b>Current assets</b>			
	193,023	618,743	618,743
<b>Total assets</b>	13,200,710	13,303,659	13,303,659
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	250,000	250,000	250,000
Capital reserve	10,050,000	10,050,000	-
Retained earnings	4,987	(16,542)	(16,542)
<b>Total equity</b>	10,304,987	10,283,458	233,458
<b>Non-current liabilities</b>			
Borrowings	2,892,638	2,893,144	2,893,144
<b>Current liabilities</b>			
Borrowings	-	-	10,050,000
Trade and other payables	3,084	127,057	127,057
	3,084	127,057	10,177,057
<b>Total liabilities</b>	2,895,722	3,020,201	13,070,201
<b>Total equity and liabilities</b>	13,200,710	13,303,659	13,303,659

**\*Restatement of classification of borrowings within the statement of financial position as at 31 December 2014**

The subordinated loan agreements with related parties (narrative below refers) stipulate that the Company has the discretion to settle the loans by way of issue of a fixed number of shares at par value. In line with IAS 32 such amounts fall under the definition of equity and accordingly have been restated as capital reserve within equity. The restated classification was applied in the condensed unaudited financial statements for the period ended 30 June 2015 and this classification will also be applied within the financial statements for the year ending 31 December 2015.

**Condensed cash flow statement for the period 20 June 2014 to 31 December 2014 and unaudited condensed cash flow statement for the period 1 January 2015 to 30 June 2015**

	Period from 1 January 2015 to 30 June 2015 (unaudited)	Period from 20 June 2014 To 31 December 2014
	€	€
Cash flows (used in)/generated from operating activities	(40,254)	74,104
Cash flows used in investing activities	(322,771)	(12,679,853)
Cash flows (used in)/generated from financing activities	(86,0790)	13,192,638
<b>Net movement in cash and cash equivalents</b>	(449,104)	586,889
Cash and cash equivalents at beginning of period	586,889	-
<b>Cash and cash equivalents at end of period</b>	137,785	586,889

*The Issuer was incorporated on 20 June 2014 to act as a finance, investment and property-holding company for lease to third parties.*

*On 22 December 2014 the Company issued €3,000,000 Bonds, the net proceeds of which were used: to part finance the acquisition of the Zebbug Central Business Centre; to commence development on the St Julian's Central Business Centre (principally excavation and demolition works); to carry out finishing works on the Gudja Central Business Centre; and for general corporate funding purposes of the Issuer.*

*The Company also entered into two subordinated loans with related parties on 20 November 2014 to further finance the acquisition of the Zebbug Central Business Centres, the Gudja Central Business Centre and the Villa Fieres Sites. The parties have agreed that the loans are interest-free unless otherwise agreed from time to time, provided that a two year moratorium from date of the subordinated loan agreement will automatically apply and that the rate of interest, if any, will not exceed 5%. The repayment of the principal and the interest is on demand, however settlement will be made once the Issuer has sufficient funds to repay in full the principal and interest on the Bonds in issue in accordance with the terms of the Bond Issuance Programme. The related companies, which are fully owned by the same shareholders of Central Business Centres plc, have committed not to recall the amounts due until such time as when the Issuer has sufficient funds available to repay in full the principal and interest on the Bonds in issue in accordance with the terms of the Bond Issuance Programme.*

Set out below are highlights taken from the forecast financial information of the Issuer for the financial years ending 31 December 2015, 2016, 2017 and 2018. The said forecast financial information was originally approved by the Board of Directors on 1 December 2014 and contained in Annex I of the Base Prospectus. The below provides an updated set of forecast financial information of the Issuer for the financial years ending 31 December 2015, 2016, 2017 and 2018, as updated in order to take into account the developments, explained in section 1.9.2 below of this Supplement, which arose since the date of the Base Prospectus (principally: (i) delays in expected dates of completion works for the development of office space over the Villa Fieres Site in shell form and subsequently in finished form, and delays in restoration works on Villa Fieres; and (ii) approval by MEPA, in November 2015, of an application for minor amendments to permission resulting in the addition of an intermediate floor at ground floor level providing for an additional 400 square metres of retail space).

### **"9.3.1 Profit Forecasts**

The following is an extract from the profit forecast of the Issuer for the financial years ending 31 December 2015, 2016, 2017 and 2018:

	<b>Forecast 2015 €000</b>	<b>Forecast 2016 €000</b>	<b>Forecast 2017 €000</b>	<b>Forecast 2018 €000</b>
Revenue	133	214	918	1,183
Operating expenses	(170)	(51)	(53)	(54)
<b>Operating (loss)/profit</b>	<b>(36)</b>	<b>163</b>	<b>865</b>	<b>1,129</b>
Investment income	2	4	11	27
Finance costs	(70)	(216)	(875)	(901)
<b>(Loss)/ profit before tax</b>	<b>(104)</b>	<b>(48)</b>	<b>1</b>	<b>255</b>
Income tax expense	(14)	-	-	-
<b>(Loss)/profit for the year</b>	<b>(117)</b>	<b>(48)</b>	<b>1</b>	<b>255</b>

### 9.3.2 Forecast Statement of Financial Position

The Issuer's forecast statements of its financial position as at 31 December 2015, 2016, 2017 and 2018 are summarised below:

	Forecast 2015 €000	Forecast 2016 €000	Forecast 2017 €000	Forecast 2018 €000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Investment property	15,303	16,340	16,340	16,340
Other financial assets	150	150	650	1,325
	15,453	16,490	16,990	17,665
<b>Current assets</b>				
Cash and bank balances	1,130	45	69	197
	1,130	45	69	197
<b>Total assets</b>	<b>16,583</b>	<b>16,534</b>	<b>17,058</b>	<b>17,862</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to the owners of the holding company</b>				
Share capital	250	250	250	250
Other equity	10,450	10,450	10,973	11,521
Accumulated losses	(117)	(166)	(164)	91
<b>Total equity</b>	<b>10,583</b>	<b>10,534</b>	<b>11,058</b>	<b>11,862</b>
<b>Non-current liabilities</b>				
Debt securities in issue	6,000	6,000	6,000	6,000
	6,000	6,000	6,000	6,000

<b>Total equity and liabilities</b>	<b>16,583</b>	<b>16,534</b>	<b>17,058</b>	<b>17,862</b>
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### 9.3.3 Forecast Statement of Cash Flows

The Issuer's forecast statement of its cash flows for the financial years ending December 2015, 2016, 2017 and 2018 are summarised below:

	<b>Forecast 2015 €000</b>	<b>Forecast 2016 €000</b>	<b>Forecast 2017 €000</b>	<b>Forecast 2018 €000</b>
<b>Cash flow from operating activities</b>				
(Loss)/Profit before tax	(104)	(48)	1	255
Adjustments for:				
Finance costs	70	216	875	875
<b>Cash flows from operations</b>	<b>(34)</b>	<b>167</b>	<b>876</b>	<b>1,130</b>
Interest paid	(173)	(353)	(875)	(875)
Tax paid	(14)			
<b>Operating cash flows</b>	<b>(220)</b>	<b>(185)</b>	<b>1</b>	<b>255</b>
<b>Cash flow from investing activities</b>				
Other financial assets	(150)		(500)	(675)
Acquisition of investment property	(2,300)			
Development of Investment property	(2,600)	(900)		
<b>Investing cash flows</b>	<b>(5,050)</b>	<b>(900)</b>	<b>(500)</b>	<b>(675)</b>
Proceeds from issue of debt securities	6,000			
Other Equity	400		523	549
<b>Financing cash flows</b>	<b>6,400</b>		<b>523</b>	<b>549</b>
<b>Net movement in cash and cash equivalents</b>	<b>1,130</b>	<b>(1,085)</b>	<b>24</b>	<b>129</b>
Cash and cash equivalents at beginning of year		1,130	45	69
<b>Cash and cash equivalents at end of year</b>	<b>1,130</b>	<b>45</b>	<b>69</b>	<b>197</b>

## 1.7 History and Development of the Issuer

The last sentence of footnote numbered 1 in Section 9.4 entitled "History and Development of the Issuer" shall be deleted and amended and replaced as follows:

*“Effective as of 1 March 2015, Fieres Limited amalgamated with S.M.W Cortis Limited. On the effective date of the amalgamation (1 March 2015), Fieres Limited ceased to exist without being wound up.”*

## **1.8 Investments**

1.8.1 The last sentence in Section 9.5.4 paragraph (a) shall be deleted and amended and replaced with the following:

*“The Issuer entered into the final deeds of sale for the acquisition of the Gudja Central Business Centre, the Zebbug Central Business Centre and Villa Fieres on the 23 December 2014.”*

1.8.2 Section 9.5.4 paragraph (d) shall be supplemented with the following sentence:

*“The total loan amounts under the Subordinated Loan Agreements were drawn down by the Issuer shortly following the issuance of the first tranche, and prior to 31 December 2014.”*

## **1.9 Principal activities and markets**

1.9.1 The last sentence of Section 9.7.1 shall be deleted and amended and replaced with the following:

*“The Zebbug Central Business Centre was owned and managed by S.M.W. Cortis Limited. On the 23 December 2014, the Issuer acquired the Zebbug Central Business Centre. By virtue of the deed of sale for the acquisition of the Zebbug Central Business Centre dated 23 December 2014, S.M.W. Cortis Limited assigned its rights and obligations under the respective lease agreements concerning the Zebbug Central Business Centre in favour of the Issuer.”*

1.9.2 Section 9.8.2 entitled “St.Julian’s Central Business Centre” shall be deleted and amended and replaced with the following:

*“The St. Julian’s Central Business Centre is in one of Malta’s most sought after commercial areas, St. Julian’s, and offers a prime position for retail and office space. A maximum of three million Euro (€3 million) of the bond proceeds shall be used to develop the St. Julian’s Central Business Centre into a combination of commercial, residential and/or office spaces, targeted at attracting professionals and financial services providers and/or high-net worth individuals. The bond proceeds shall be used by the Issuer to:*

*(i) restore Villa Fieres to its original state. The Issuer is to seek MEPA approval for conversion of the existing permit, in so far as it relates to Villa Fieres, to allow for commercial use of the restored villa as a commercial and/or retail venue. In this respect, the Board is confident that there are reasonably good prospects for converting the existing permits as aforesaid to include commercial use of Villa Fieres as a commercial and/or retail venue;*

*(ii) develop approximately 2,360 square metres of office space over the Villa Fieres Site targeted at medium-sized leases (250-500 square metres per tenant). The building will comprise two floors measuring 550 square metres each, two floors at 480 square metres each and one floor at 300 square metres. In November 2014 the Issuer applied to MEPA (permit application with tracking number 159016) for approval for conversion of the existing permit, in so far as it relates to the Villa Fieres Site, to allow for commercial use (office space) rather than residential use; and*

*(iii) develop the ground floor level of the Villa Fieres Site situated on Spinola Square, St. Julian's into retail outlets. The four outlets which have already been vacated shall be converted into a ground floor entrance to the Central Business Centre and four (smaller) retail outlets of 45 square metres each. In addition, an intermediate floor at ground floor level providing for an additional 400 square metres of retail space shall be developed. The remaining three retail outlets are expected to be developed into new retail outlets once vacated.*

*A total of two hundred thousand euro (€200,000) from the first tranche of bonds issued pursuant to this Bond Issuance Programme were used to commence the development of the St. Julian's Central Business Centre, principally demolition and excavation works.*

*Villa Fieres and the Villa Fieres Site were acquired by Fieres Limited and Lapsi Court Limited, respectively, in 2002. S.M.W. Cortis Limited subsequently acquired Villa Fieres from Fieres Limited in 2002. The Issuer acquired the Villa Fieres Site from S.M.W. Cortis, and the Villa Fieres Site from Lapsi Court Limited on the 23 December 2014. Villa Fieres consists of two floors and a semi-basement and occupies a footprint of approximately 200 square metres, whereas the garden adjoining the Villa Fieres building covers approximately 900 square metres.*

*The Villa Fieres Site, which adjoins Villa Fieres on Spinola Square, comprises an area of approximately 877 square metres. At ground floor level (the area fronting the Villa Fieres Site), currently there are seven retail outlets. As at the date of this Base Prospectus, there is vacant possession of four of the seven outlets. Whilst the vacation of the entire ground floor would be considered preferable, the directors do not consider it necessary for the purposes of the construction works to be carried out on the overlying Villa Fieres Site.*

*On the 23 December 2014, the Issuer acquired Villa Fieres (from S.M.W.Cortis Limited) and the Villa Fieres Site (from Lapsi Court Limited) for the total amount of six million five hundred thousand euro (€6.5 million), which purchase price was funded by means of subordinated loans from S.M.W. Cortis Limited and Lapsi Court Limited (the salient terms and further details of the Subordinated Loan Agreements are set out in section 9.5 of this Base Prospectus).*

*The costs for the completion of the St. Julian's Central Business Centre on the Villa Fieres Site are estimated by the Directors at three million euro (€3.0 million).*

*Works on the area forming part of the St. Julian's Central Business Centre commenced within one (1) month from the issuance of the first tranche of the bonds under this Bond Issuance Programme. The development of the property forming part of the St. Julian's Central Business Centre was expected to be completed within 18 months from the aforementioned date of commencement of works, whereas the restoration of Villa Fieres to its original state and works related thereto were expected to be completed within six months from the aforementioned date of commencement of works. Notwithstanding the foregoing, a number of unforeseen difficulties presented themselves during the course of the works being carried out which resulted in a delay in the target date for the completion of the works. The unforeseen circumstances which resulted in a delay in the works were principally the following:*

- (i) the Villa Fieres Site was found to be built on a weak foundation and had to be strengthened in lieu of the excavation works;*
- (ii) the existing shops at street level which form part of the Villa Fieres Site did not have adequate property delineation and their rear walls comprised exposed bedrock which required excavation whilst ensuring protection of the properties;*
- (iii) a number of the existing shops at street level which form part of the Villa Fieres Site had temporary roofed structures. Additional works were required to ensure that no damage was caused to the shops in question;*
- (iv) The retaining wall on the higher end of the Villa Fieres Site separating the St. Julian's church car park from the Villa Fieres Site was found to be weak. Some parts of the retaining wall were found to be completely missing. Accordingly in order to safely excavate up to the property delineation, a new retaining wall was built after the systematic dismantling of what remained of the original retaining wall;*
- (v) a warrant of prohibitory injunction was served on the Issuer by the owner of a neighbouring tenement on the 24 April 2015, prohibiting the Issuer from carrying out further works on the St. Julian's Central Business Centre until this injunction was lifted on the 5 May 2015.*

*In addition to the above, the Issuer was required to stop excavation works following a notification to the public from the Malta Environmental and Planning Authority (MEPA), the Malta Tourism Authority (MTA) and the Building Regulation Office within the Ministry for Transport and Infrastructure that in order to mitigate the nuisance of construction sites during the summer period (between the 15 June and the 30 September 2015), no demolition or excavation works could be carried out in the locality of St. Julian's.*

*For the reasons described above, the revised expected date of completion of works for the development of office space over the Villa Fieres Site in shell form is that of June 2016, and the revised expected date for full completion of the development, in finished form, is now projected to be October 2016. Restoration works on Villa Fieres are expected to commence in January 2016 and be completed by the end of December 2016.*

*With respect to works to be carried out on the Villa Fieres Site, the Issuer entered into contracts of works with Bonnici Bros. (P 157) for the purpose of carrying out the necessary demolition and excavation works and with C. & F. Building Contractors Limited (C-15308) for the purpose of carrying out the necessary construction works, and will be entering into similar contracts of works with contractors in respect of the mechanical and electrical works and finishes required for the St. Julian's Central Business Centre project. Existing contractors were - and the remaining contractors will be - selected following a tendering process and review by the Board of Directors of bids submitted. In terms of the contracts of works entered into or to be entered into by the Issuer and the selected contractor, the selected contractors are required to waive any privileged and hypothecary rights over the immovable property for debts that may be due to them in respect of the expenses and the price of their work. Such contracts of works are in the form of lump sum contracts or, if the nature of the work so requires, in the form of measured works contracts. Penalties for delay in execution of contracted works are to apply. Since the date of the Base Prospectus, the Issuer issued a tender for the restoration of Villa Fieres. As at the date hereof the Board of Directors of the Issuer is in the*



*process of evaluating the offers received with a view to selecting the most technically and economically advantageous offer.*

*The Issuer expects the works on the St. Julian's Business Centre to be managed applying the model adopted in the case of the Zebbug Business Centre, which has been in operation since 2012. Accordingly:*

*i. a project manager and architect is responsible for the construction stage. Thereafter, the architect together with the design team to be engaged by the Issuer will run the finishing stage;*  
*ii. the designated architect is responsible for the design of the parking area and allocations;*  
*iii. a marketing team is responsible for drawing up the marketing package;*  
*iv. legal counsel will be engaged to draw up the necessary leases (and other) agreements;*  
*v. in terms of the Management Agreement described in further detail in section 9.10.4 of the Base Prospectus, S.M.W. Cortis Limited is to provide support in the form of staff manning the day to day operations of the St. Julian's Business Centre, including:*

- a. negotiations with prospective tenants leading to entry into agreements for the lease of units forming part of the St Julian's Business Centre, and thereafter acting as liaison officer between the Issuer and tenants; and*
- b. administration and accounting requirements.*

*The Board of Directors of the Issuer will keep such processes under close scrutiny with a view to adjusting same depending on demands arising as the workload may intensify from time to time. During construction, the Board will retain responsibility for the management of the Issuer in accordance with its set business plan and targets, with the abovementioned architecture, project management and design teams reporting to the Board. Following completion, the Board will manage the operation with support provided pursuant to the Management Agreement referred to above.*

*The St. Julian's Business Centre is covered by an application submitted to the Malta Environmental & Planning Authority (MEPA) and numbered PA/00856/02, which was issued as a non-executable permit on the 18 June 2013 for the construction of a multi-purpose development (residential and commercial) and for the restoration of Villa Fieres. In November 2015, MEPA granted its approval to an application for minor amendments to permission, as a result of which the said permit was amended to allow, inter alia, the introduction of a services level above the parking area.*

*With respect to the Villa Fieres Site, in November 2014 the Issuer submitted an application (tracking number 159016) for the approval of the conversion of the existing permit to allow for commercial use of the Villa Fieres Site. In connection with this application, on the 5 February 2015 the Issuer also sought approval by MEPA for the development of another level above the ground floor level of the Villa Fieres Site. This application is currently under consideration by MEPA.*

*The Issuer intends to seek MEPA approval for: the conversion of the existing permit to allow for the commercial use of Villa Fieres as a high end commercial/retail venue (previously specified as a restaurant); and for development of the surrounding gardens of Villa Fieres.*

*Taking into account the contents of the relative valuation, the Board is confident that there are reasonably good prospects for converting the existing permits as aforesaid.*

*The property valuation of the St. Julian's Central Business Centre dated 28 November 2014 and issued by Architect Anthony Fenech Vella and the site plans referred to therein are set out in Annex II of the Base Prospectus."*

1.9.3 Section 9.8.3 entitled "The Gudja Central Business Centre" shall be amended and replaced with the following:

*"The Gudja Central Business Centre comprises a basement extending to under half the width of the adjacent drive-in, and two upper levels for commercial use. The Issuer earmarked five hundred thousand Euro (€500,000) of the Bond proceeds to finish the Gudja Central Business Centre both internally and externally as high-end commercial property for rental to third parties. The development costs of the Gudja Central Business Centre were estimated at €500,000, based on the bills of quantity drawn up by Architect Anthony Fenech Vella and dated 20 May 2014. The Issuer has so far utilised three hundred fifty thousand (€350,000) of the Bond proceeds raised through the first tranche of this Bond Issuance Programme to carry out finishing works on the Gudja Central Business Centre.*

*On completion of the finishing works of the Gudja Central Business Centre, it is expected to have approximately 1,365 square metres of office space, 555 square metres of commercial space and 19 car spaces. Seven of these car spaces will be at basement level, whilst a further 12 spaces will be open air spaces adjacent to the building.*

*The land over which the Gudja Central Business Centre was developed was acquired by S.M.W. Cortis Limited in 1995 and the shell structure of the Gudja Central Business Centre was developed and completed in 2012. The Gudja Central Business Centre was acquired by the Issuer on the 23 December 2014 for the amount of two million four hundred thousand euros (€2,400,000). The total purchase price was part financed by means of a subordinated loan granted by S.M.W. Cortis Limited to the Issuer (the salient terms and further details of the Subordinated Loan Agreements are set out in section 9.5 of the Base Prospectus).*

*Works on the Gudja Central Business Centre commenced within one (1) month from the issuance of the first tranche of the Bonds under this Bond Issuance Programme and the finishes are, as at the date of this Supplement, close to completion. The Issuer entered into contracts of works with contractors for the purposes of carrying out the necessary works on the Gudja Central Business Centre, consisting of mechanical and electrical works and finishes necessary to complete the project. Contractors were selected following a tendering process and review by the Board of Directors of bids submitted. In terms of the contracts of works entered into by the Issuer, selected contractors were required to waive any privileged and hypothecary rights over the immovable property for debts that may be due to them in respect of the expenses and the price of their work. Such contracts of works are in the form of lump sum contracts or, if the nature of the work so requires, in the form of measured works contracts. Penalties for delay in execution of contracted works apply. The only*

*contract of works relative to this project which has not as yet been executed is that relating to traffic control.*

*As in the case of the St Julian's Central Business Centre described in section 9.8.2 above, the works on the Gudja Central Business Centre were managed by the application of the model adopted in the case of the Zebbug Central Business Centre, which has been in operation since 2012. Accordingly:*

- i. the architect and project manager were engaged by the Issuer to oversee the completion of the necessary works and a design team was engaged by the Issuer to run the finishing stage;*
- ii. the designated architect designed the parking area and allocations;*
- iii. a marketing team was responsible for drawing up the marketing package;*
- iv. legal counsel was engaged to draw up the necessary leases (and other) agreements;*
- v. in terms of the Management Agreement described in further detail in section 9.10.4 of the Base Prospectus, S.M.W. Cortis Limited provides support in the form of staff manning the day to day operations of the Gudja Business Centre, including:*
  - a. negotiations with prospective tenants leading to entry into agreements for the lease of units forming part of the Gudja Business Centre, and thereafter acting as liaison officer between the Issuer and tenants; and*
  - b. administration and accounting requirements.*

*During conduct of the finishes works, which are close to being fully completed, the Board shall retain responsibility for the running of the Issuer in accordance with its set business plan and targets, with the aforementioned architecture and project management team reporting to the Board. Following completion, the Board will manage the operation with support provided pursuant to the Management Agreement referred to above.*

*The Gudja Central Business Centre is covered by the following applications submitted to MEPA and numbered PB 3831/82/455/82, PB767/91/345/83, PA4790/95, PA 390/98, PA 7277/03 and PA/01041/09, which were sanctioned for development on 30 August 1983, 7 March 1993, 13 June 1999, 27 August 2001, 24 March 2009 and 1 February 2010 respectively. The Gudja Central Business Centre was also subject to a permit application with application number PA 01422/15 for the sanction of minor changes from the plans approved with PA 7277/03, as renewed with PA 1041/09 on the developed part of the site, including slight change in configuration, with increase in footprint, introduction of intermediate floor, changes to the internal layout and improved underground parking facilities and a proposed façade treatment design – this permit application is awaiting approval by MEPA. The permits issued by MEPA sanction the development of the Gudja Business Centre for retail development and development into stores and shops with warehouse facilities.*

*The valuation of the Gudja Central Business Centre dated 28 November 2014 and issued by Architect Anthony Fenech Vella and the site plans referred to therein are set out in Annex II of the Base Prospectus.*

1.9.4 Section 9.8.4 entitled “The Zebbug Business Centre” shall be amended and replaced with the following:

“

#### **9.8.4 The Zebbug Central Business Centre**

*The land over which the Zebbug Central Business Centre was developed was acquired by S.M.W. Cortis Limited in 2002. The Issuer acquired the Zebbug Central Business Centre on the 23 December 2014 from S.M.W Cortis Limited for the purpose of generating income from commercial rental. It was purchased for the amount of three million seven hundred thousand euro (€3.7 million), two million three hundred thousand euro (€2,300,000) of which was funded by the Bond proceeds of the issuance of the first tranche under this Bond Issuance Programme. The remaining one million four hundred thousand euro (€1,400,000) was financed by means of subordinated loans granted to the Issuer by S.M.W. Cortis Limited. The salient terms and further details of the Subordinated Loan Agreements are set out in section 9.5 of the Base Prospectus.*

*At such time as the Zebbug Central Business Centre was owned and managed by S.M.W. Cortis Limited, it was in a fully-operational state with 100% of the office space and approximately 74% parking spaces rented out to third parties. By virtue of the deed of sale for the acquisition of the Zebbug Central Business Centre dated 23 December 2014, upon acquisition of the Zebbug Central Business Centre by the Issuer from S.M.W. Cortis Limited, S.M.W. Cortis Limited assigned all of its rights and obligations under the respective lease agreements relative to the Zebbug Central Business Centre to the Issuer. Accordingly, as a result of such assignment, the Issuer enjoys the benefit of the leases previously in place between tenants of the Zebbug Central Business Centre and S.M.W. Cortis Limited.*

*The Zebbug Business Centre is covered by the following permit applications submitted to MEPA and numbered PA/1254/99, PA/5747/02,PA/5324/05, PA/7728/05, PA/639/08, PA/5501/10 and PA/1045/11, which were sanctioned for development on 18 March 2002, 15 March 2014, 26 August 2008, 9 February 2009, 5 March 2009,16 September 2014 and 6 June 2012 respectively. The permits issued by MEPA sanction the development of the Zebbug Business Centre for commercial use. The Zebbug Central Business Centre is also subject to a permit application with application number PA01335/01 for the purpose of changing the use of the ground floor & intermediate floor levels from showroom to Class 4A-Offices and the fixing of an illuminated sign in the front garden– this was approved by MEPA on the 23 October 2015.*

*The valuation of the Zebbug Central Business Centre dated 28 November 2014 and issued by Architect Anthony Fenech Vella and the site plans referred to therein are set out in Annex II of this Base Prospectus.”*

#### **1.10 Board of Directors and Management**

1.10.1 The third paragraph of Section 9.10.1 entitled “Board of Directors” shall be deleted and amended and replaced with the following:

“

*The following are the directors and members of senior management of the Issuer:*

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<i>Anthony Cortis</i>	<i>Non- Executive Director</i>
<i>Alfred Sladden</i>	<i>Non-Executive Director</i>
<i>Francis Gouder</i>	<i>Non-Executive Director</i>
<i>Joseph Cortis</i>	<i>Executive Director, Chief Executive Officer and Chairman of the Board</i>

“

**1.10.2** The last paragraph of Section 9.10.3 entitled “Board of Directors” shall be amended and replaced with the following:

*“Francis Gouder (Non Executive Director)”*

*Mr Francis Gouder served his career in the financial services sector for 45 years. He was a non-executive director of Bay Street Finance plc between January 2010 and August 2012 and is currently executive director of Izola Bank plc. Mr Gouder presently also holds office as a non-executive director of other companies operating in a varied spectrum of commercial activities.”*

**1.10.3** The fifth paragraph of Section 9.10.3 entitled “Board of Directors” shall be amended and replaced with the following:

*“The Audit Committee is currently composed of Francis Gouder, Alfred Sladden and Joseph Cortis. The Audit Committee is chaired by Alfred Sladden. In compliance with the Listing Rules, Alfred Sladden is the independent Non-Executive Director considered by the Board to be the director competent in accounting and/or auditing matters. The curriculum vitae of the said Directors may be found in section 9.10.1. of this Prospectus.”*

**1.10.4** Section 9.10.5 entitled “Compliance with the Code of Good Corporate Governance” shall be supplemented with the following paragraph immediately under paragraph 2 of the same section:

*“**Principle 2:** In terms of the Code, it is recommended that the position of the Chairman and of the Chief Executive Officer be occupied by different individuals with clear divisions of responsibilities. In the event that the positions are occupied by the same individual, it is further recommended that the Company explains to the market and to its shareholders, by way of company announcement, the reason for the two roles being combined. Mr. Joseph Cortis holds office as both Chief Executive Officer and Chairman of the Issuer. The Issuer issued a company announcement in this respect on the 5 March 2015 in compliance with the Code.*

## **1.11 Historical Financial Information**

Section 9.12 entitled “Historical Financial Information” shall be deleted and amended and replaced with the following:

*“The Issuer was set up on the 20 June 2014 and on 15 September 2015 filed its audited accounts for the financial year ended 31 December 2014. The forecast financial information relating to the Issuer is contained in Section 9.3 entitled “Selected Financial Information of the Issuer.”*

### **1.12 Significant Change**

Section 9.14 entitled “Significant Change” shall be deleted and amended and replaced with the following:

*“There has been no significant change in the financial or trading position of the Issuer since the 31 December 2014, being the date of the last published audited financial information.”*

### **1.13 Terms and Conditions**

The first eight paragraphs of sub-section 2 entitled “Status” of Section 10 entitled “Terms and Conditions” shall be deleted and amended and replaced with the following:

*“Status:*

*The obligations in regards to the Bonds constitute the unsecured debt obligations of the Issuer. As regards the Issuer’s obligations, the Bonds shall at all times rank pari passu without any priority or preference with all other present and future unsecured obligations of the Issuer.*

*On the basis of official public registry searches carried out up to 15 October 2015, it resulted that:*

#### **(i) The St. Julian’s Central Business Centre**

##### **(a) Villa Fieres**

*There are no hypothecs, privileges or other charges registered over Villa Fieres. The following charges were released by HSBC Bank Malta p.l.c on the 23 December 2014: i) I 6,679/2003 (hypothec); (ii) I 8,260/2003 (hypothec); (iii) I 8,359/2003 (hypothec); and (iii) I 8,371/2003(hypothec and privilege).*

##### **(b) Villa Fieres Site**

*Three outlets which exist over the Villa Fieres Site are subject to lease agreements which are due to terminate in 2028. As at the date of this Supplement, there are no hypothecs, privileges or other charges registered over the Villa Fieres Site. The following charges were released by HSBC Bank Malta p.l.c on the 23 December 2014: i) I 6,679/2003 (hypothec); (ii) I 8,260/2003 (hypothec); (iii) I 8,359/2003 (hypothec); and (iii) I 8,371/2003(hypothec and privilege)..*

#### **(ii) The Gudja Central Business Centre**

*There are no hypothecs, privileges or other charges registered over the Gudja Central Business Centre. The following charges were released by APS Bank p.l.c. on the 23 December 2015: (i) I 1,373/2011 (hypothec); and (ii) I 1,374/2011 (hypothec).*

**(iii) The Zebbug Central Business Centre**

*The land over which the Zebbug Central Business Centre stands is subject to an annual perpetual ground rent of approximately €280, redeemable at any time for the amount of €5,600. On the 15 October 2015, the Board of Directors of the Issuer resolved to redeem the groundrent constituted over the said site. Save as aforesaid, as at the date of this Supplement, there are no hypothecs, privileges or other charges registered over the Zebbug Central Business Centre. The following charges were released by Banif Bank p.l.c. on the 23 December 2014: (i) I.4,976/2012 (hypothec); and (ii) I.5,136/2012 (hypothec).*

*The contractors engaged by the Issuer for the construction, development and/or finishing of the Properties, as the case may be, have waived all their privileged and hypothecary rights which they may have for the payment of the works carried out.”*