



COMPANY ANNOUNCEMENT

CENTRAL BUSINESS CENTRES P.L.C. (THE "COMPANY")

Company Announcement issued in terms of the Capital Markets Rules of the Malta Financial Services Authority

Quote

The Company announces that the Board of Directors has approved the Company's Half-Yearly Report for the period ended 30 June 2022 required in terms of the Capital Markets Rules. A copy of the Report is attached herewith and is also available on <http://centralbusinesscentres.com/Investors/Annual-Reports>

Unquote

A handwritten signature in black ink, appearing to read 'D. Cassar', written over a horizontal line.

Desiree Cassar

Company Secretary

15th July 2022

Central Business Centres p.l.c

Company Registration No.: C 65702

CENTRAL BUSINESS CENTRES p.l.c.

**Condensed Interim Financial Statements
for the period 1 January 2022 to 30 June 2022**

CENTRAL BUSINESS CENTRES p.l.c.
Condensed Interim Financial Statements - 30 June 2022

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INTERIM DIRECTORS' REPORT

This interim report is published in terms of the Malta Financial Services Authority Listing Rules Chapter 5 and the Prevention of Financial Markets Abuse Act 2005. The underlying accounting policies are the same as those adopted by Central Business Centres p.l.c. (the "Company") in its published annual report for the year ended 31 December 2021. The interim financial information included in this report has been extracted from the Company's unaudited accounts for the six months ended 30 June 2022, as approved by the Board of Directors on 15 July 2022 and are prepared in accordance with IAS 34 *Interim Financial Reporting*.

Principal activities

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

Results and dividends

The financial results are set out in the condensed interim statement of comprehensive income on page 6. The directors do not recommend the payment of dividends.

Review of the business

During the period under review, the Company leased offices/commercial/industrial areas in Zebbug, Gudja, St. Julian's and Valletta to third parties. As at 30 June 2022, all of the Business Centres were fully occupied with 57% and 33% occupancy at St. Julians and Valletta, respectively.

The profit for the period of €295,358 (2021: €481,320) is net of net finance costs of €650,525 (2021: €€310,887) which have been expensed during the year, and which relate to the apportionment of interest on Bonds in issue.

The Company's financial position at 30 June 2022 is set out on page 7. Management involvement in monitoring of restoration and development of the villa remains very close to ensure that costs are kept under scrutiny and for the property to align to the high-end specifications of Business Centres developed by the Company.

The Directors have assessed that the carrying value of the investment property as at 30 June 2022 is reasonable and not subject to indications of impairment. In the event that general economic conditions and property market conditions experience a downturn, this may have an adverse impact on the fair value of the Company's Investment Property. The directors have no intention of disposing of this property in the foreseeable future.

The main liability in the condensed interim statement of financial position relates to the €30 million (2021: €12 million) Bond in issue.

Directors

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

Mr. Joseph Cortis
Mr. Alfred Sladden
Mr. Joseph M Formosa
Dr. Petramay Attard Cortis
Ms. Adriana Cutajar
Ms. Crystielle Farrugia Cortis (appointed on 27 May 2022)

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - continued

Going concern statement pursuant to Listing Rule 5.62

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

Principal risks and uncertainties faced by the Company

The Company is subject to market and economic conditions generally

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

In view of the developments pertaining to the COVID-19 pandemic that began in March 2020, the directors have prepared budgets and projections to assess the impact that the pandemic may have on the profitability, liquidity and going concern of the Company. Based on the outcome of cash flow projections prepared by the Company which factor possible strain or rental steams and occupancy driven by the pandemic, the directors consider the going concern assumption in the preparation of the Company's financial statements as appropriate as at the date of authorisation for issue of the 2021 interim financial statements. They also believe that no material uncertainty that may cast significant doubt about the Company's ability to continue honouring liabilities as and when they fall due and to continue operating as a going concern for the next twelve months exists as at the date.

Risks associated with the property market

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

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

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

Share capital structure

The Company's authorised and issued share capital amounts to €250,000 divided into 250,000 Ordinary shares of €1.00 each. The share capital consists of one class of ordinary shares with equal voting rights attached. Transfer of shares are restricted within family members.

INTERIM DIRECTORS' REPORT - continued

Holding in Excess of 5% of the Share Capital

On the basis of the information available to the Company as at 30 June 2022, Petramay Attard Cortis, Joelle Cortis and Eman Cortis each hold 13,890 shares, whereas Claudia Borg, Alexia Camilleri Cortis, Adriana Camilleri, Tiziana Cortis, Crystielle Farrugia and Jeanelle Bonello Cortis each hold 20,833 shares. The cumulative share of these aforementioned shareholders is equivalent to 67% of the Company's issued share capital. The remaining 33% is also held by members of the Cortis family in individual portions of less than 5%.

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

Appointment and Replacement of Directors

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

Board Members Powers

The powers of the Board members are contained in Articles 54-69 of the Company's Articles of Association. The Articles of Association grant the Company the power to buy back its own shares in terms of the Maltese Companies Act (Cap. 386).

Contracts with Board Members and Employees

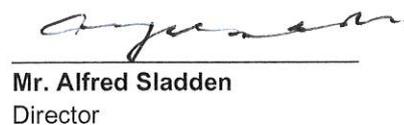
The Company has no contract with any of its Board members that include a severance payment clause. The Company had no employees during the period ended 30 June 2022.

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

This report was approved by the directors and duly signed by:



Mr. Joseph Cortis
CEO and Chairman



Mr. Alfred Sladden
Director

Registered office:
Cortis Buildings
Mdina Road
Zebbug ZBG 4211
Malta

15 July 2022

CENTRAL BUSINESS CENTRES p.l.c.
Condensed Interim Financial Statements - 30 June 2022

DIRECTORS' STATEMENT PURSUANT TO LISTING RULE 5.75.3

We hereby confirm that to the best of our knowledge:

- The condensed interim financial statements give a true and fair view of the financial position of the Company as at 30 June 2022 and of its financial performance and its cash flows for the six-month period then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) applicable to interim financial reporting (IAS 34 *Interim Financial Reporting*); and
- The Interim directors' report includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84, where applicable.

Signed on behalf of the Board of Directors on 15 July 2022:



Mr. Joseph Cortis
Director



Mr. Alfred Sladden
Director

CENTRAL BUSINESS CENTRES p.l.c.
Condensed Interim Financial Statements - 30 June 2022

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	01.01.2022	01.01.2021
	to	to
	30.06.2022	30.06.2021
	€	€
	(unaudited)	(unaudited)
Revenue	1,029,730	870,282
Administrative expenses	(123,222)	(78,075)
Operating profit	906,508	792,207
Finance costs	(650,525)	(310,887)
Finance costs capitalised within investment property	39,375	-
Net finance costs expensed	(611,150)	(310,887)
Profit for the period	295,358	481,320
Earnings per share	1.18	1.93

CENTRAL BUSINESS CENTRES p.l.c.
Condensed Interim Financial Statements - 30 June 2022

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	As at 30.06.2022 € (unaudited)	As at 31.12.2021 € (unaudited)
ASSETS		
Non-current assets		
Property, plant and equipment	186,627	178,307
Investment property	56,860,645	56,713,496
	<u>57,047,272</u>	<u>56,891,803</u>
Current assets		
Trade and other receivables	104,408	213,800
Cash and cash equivalents	1,475,544	1,053,035
	<u>1,579,952</u>	<u>1,266,835</u>
TOTAL ASSETS	<u>58,627,224</u>	<u>58,158,638</u>
EQUITY AND LIABILITIES		
Capital reserve		
Share capital	250,000	250,000
Capital reserve	16,100,000	16,100,000
Revaluation reserve	-	9,185,654
Accumulated profits (losses)	7,556,250	(1,924,762)
TOTAL EQUITY	<u>23,906,250</u>	<u>23,610,892</u>
Non-current liabilities		
Borrowings	29,607,107	29,587,332
Deferred tax liabilities	3,922,740	3,922,740
	<u>33,529,847</u>	<u>33,510,072</u>
Current liabilities		
Trade and other payables	815,735	877,048
Current tax payable	375,392	160,626
	<u>1,191,127</u>	<u>1,037,674</u>
TOTAL LIABILITIES	<u>34,720,974</u>	<u>34,547,746</u>
TOTAL EQUITY AND LIABILITIES	<u>58,627,224</u>	<u>58,158,638</u>

The condensed interim financial statements on pages 6 to 13 have been authorised for issue by the Board of Directors on 15 July 2022 and were signed on its behalf by:


Joseph Cortis
 CEO and Chairman


Alfred Sladden
 Director

CENTRAL BUSINESS CENTRES p.l.c.
Condensed Interim Financial Statements - 30 June 2022

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

	Share capital €	Capital reserve €	Revaluation reserve €	Accumulated profit (losses) €	Total €
Financial period ended 30 June 2021					
Balance at 1 January 2021	250,000	16,100,000	4,954,440	(1,088,531)	20,215,909
Total comprehensive income for the period:					
<i>Profit for the financial period</i>	-	-	-	481,320	481,320
Balance at 30 June 2021	250,000	16,100,000	4,954,440	(607,211)	20,697,229
Financial period ended 30 June 2022					
Balance at 1 January 2022	250,000	16,100,000	9,185,654	(1,924,762)	23,610,892
Total comprehensive income for the period:					
<i>Profit for the financial period</i>	-	-	-	295,358	295,358
Transfer of revaluation surplus on investment property, net of deferred tax	-	-	(9,185,654)	9,185,654	-
Balance at 30 June 2022	250,000	16,100,000	-	7,556,250	23,906,250

CENTRAL BUSINESS CENTRES p.l.c.
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CONDENSED INTERIM STATEMENT OF CASH FLOWS

	01.01.2022 to 30.06.2022 € (unaudited)	01.01.2021 to 30.06.2021 € (unaudited)
Cash from operating activities:		
Profit before tax	295,358	481,320
Adjustment for:		
Interest expense and amortisation of bond issue costs	611,150	310,887
Interest income	(169)	(66)
Depreciation charge	13,908	11,626
Profit from operations	920,247	803,767
Movements in trade and other receivables	109,392	(125,002)
Movements in trade and other payables	153,453	(290,590)
Cash from operating activities	1,183,092	388,175
Interest received	169	66
Net cash flows generated from operating activities	1,183,261	388,241
Cash flows from investing activities:		
Payments to acquire property, plant and equipment	(22,228)	(18,400)
Payments to acquire investment property	(147,149)	(409,959)
Net cash flows used in investing activities	(169,337)	(428,359)
Cash flows from financing activities:		
Interest paid	(591,375)	(303,850)
Net increase/(decrease) in cash and cash equivalents	422,509	(343,968)
Cash and cash equivalents at beginning of period	1,053,035	360,384
Cash and cash equivalents at end of period	1,475,544	16,416

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Central Business Centres p.l.c. (the "Company") is a public limited liability company domiciled and incorporated in Malta with its registered address at Cortis Group, Cortis Buildings, Mdina Road, Zebbug ZBG 4211, Malta.

The ownership of the Company's share capital and voting rights related to such holdings, are such that no particular individual or identifiable group of individuals could exercise ultimate control over the Company.

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

These condensed interim financial statements were approved for issue by the Board of Directors on 8 July 2022. These financial statements have not been audited nor reviewed by the Company's independent auditors.

The financial statements for the year ended 31 December 2021 are available upon request from the Company's registered office.

2. BASIS OF PREPARATION

The condensed interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

Assessment of going concern assumption

The directors have a reasonable expectation, at the time of approving the condensed interim financial statements, that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in the preparation of the condensed interim financial statements.

In view of the developments pertaining to the COVID-19 pandemic, the directors have prepared budgets and projections to assess the impact that the pandemic may have on the profitability, liquidity and going concern of the Company.

These events have a significant impact on the economy and given that a number of tenants may be in difficult financial circumstances, results expected to be registered during the financial year ending 31 December 2021 may be impacted with material adverse implications on the profitability, cash flows and financial position of the Company. Based on the outcome of cash flow projections prepared by the Company under a pessimistic scenario, factoring significant strain on rental rates and occupancy, the directors and senior management consider the going concern assumption in the preparation of the Company's financial statements as appropriate as at the date of authorisation for issue of the 2021 interim financial statements. They also believe that no material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern exists as at that date.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - continued

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2021, as described in those financial statements.

Standards, interpretations and amendments to published standards effective in 2022

During 2022, the Company adopted amendments to existing standards that are mandatory for the Company's accounting period beginning on 1 January 2022. The adoption of these revisions to the requirements of IFRS as adopted by the EU did not result in changes to the Company's accounting policies.

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

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these condensed interim financial statements, that are mandatory for the Company's accounting periods beginning after 1 January 2022. The Company has not early adopted these revisions to the requirements of IFRS as adopted by the EU and the Company's directors are of the opinion that there are no requirements that will have a possible significant impact on the Company's financial statements in the period of initial application.

4. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2021.

5. SIGNIFICANT JUDGMENTS AND CRITICAL ESTIMATION UNCERTAINTIES

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

In the opinion of the directors, the accounting estimates and judgments made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 *Presentation of Financial Statements*, except for the disclosures made under Note 2 - Basis of preparation, and the matter disclosed below:

Valuation of investment property

The Company reviews the valuation of the investment property on an annual basis. In 2021, management determined the fair value of the investment property by referring to the valuation reports prepared by third party qualified valuers. The Company adjusted the book value to its revalued amount and recognised the resultant surplus in the income statement. The directors have assessed that the valuation as at 31 December 2021 remains valid as at 30 June 2022.

Russia-Ukraine Conflict

Judgement has been exercised in considering the impacts that the Russia-Ukraine Conflict has had, or may have, on the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Company operates. The directors have assessed that there is neither any significant impact upon the financial statements nor any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Russia-Ukraine Conflict.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - continued

6. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors, responsible for making strategic decisions. The Board of Directors consider the Company to be made up of one segment, that is, raising financial resources from capital markets to finance the capital projects of the Company. All the Company's revenue and expenses are generated in Malta and revenue is mainly earned from the leasing of immovable property.

7. REVALUATION RESERVE

As at 30 June 2022, the Company transferred its revaluation reserve to retained earnings through the statement of changes in equity to provide reliable and more relevant information on the entity's financial position.

8. CAPITAL COMMITMENTS

As at 30 June 2022, the Company entered into capital commitments amounting to €250,000 (31 December 2021: €300,000).

9. EARNINGS PER SHARE

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

	30.06.2022	30.06.2021
	€	€
Earnings per share	<u>1.18</u>	<u>1.93</u>

10. RELATED PARTY TRANSACTIONS

The companies forming part of the Cortis Group are considered by the directors to be related parties as these companies are ultimately owned by the Cortis Family.

The following transactions were carried out with related parties:

	30.06.2022	30.06.2021
	€	€
Administration and management fees paid	<u>(21,679)</u>	<u>(26,592)</u>

The transactions with related parties are interest free and repayable on demand.

The CEO was paid in fees amounting to €15,000 (2021: €15,000) and other directors were paid fees amounting to €6,210 (2021: €6,000).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - continued

11. INTEREST BEARING BORROWINGS

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

The net proceeds have been used to acquire the Zebbug, St. Julian's and Gudja Central Business Centres to finance the demolition and excavation works of the St. Julian's Central Business Centre as well as to finish the works on the Gudja Central Business Centre.

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

On 7 July 2017, the Company issued a Prospectus for the issue of a 10,000,000 bond, having a nominal value of €1 each. The first tranche of the bond amounting to €6,000,000 was issued on 12 June 2017 and was fully subscribed. On 4 May 2018, it was resolved by the directors that the Company will no longer proceed with the issuance of the second tranche of the bond amounting to €4,000,000.

Interest on the bond issued is payable annually in arrears on 7 July of each year, the first payment was made on 7 July 2018. The net proceeds were utilised to acquire the new Zebbug site.

On 24 September 2021, the Company issued a Prospectus for the issue of a 210,000 Bond having a nominal value of €100 each. The Bond was issued in one tranche amounting to €21,000,000 on 10 November 2021 and was fully subscribed. Interest on the bonds issued is payable annually in arrears on 10 November of each year, the first payment will be on 10 November 2022. The net proceeds were utilised to acquire the Savoy in Valletta.

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

12. CONTINGENT LIABILITIES

In 2021, the Company was involved in one ongoing legal claim amounting to less than €120,000 which is being repudiated. The Board of Directors, based on legal advice obtained, does not expect any financial losses to be incurred from such claims, and have consequently not made any provisions in that regard.

Moreover, the Company has provided a guarantee of €77,290 in favour of a third party.