

BDPH 11/2019

COMPANY ANNOUNCEMENT

The following is a company announcement issued by Best Deal Properties Holding P.L.C. (C 88974) (hereinafter the “Company”) pursuant to Rule 4.11.12 of the Prospectus Rules (the “Prospectus Rules”)

QUOTE

The Company refers to the obligation which Prospectus MTF Companies are subject to in terms of Rule 4.11.03 and Rule 4.11.12 relating to the publication of the twelve-month financial information as defined in Table 1 paragraph 3 and specifically the publication and dissemination via an announcement of Financial Sustainability Forecasts including management assumptions thereon (“FSFs”). The below copy of the FSFs, as approved by the Board of Directors, is based on the following assumptions:

Revenue

The Best Deal Group (Best Deal Properties Holding plc, Best Deal Developments Limited, Elite Developments Limited, PJCE Properties Limited) revenue for the twelve months ending 31 December 2020 is expected to total €18.1 million and is based on income derived from the sale of apartments, maisonettes and penthouses situated in Blue Moon Court, Mellieha development and Zabbar development.

The revenue projections for Blue Moon Court and the Zabbar development are primarily based on signed promise of sale agreements already in hand, whilst the revenue projections for the Mellieha development are mostly based on the expected progress on the development and the projected underlying market conditions.

Sales in FY2020 are expected to be €6.2 million higher than the original projections issued in the Company Admission Document dated 21 August 2019 (‘the Original Projections’) due to the deferral of sales in the Blue Moon Court by six months, from Q4 2019 to the first half of FY2020. Furthermore, the Group has shifted the timings of its developments, which inherently has affected the projected sales, and will be focusing on the Mellieha and Zabbar development in FY2020 rather than Pembroke development as set out in the Original Projections.

Direct costs

Direct costs principally include the acquisition of the sites on which the residential units are being developed, stamp duty, permit expenses, development costs (including construction, mechanical and electrical, and finishing costs), insurance costs, professional fees relating to the acquisition and development of the sites, and commissions, if any, paid to real estate agents. Included in the direct costs is the interest expense which is directly related to the acquisition and/or development of the sites.

Direct costs have been revised upwards when compared to the Original Projections due to the deferral of the Blue Moon Sales and higher excavation, demolition and construction costs experienced in the construction industry. Furthermore, due to the shift in timings in the developments, gross profit margin is expected to decrease to 25.6% (29.9% as per Original Projections), as the Zabbar development is expected to generate lower margins when compared to the Pembroke development.

Administrative expenses

Administrative expenses consist primarily of directors' fees, marketing costs, professional fees, and ongoing listing costs. Administrative expenses are based on historical trends and assumed to increase in line with inflation.

Finance costs

Finance costs relate primarily to interest on the Group's bank borrowings which are not allocated to a particular development, and hence not classified under Direct Costs.

Taxation

Current taxation is based on an 8% final withholding tax of the net selling value and 35% of profits derived from finishing works.

Working capital

The Group's working capital mainly comprises of the net impact of trade and other receivables together with trade and other payables. Current and trade payables include amounts relating to (i) deposits which have been received upon signing of promise of sale agreements; (ii) credit terms offered by suppliers for the development and finishing of the residential units; and (iii) accrued interest.

Projected consolidated income statement for the year ending 31 December

€'000	2020
Revenue	18,084
Cost of sales	(13,449)
Gross profit	4,635
Administration expenses	(703)
Operating profit	3,931
Finance costs	(71)
Amortisation	(67)
Profit before tax	3,794
Taxation	(1,488)
Net profit	2,306

Projected consolidated statement of financial position as at 31 December

€'000	2020
ASSETS	
Non current assets	
Property, plant and equipment	1
Sinking fund	2,015
Total non-current assets	2,016
Current assets	
Inventory (work in progress)	24,558
Trade and other receivables: Amounts owed by the shareholders	15
Trade and other receivables: Amounts owed by related companies	-
Other debtors	9
Prepayment and accrued income	19
Cash and cash equivalents	2,551
Total current assets	27,152
Total assets	29,169
EQUITY & LIABILITIES	
Equity	
Share capital	313
Share premium	938
Shareholders' loans	3,525
Retained earnings	2,080
Total equity	6,855
Liabilities	
Non current liabilities	
Bond	15,739
Bank borrowings	2,488
Total non-current liabilities	18,227
Current liabilities	
Trade payables (VAT on WIP)	33
Other creditors: Deposits	2,548
Accruals and deferred income	1,479
Current tax liabilities	19
Other taxes	8
Total current liabilities	4,087
Total liabilities	22,314
Total equity and liabilities	29,169

Projected consolidated statement of cash flows for the year ending 31 December

€'000	2020
Operating activities	
Operating profit	3,931
Changes in working capital:	
Movement in WIP	1,137
Movement in trade and other receivables	(6)
Movement in deposits	495
Movement in trade and other payables	937
Operating profit after movement in working capital	6,494
Interest expense	(71)
Movement in tax liabilities	(1,488)
Net cash generated from/(used in) operating activities	4,935
Financing activities	
Movement in bank borrowings	(1,913)
Movement in bond	(0)
Transfer to/(from) sinking fund reserve	(2,015)
Net cash generated from/(used in) financing activities	(3,928)
Net movement in cash and cash equivalents	1,006
Opening cash balance	1,544
Closing cash balance	2,551

UNQUOTE

By order of the Board.



Dr Roderick Zammit Pace
Company Secretary

20 December 2019