

BDPH 38/2021

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 Prospects Rules.*

QUOTE

The Company refers to the obligation which Prospects 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 by means of a company 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 revenue for the twelve months ending 31 December 2021 of the Group (made up of Best Deal Properties Holding plc, Best Deal Developments Limited, Elite Developments Limited, PJCE Properties Limited) is expected to amount to €18.9 million. Projected revenue is expected to be generated from the sale of apartments, maisonettes and penthouses located in five different sites – Blue Moon Court, Garnet Court, the Pembroke development, the Mellieha development and the Zabbar development. The Group holds promise of sale agreements (“**POSS**”) for the vast majority of the sales being projected. However, the significant delays experienced in closing contracts of sales due to COVID-19 measures introduced by Banks is expected to impact the rate at which these POSSs are converted into finalised sales by end of year.

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 that is directly related to the acquisition and, or development of the sites.

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 are 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 a reduced final withholding tax of 5% of the net selling value, per Legal Notice 240, applicable up until 31 December 2021. Profits derived from finishing works are taxed at 35%.

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.

Ongoing works

During the financial period ending 31 December 2020, the Group had five developments in progress – Blue Moon Court, Garnet Court and the developments in Zabbar, Pembroke and Mellieha. Works on the Blue Moon project were finalized during 2020, while works on Garnet Court were completed by March 2021.

Movement in bank borrowings and outstanding bond

In line with Section 5.8 of the Company's Prospectus dated 3 December 2018, the Company may at any time purchase back the secured bonds in the open market or otherwise at any price. During the financial year ended 31 December 2020, the company repurchased a total of 716,800 of its 4.25% secured bonds from its bondholders.

During 2021, the Company will be repaying bank borrowings of €2.7 million. Bank loans of €2.0 million will be settled in full, upon the conclusion of sales contracts related to the development project in Mqabba. Further outstanding bank borrowings of €0.7 million will be settled through the sales proceeds of the Zabbar project.

The bond repurchasing programme and the repayment of the outstanding bank borrowings will result in a positive impact on the gearing level of the Company, as it gradually reduces its operations' dependency on external financing. The gearing ratio is expected to drop from 81.7% in the financial period ending 31 December 2020 to 61.3% in the financial period ending 31 December 2021.

Projected consolidated income statement for the year ending 31 December

€	2021
Revenue	18,880,660
Cost of sales	(14,095,222)
Gross profit	4,785,438
Administrative expenses	(703,629)
Operating profit	4,081,809
Depreciation and amortisation	(66,982)
Interest payable	(222,115)
Interest receivable	-
Profit/(Loss) before tax	3,792,712
Corporation tax	(959,732)
Net Profit	2,832,979

Projected consolidated statement of financial position as at 31 December

€	2021
ASSETS	
Non current assets	
Property, plant and equipment	760
Goodwill	43,367
Deferred tax assets	116,819
Sinking fund reserve	3,323,347
	3,484,293
Current assets	
Inventory (work in progress)	18,651,944
Amounts owed by related companies	42,123
Trade and other receivables	225,768
Cash and cash equivalents	1,122,953
	20,042,788
Total assets	23,527,080
EQUITY AND LIABILITIES	
Equity	
Share capital	312,500
Share premium	937,500
Other equity	2,324,750
Retained earnings	3,386,113
Total equity	6,960,863
Non-current liabilities	
16,000,000 4.25% Secured Bonds 2024	13,588,237
Shareholders' loan	1,200,000
	14,788,237
Current liabilities	
Trade payables	49,289
Client deposits	142,400
Accruals and deferred income	806,291
Bank overdraft	-
Amounts owed to related parties	-
Current income tax liabilities	-
Bank borrowings	780,000
	1,777,980
Total liabilities	16,566,217
Total equity and liabilities	23,527,080

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

€	2021
Operating activities	
Operating profit after movement in working capital	8,610,764
Interest expenses	(222,115)
Tax payments	(985,164)
Net cash generated from/ (used in) operating activities	7,403,485
Investing activities	
Movement in related party balances	(62,414)
Release from/(transfer to) sinking fund reserve	(2,447,915)
Movement in non-current assets	253
Net cash generated from/ (used in) investing activities	(2,510,076)
Financing activities	
Movement in bank loans	(2,731,922)
Movement in bond	(1,500,588)
Net cash generated from/ (used in) financing activities	(4,232,510)
Net movement in cash and cash equivalents	660,899
Opening cash balance	462,054
Closing cash balance	1,122,953

UNQUOTE

By order of the Board.



Dr Stephanie Shaw
Company Secretary

30 April 2021