Financial Analysis Summary

6 May 2022

Issuer

Best Deal Properties Holding p.l.c. (C 88974)

Guarantor

Best Deal Developments Limited (C 89191)

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The Directors
Best Deal Properties Holding p.l.c.
63 J.L. Buildings, Office 5,
Luqa Road,
Paola, PLA 9045,
Malta

6 May 2022

Dear Directors

Financial Analysis Summary

In accordance with your instructions, and in line with the requirements of the MFSA Listing Policies, we have compiled the Financial Analysis Summary (the "**Analysis**") set out in 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 Best Deal Properties Holding p.l.c. (the "**Issuer**" or "**Company**" or "**BDP Group**" or "**Group**") and Best Deal Developments Limited (the "**Guarantor**"). The data is derived from various sources or is based on our own computations as follows:

(a) Historical financial data for the period 23 October 2018 to 31 December 2019 and for the years ended 31 December 2020 and 31 December 2021 has been extracted from the audited consolidated financial statements of the Issuer.

(b) The projected consolidated financial data relating to the Issuer for the year ending 31 December 2022 has been provided by management.

(c) Our commentary on the results of BDP Group and on its financial position is based on the explanations provided by management.

(d) The ratios quoted in the Analysis have been computed by us applying the definitions set out in Part 4 of the Analysis.

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(e) Relevant financial data in respect of the companies included in Part 3 has been extracted from public sources such as websites of the companies concerned, financial statements filed with the Registrar of Companies or websites providing financial data.

The Analysis is meant to assist investors in the Issuer's securities and potential investors by summarising the more important financial data of BDP 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 independent professional financial advice before investing in the Issuer's securities.

Yours faithfully,

Evan Mohnani
Senior Financial Advisor

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PART 1 – INFORMATION ABOUT THE BDP GROUP

1. HISTORY AND PRINCIPAL ACTIVITIES OF BDP GROUP

Best Deal Properties Holding p.l.c. (the "**Company**") was established on 23 October 2018 as the parent company of the BDP Group. Its principal activity is to act as a holding company and to raise finance and advance such financing to its subsidiaries. The BDP Group is engaged in property development of residential units and sale of such units.

In December 2018, BDP Group raised €16 million through the issue of secured debt securities for the purposes of acquiring three sites in Zabbar, Mellieha and Pembroke and developing thereon the following three projects:

(i) **Zabbar Development** - the construction, development and finishing over the site known as Il-Wilga tal-Imniegel, measuring approximately 4,149m^2, of 24 maisonettes, 81 apartments and 22 penthouses, spread over nine blocks and 198 underlying garages;

(ii) **Mellieha Development** - the construction, development and finishing over the site known as Tal-Hawlija, Ta' Masrija and Tas-Salib, measuring in aggregate approximately 1,249m^2, of 3 maisonettes, 39 apartments and 7 overlying penthouses, as well as 50 underlying garages;

(iii) **Pembroke Development** – the construction, development and finishing over the corner site situated at 102 and 103 in Triq Mediterran c/w Triq Gabriele Henin, Pembroke, having a footprint measuring approximately 380m^2, of 2 maisonettes, 4 three-bedroomed apartments, 2 penthouses and 6 underlying garages.

On 30 October 2019, the Group raised further equity from a new investor – C Developments Limited, which acquired 20% of the Company through an offer for subscription of 625,000 new ordinary shares of a nominal value of €0.10 each at a share issue price of €1.60, in terms of a Company Admission Document dated 21 August 2019. The new ordinary shares, together with the 2,500,000 existing ordinary shares of the Company were admitted to Prospects MTF.

Moreover, C Developments Limited advanced to the Company an amount of €1,200,000 to further assist BDP Group with ongoing working capital requirements.

Each project undertaken by the Group post-Bond Issue is promoted through the Best Deal Properties brand, which is operated by Best Deal Properties Limited, a company external to the BDP Group and equally owned by Christopher Attard and Erskine Vella. In terms of a services agreement dated 1 November 2018, between Best Deal Properties Limited (the "**Service Provider**") and Best Deal Developments Limited (the "**Guarantor**"), the Service Provider shall charge an aggregate fixed fee of €60,000 for the provision of marketing services (including services rendered by the sales team and advertising expenses) in relation to the Zabbar, Mellieha and Pembroke Developments. Furthermore, an administration fee of €1,500 for each unit (excluding garages) forming part of the Zabbar, Mellieha and Pembroke developments shall be due by the Guarantor to Best Deal Properties Limited for support services in connection with the Group's business operations.

2. DIRECTORS AND MANAGEMENT STRUCTURE

2.1 DIRECTORS OF THE ISSUER

The Company's governance principally lies in its Board of Directors, responsible for the general governance of the Company and to set its strategic aims, for its proper administration and management and for the general supervision of its affairs. Its responsibilities include the oversight of the Company's internal control procedures and financial performance, and the review of the Company's business risks, thus ensuring such risks are adequately identified, evaluated, managed and minimised. The Board members of the Company as at the date of this report are included hereunder:

Christopher Attard	Executive Director
Pierre Bartolo	Executive Director
Robert Buttigieg	Executive Director
Erskine Vella	Executive Director
David Basile	Executive Director
James Bullock	Non-Executive Director
Mario P. Galea	Independent Non-Executive Director
Maria Carmela k/a Marlene Seychell	Independent Non-Executive Director

2.2 DIRECTORS OF THE GUARANTOR

A board of four directors (listed below) is entrusted with the Guarantor's day-to-day management and is responsible for the execution of the Guarantor's investments and the funding thereof and awarding of project contracts for the development of the Guarantor's properties.

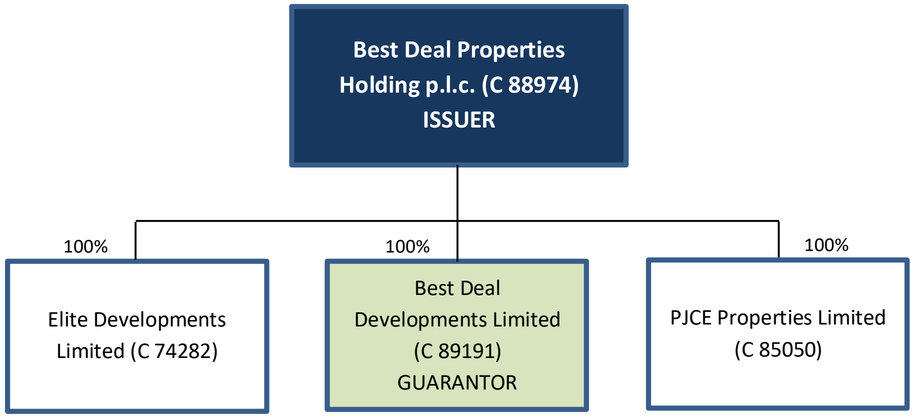
Christopher Attard	Director
Pierre Bartolo	Director
Robert Buttigieg	Director
Erskine Vella	Director

2.3 EMPLOYEES AND MANAGEMENT STRUCTURE

The Issuer and Guarantor have no employees and are managed directly by their respective board of directors. In managing each project, the directors of the Guarantor are supported by a number of external consultants who are appointed as required.

3. ORGANISATIONAL STRUCTURE

The diagram hereunder illustrates the organisational structure of the BDP Group.



The principal object of the Issuer is that of a holding company. As such, the Issuer is mainly dependent on the business prospects of its operating subsidiaries.

Elite Developments Limited has been involved in the construction and development of two residential projects - Crystal Court and Blue Moon Court, both of which are located in Marsascala. PJCE Properties Limited has been involved in the construction and development of Garnet Court situated in Mqabba. These projects are fully completed and described in section 4 below.

At present, the Guarantor is developing the Zabbar Development, Mellieha Development and Pembroke Development. The afore-stated projects are further described in section 5 below.

4. COMPLETED PROJECTS

4.1 CRYSTAL COURT - MARSASCALA

Elite Developments Ltd embarked on developing Crystal Court in June 2016, when it acquired the land situated at Triq Salvu Buhagiar c/w Triq il-Gemmugha c/w Triq il-Qrempuc, Marsascala, which area is located on the outskirts of Marsascala overlooking The Family Park.

Construction and development of the above-mentioned property is complete and includes two blocks comprising 5 maisonettes at ground floor, 7 two-bedroomed apartments, 11 three-bedroomed apartments, 2 three-bedroomed penthouses and 30 underlying garages. The total cost (including land acquisition) of Crystal Court amounted to *circa* €3.7 million. The expenditure was financed principally through €1.5 million of the Group's own funds and a bank loan of €1.9 million. All the units and garages were sold in FY2018 and FY2019, except for 1 garage which was sold in FY2020.

4.2 BLUE MOON COURT - MARSASCALA

In 2017, Elite Developments Limited acquired a second property situated in Triq il-Grigal c/w Triq is-Sajjieda, Marsascala, and initiated construction of two blocks consisting of 5 maisonettes at ground floor level, 15 three-bedroomed apartments, 3 penthouses and 19 underlying garages. The total cost, including acquisition of the *circa* 950m^2 site and completion of the project, amounted to €5.5 million, which was financed through a bank loan of €3.1 million and the remaining balance from own funds.

All the units and garages were sold in FY2020 for the aggregate amount of €6.8 million, except for 1 residential unit and 1 garage which were sold in FY2021.

4.3 GARNET COURT - MQABBA

In March 2018, PJCE Properties Limited acquired the legal title of two portions of land for the amount of €1.8 million, measuring *circa* 978m^2 and situated in Triq il-Familja Brancati, Mqabba. On 30 October 2018, the company purchased another plot of land of *circa* 200m^2, which is adjacent to the afore-mentioned property, for the amount of €162,000. The plots are located on the boundary of development in Mqabba and facing a green area.

Development of the Garnet Court is fully completed. The said project comprises 2 maisonettes at ground floor level, 23 three-bedroomed apartments, 3 penthouses and 33 underlying garages. Save for 2 residential units and 1 garage, all residential units and garages were sold in FY2021 for an aggregate consideration of €6.9 million. PJCE Properties Limited expects to sell the remaining stock in FY2022.

5. WORKS IN PROGRESS

5.1 ZABBAR DEVELOPMENT

The site measures *circa* 4,149m^2 and is situated in Triq Ta' Lanza c/w New Street in Triq il-Kahwiela c/w Triq il-Kahwiela, Zabbar and positioned on three roads. The project comprises the construction of nine blocks consisting of 24 maisonettes, 81 apartments (spread on three floors) and 22 penthouses and 198 underlying garages. Four of the afore-mentioned nine blocks enjoy open country views from the front terraces as they face a green area.

Development of the project commenced in January 2019 and as at 31 December 2021, construction works were 100% completed, while finishings are expected to be completed in 2022. The Zabbar Development is being financed from Bond Issue proceeds, cash flows generated from unit sales of other projects of the Group and cash flows from sales of units generated from the initial phases of this project.

By 31 December 2021, the Group had completed the sale of 68 residential units while 30 residential units were subject to promise of sale agreements (representing 77% of aggregate inventory). As such, 29 units were included in stock and available for sale.

5.2 MELLIEHA DEVELOPMENT

The plot of land measuring *circa* 1,249m^2 is located in Triq Ta' Masrija and New Street off Triq il-Mithna L-Qadima, Mellieha, with full development permit in hand. Development of the Mellieha Development was 90% constructed as at 31 December 2021 and is split in three blocks and will have 2 levels of garages (50 garages) and 3 maisonettes at ground floor level, 39 apartments spread over 5 floor levels and 7 penthouses. On completion, the units will comprise a mix of one-bedroomed, two-bedroomed and three-bedroomed apartments and panoramic views will be visible from the sixth and seventh levels.

Full completion of the project is scheduled for 2023 and is principally being financed from Bond Issue proceeds, revenue generated from the Mellieha Development and other sources of funds of the BDP Group.

Sale of units from the Mellieha Development are expected to generate *circa* €15.4 million in total revenue. As at 31 December 2021, 14 residential units (being 29% of total inventory) were subject to promise of sale agreements.

5.3 PEMBROKE DEVELOPMENT

The property comprises a corner plot of land with unobstructed sea and country views situated in Triq il-Mediterran c/w Triq Gabriele Henin, Pembroke. The acquisition cost (excluding deposits already settled) of *circa* €1.6 million was funded out of Bond Issue proceeds as to €1.1 million and the balance of €0.5 million was settled in kind, through the assignment of a penthouse at Blue Moon Court.

Development works are underway for the construction of 6 garages, 2 maisonettes, 4 three-bedroomed apartments and 2 three-bedroomed duplex penthouses and will be completed during 2022. As at 31 December 2021, construction works were 100% completed while finishings were at the 50% stage.

The BDP Group expects to generate aggregate revenues of *circa* €4.8 million from the Pembroke project. In FY2021, the Group sold 3 residential units while 2 units were subject to promise of sale agreements at year end.

6. SECURITY AND THE RESERVE ACCOUNT

6.1 SECURITY

At the time of issuance of the Bonds, the Company had granted to the Security Trustee, for the benefit and in the interest of Bondholders, a first ranking general hypothec over all its assets present and future.

Furthermore, the Guarantor agreed to jointly and severally guarantee the punctual performance by the Company of the Bond obligations by entering into the Guarantee. The Guarantor has agreed to further support the joint and several guarantee under the Guarantee by virtue of, *inter alia,* a first ranking general hypothec over all its assets present and future; a first ranking special hypothec over the land on which each of the Pembroke Development, Mellieha Development and Zabbar Development is to be developed together with all and any constructions to be developed thereon; and a contract for the preservation of the special privilege in accordance with the provisions of article 2010(c) of the Civil Code (Chapter 16 of the laws of Malta).

In order to further protect the Security Interests of the Security Trustee for the benefit of Bondholders and to preserve their ranking over the assets of the Company and Guarantor, each principal contractor shall irrevocably renounce to its right to register a special privilege in terms of article 2010(b) of the Civil Code (Chapter 16 of the laws of Malta). In addition, each contractor shall covenant that it shall only be allowed to subcontract to other subcontractors on condition that a similar waiver of rights is documented.

Furthermore, the Guarantor shall take out an insurance policy in relation to the hypothecated property and pledge such policy in favour of the Security Trustee.

6.2 RELEASING SECURITY AND THE RESERVE ACCOUNT

All sales of residential units and garage spaces forming part of the Hypothecated Property (listed in section 6.1 above) are expected to be executed on the basis that units are sold free and unencumbered, and accordingly released of all hypothecary rights and privileges encumbering those units. For this purpose, the Security Trustee is authorised and empowered, pursuant to the Trust Deed, to release individual units of the Hypothecated Property from the Security Interest encumbering such unit/s upon receipt by it from the Company or Guarantor or from a prospective purchaser of a fixed portion of the purchase price of each residential unit.

All amounts received by the Security Trustee from the sales proceeds of units, forming part of the Hypothecated Property, shall be credited to the Reserve Account and shall be retained for the purpose of redeeming the Bonds on maturity. In the absence of unforeseen circumstances and subject to there being no material adverse changes in circumstances, the directors of the Company are of the view that the percentages available for cash flows that shall be credited to the Reserve Account will be sufficient to cover the redemption of the outstanding Bonds on maturity.

7. ECONOMIC AND SECTOR ANALYSIS

7.1 ECONOMIC UPDATE

Real GDP growth in Malta is estimated to have rebounded strongly to 5.9% in 2021 after a considerable decline (-8.2%) in 2020. Growth was driven by the strong performance in the first three quarters of the year, when the improvement of the public health situation in Malta allowed for a significant relaxation of restriction measures. Improved business and consumer sentiment, as well as a recovery in tourism supported the economy. Growth is estimated to have been negative in the last quarter of 2021 and to remain muted in the first quarter of 2022, affected by the surge in infections in late 2021, the tightening of restrictions, low tourist numbers, continued disruptions in global value chains and negative effects of price increases in shipping and transport.

In the course of 2022, growth is expected to pick up again as domestic demand recovers, supported also by the implementation of the Recovery and Resilience Plan[1]. Prior to Russia's invasion of Ukraine on 24 February 2022, real GDP was forecasted to grow by 6.0% in 2022 and 5.0% in 2023. Malta was expected to reach pre-pandemic levels of economic activity around mid-2022.[2]

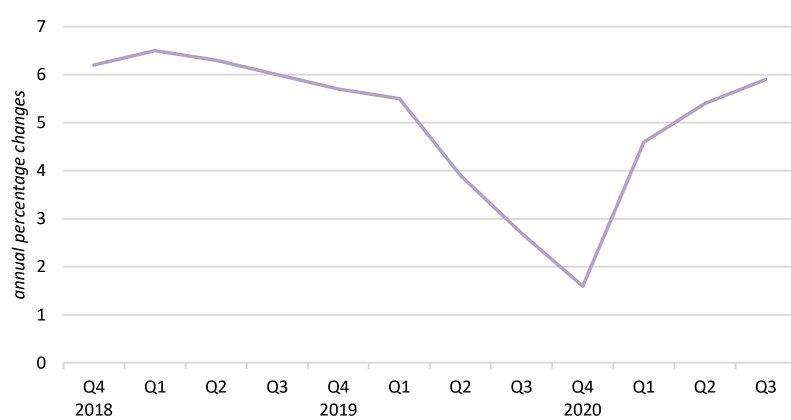
The war in Ukraine has created a new negative supply shock for the world economy, just when some of the supply-chain challenges seen since the beginning of the pandemic appeared to be starting to fade. The effects of the war will operate through many different channels and are likely to evolve if the conflict deepens further. In some respects, the direct role of Russia and Ukraine in the global economy is small. However, both countries are large producers and exporters of key food items, minerals and energy. The prices of many of these commodities have increased sharply since the onset of the war, even in the absence of any significant disruption of production or export volumes.

The authorities in Malta have expressed a commitment to continue to limit energy prices growth in 2022. Nonetheless, the increase in food, transport and imported goods prices and a gradual recovery in the tourism and hospitality sectors are set to drive up price pressures in 2022.

7.2 PROPERTY MARKET

The Property Price Index (PPI) – which is based on actual transactions involving apartments, maisonettes and terraced houses – continued to increase in annual terms. The annual rate of change reached 5.9% in the third quarter of 2021, up from 5.4% in the previous quarter (see chart below). Nevertheless, house price inflation in Malta remained below that in the euro area where prices increased at an annual rate of 8.8%. Notwithstanding the acceleration in the third quarter of 2021, house price inflation remains close to that recorded in the years before the pandemic.

Movements in Residential Property Prices



Source: Eurostat

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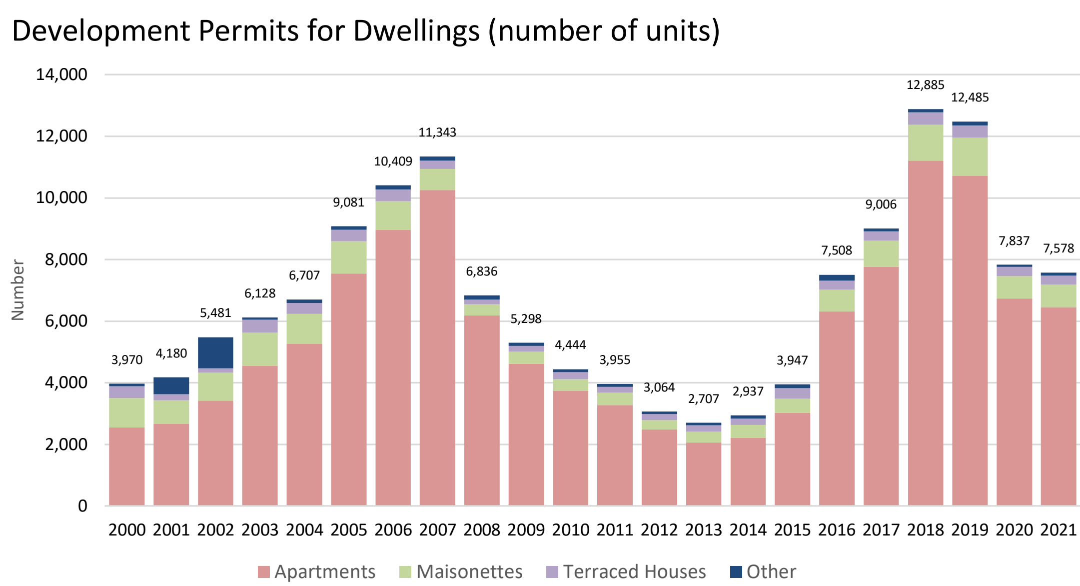
[1] The Recovery and Resilience Facility will make €672.5 billion in loans and grants available to support reforms and investments undertaken by Member States. The aim is to mitigate the economic and social impact of the coronavirus pandemic and make European economies and societies more sustainable, resilient and better prepared for the challenges and opportunities of the green and digital transitions.

[2] European Economic Forecast – Winter 2022 (European Commission Institutional Paper 169 Feb'22)

From a shorter-term perspective, residential property prices seem to have returned to a growth trend following the sharp slowdown during the initial stages of the pandemic. Residential property prices continue to be supported by numerous factors including the low-interest rate environment that makes property more attractive as an investment as well as the Government's schemes related to the property market. Property prices were also supported by the enhancement of government support in response to the pandemic such as lower property tax rate and stamp duty to eligible transfers of immovable property. In particular, the property tax and stamp duty on the first €400,000 of the value of the transfer were reduced to 5.0% and 1.5% respectively. These measures were initially intended for final transfers made before 1 April 2021 but were later extended. Moreover, Budget 2021 extended or introduced more favourable terms on several schemes supporting the property market that were in place before the pandemic.[3]

In 2021, the number of final deeds of sale relating to residential property amounted to 14,349 compared to 11,057 deeds in 2020 (+30%). The value of deeds completed in 2021 amounted to €3,120.3 million, an increase of 47% when compared to the prior year (2020: €2,125.7 million).[4]

The number of permits issued in 2021 for the construction of residential dwellings amounted to 4,956 permits, compared to 4,938 permits in the prior year, for the development of 7,578 residential units (2020: 7,837 residential units). As shown in the below chart, the number of units in 2021 (7,578) reflects a decrease of 41% from the all-time high of 12,885 units in 2018.



Source: Central Bank of Malta

[3] Central Bank of Malta Quarterly Review – 2022 Vol. 55 No. 1
[4] National Statistics Office Malta – News Release 006/2022

PART 2 – BDP GROUP PERFORMANCE REVIEW

8. FINANCIAL HIGHLIGHTS

The following financial information is extracted from the audited consolidated financial statements of the Issuer for the period 23 October 2018 to 31 December 2019 and for the years ended 31 December 2020 and 31 December 2021. The projected consolidated financial information for the year ending 31 December 2022 of BDP Group has been provided by management of the Issuer.

The projected financial statements relate to events in the future and are based on assumptions which BDP Group believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

Notwithstanding the difficulties posed from the outbreak of COVID-19, the Group continued to operate profitably and is expected to continue to operate in line with the current business plan. In any case, the Directors shall continue to assess the developing situation with respect to the pandemic and its effects on the business.

Furthermore, the Directors are monitoring closely inflationary risks resulting from the conflict in Ukraine. The Group is not expected to be negatively impacted by the said conflict since the Group's trading and sales are all locally based. However, management together with the Directors, continue to actively monitor all developments taking place internationally in order to take any action that might be necessary in the eventuality that developments in the conflict start to impact the Group’s turnover and business activity.

The Group is nevertheless expected to be negatively impacted in the short to medium term due to a general increase in costs, which could in turn impact costs directly related to the construction and property sector in Malta.

Best Deal Properties Holding plc Condensed Consolidated Income Statement for the years ending 31 December	2019 14 months Audited €'000	2020 12 months Audited €'000	2021 12 months Audited €'000	2022 12 months Projection €'000
Revenue	883	10,952	20,060	18,759
Cost of sales	(764)	(8,760)	(15,603)	(14,938)
Administrative expenses	(620)	(712)	(595)	(268)
EBITDA	**(501)**	**1,480**	**3,862**	**3,553**
Depreciation and amortisation	(73)	(67)	(67)	(67)
Finance income	-	4	30	-
Finance costs	(28)	(104)	(152)	(30)
Gain on bargain purchase	515	-	-	-
Profit/(loss) before tax	**(87)**	**1,313**	**3,673**	**3,456**
Taxation	(38)	(551)	(908)	(1,035)
Profit/(loss) for the year	**(125)**	**762**	**2,765**	**2,421**

Best Deal Properties Holding plc Earnings before interest, taxation, depreciation & amortisation (EBITDA) for the years ending 31 December	2019 14 months Audited €'000	2020 12 months Audited €'000	2021 12 months Audited €'000	2022 12 months Projection €'000
EBITDA has been calculated as follows:				
Operating profit/(loss)	(574)	1,413	3,795	3,486
Adjustment:				
Depreciation and amortisation	73	67	67	67
EBITDA	**(501)**	**1,480**	**3,862**	**3,553**

Key Accounting Ratios	2019 14 months Audited	2020 12 months Audited	2021 12 months Audited	2022 12 months Projection
Operating profit margin *(EBITDA/revenue)*	-57%	14%	19%	19%
Net profit margin *(Profit after tax/revenue)*	-14%	7%	14%	13%
Earnings per share (€) *(Profit after tax/number of shares)*	-0.04	0.24	0.88	0.77
Return on equity *(Profit after tax/shareholders' equity)*	-4%	18%	40%	27%
Return on capital employed *(EBITDA/total assets less current liabilities)*	-2%	7%	18%	18%
Return on assets *(Profit after tax/total assets)*	0%	3%	11%	12%

Source: MZ Investment Services Limited

In FY2020, BDP Group generated revenue of €11.0 million, principally from the sale of units in Blue Moon Court (€6.8 million) and the Zabbar development (€4.0 million). EBITDA margin in FY2020 was at 14% and EBITDA amounted to €1.5 million. Overall, the Group reported a net profit after tax of €0.8 million and thereby registered a net profit margin of 7%.

In FY2021, BDP Group generated revenue amounting to €20.1 million compared to €11.0 million in FY2020 (+83%). Approximately 57% of revenue was derived from sales of units forming part of the Zabbar Development and *circa* 34% from Garnet Court. Operating profit for the year amounted to €3.9 million, an increase of €2.4 million from a year earlier, and total comprehensive income amounted to €2.8 million (FY2020: €0.8 million).

Operating profit margin improved from 14% in FY2020 to 19% in FY2021, while net profit margin increased from 7% in FY2020 to 14%. The efficiency ratios being a measure of a company's ability to use one's assets to generate income have also increased year-on-year. In fact, return on equity increased from 18% to 40% in FY2021, return on capital employed improved by 11 percentage points to 18% while return on assets increased from 3% in FY2020 to 11%.

In FY2022, BDP Group is projected to generate revenue of €18.8 million mainly from the sale of units forming part of the Zabbar Development and Mellieha Development (92%). The Group holds promise of sale agreements for the vast majority of the sales being projected. As such, net profit after tax is expected to amount to €2.4 million compared to €2.8 million registered in the prior year.

For the projected year, BDP Group expects to maintain a y-o-y stable operating profit margin (at 19%), net profit margin (at 13%) and return on capital employed (at 18%).

Best Deal Properties Holding plc				
Condensed Consolidated Statement of Financial Position				
as at 31 December	**2019**	**2020**	**2021**	**2022**
	Audited	**Audited**	**Audited**	**Projection**
	€'000	**€'000**	**€'000**	**€'000**
ASSETS				
Non-current assets				
Property, plant and equipment	1	1	1	1
Goodwill	43	43	43	43
Deferred tax asset	21	111	108	108
Sinking fund reserve	-	875	3,365	4,837
	65	1,030	3,517	4,989
Current assets				
Inventories	26,432	25,682	19,626	12,626
Trade and other receivables	156	279	1,148	30
Income tax assets	-	-	23	-
Cash and cash equivalents	801	462	247	3,115
	27,389	26,423	21,044	15,771
Total assets	**27,454**	**27,453**	**24,561**	**20,760**
EQUITY				
Capital and reserves				
Called up share capital	313	313	313	313
Share premium	938	938	938	938
Shareholders' loans	2,324	2,324	2,324	2,325
Retained earnings/(accumulated losses)	(209)	553	3,318	5,489
	3,366	**4,128**	**6,893**	**9,064**
LIABILITIES				
Non-current liabilities				
Secured bonds	15,671	15,022	13,296	9,861
Borrowings	2,548	1,200	1,200	1,200
	18,219	16,222	14,496	11,061
Current liabilities				
Borrowings	3,050	3,574	660	-
Trade and other payables	1,068	1,925	1,736	571
Other creditors: deposits	1,749	1,584	776	64
Current income tax liabilities	2	20	-	-
	5,869	7,103	3,172	635
	24,088	**23,325**	**17,668**	**11,696**
Total equity and liabilities	**27,454**	**27,453**	**24,561**	**20,760**

Key Accounting Ratios	**2019** **14 months** **Audited**	**2020** **12 months** **Audited**	**2021** **12 months** **Audited**	**2022** **12 months** **Projection**
Gearing ratio *(Total net debt/net debt and shareholders' equity)*	86%	82%	63%	26%
Gearing ratio 2 (times) *(Net debt/shareholders' equity)*	6.08	4.47	1.67	0.34
Net debt to EBITDA (years) *(Net debt/EBITDA)*	n/a	12.47	2.99	0.88
Net assets per share (€) *(Net asset value/number of shares)*	1.08	1.32	2.21	2.90
Liquidity ratio (times) *(Current assets/current liabilities)*	4.67	3.72	6.63	24.84

Source: MZ Investment Services Limited

BDP Group's statement of financial position as at 31 December 2021 comprised total assets of €24.5 million (FY2020: 27.5 million), primarily made up of inventory (being property development work-in-progress) and cash balances (including sinking fund reserve).

Total equity increased by €2.8 million to €6.9 million on account of the net profit registered during the year. Aggregate liabilities amounted to €17.7 million, a decrease of €5.7 million compared to FY2020. During the year, secured bonds and short-term borrowings were reduced by €4.6 million to €14.0 million. Other liabilities include deposits received on promise of sale agreements amounting to €0.8 million (FY2020: €1.6 million).

The gearing ratio of the BDP Group decreased from 82% in FY2020 to 63% in FY2021, whilst net debt to EBITDA, which is an alternative measure to assess leverage, was at 2.99 years in FY2021 compared to 12.47 years in the prior year. The liquidity ratio of the BDP Group in FY2021 was at 6.63 times in FY2021 (FY2020: 3.72 times). The relatively high liquidity ratio emanates from the fact that the majority of the BDP Group's funding facilities are repayable after more than one year.

Equity in FY2022 is projected to increase by €2.2 million over the prior year, reflecting the profits expected to be reported at year end. Liabilities are expected to decrease by €6.0 million pursuant to a further reduction in outstanding secured bonds and borrowings of €4.1 million. In addition, trade and other payables are projected to decline by €1.2 million.

On the assets side, cash balances are expected to increase by €2.9 million while inventory of properties should be lower on a y-o-y basis by €7.0 million as capex on development projects reach completion stage.

Best Deal Properties Holding plc Condensed Consolidated Cash Flow Statement for the years ending 31 December	2019 14 months Audited €'000	2020 12 months Audited €'000	2021 12 months Audited €'000	2022 12 months Projection €'000
Net cash from operating activities	(24,001)	2,178	7,134	8,714
Net cash from investing activities	(2)	(875)	(2,490)	(1,471)
Net cash from financing activities	24,788	(1,650)	(4,835)	(4,375)
Net movement in cash and cash equivalents	**785**	**(347)**	**(191)**	**2,868**
Cash and cash equivalents at beginning of year	-	785	438	247
Cash and cash equivalents at end of year	**785**	**438**	**247**	**3,115**

In FY2020, net movement in cash and cash equivalents amounted to an adverse balance of €0.3 million. Cash generated from operating activities amounted to €2.2 million, of which €1.3 million related to working capital movements. Net cash outflows from investing activities represented transfers to the sinking fund reserve. Net cash used in financing activities amounted to €1.6 million and mainly related to net repayments of bank borrowings.

In FY2021, net movement in cash and cash equivalents amounted to an adverse balance of €0.2 million. Net cash from operating activities amounted to €7.1 million compared to €2.2 million in the previous year, mainly on account of a positive movement in working capital (+€4.2 million). Net cash used in investing activities of €2.5 million and represented amounts paid into the sinking fund reserve (FY2020: €0.9 million). During the year, the Issuer transferred a further €1.8 million to the security trustee (in aggregate, €4.3 million) for the purposes of repurchasing bonds from the capital market and which are accounted for as financing activities.

Net cash outflow from financing activities amounted to €4.8 million compared to outflows of €1.6 million in FY2020. Cash used mainly comprised the repurchase of €1.8 million of bonds outstanding and net repayment of other borrowings.

In FY2022, the Group is projected to generate €8.7 million of net cash from operating activities which is expected to comprise operating profit of €3.6 million and the remaining balance being a positive movement in net working capital changes.

In investing activities, the amount of €1.5 million is expected to be paid into the sinking fund reserve. A further €3.4 million is projected to be transferred to the security trustee for the purposes of reducing the outstanding bonds in issue (reflected in financing activities).

Net cash outflows used in financial activities is projected to amount to €4.4 million (FY2021: outflows of €4.8 million), on account of repurchases of bonds amounting to €3.4 million (referred to above), net repayment of other borrowings of €0.7 million and dividend payment amounting to €0.3 million.

9. VARIANCE ANALYSIS

The below analysis is based on two sets of financial information – the audited set covering the financial year ended 31 December 2021 and the FY2021 projected financial statements which were included in the financial analysis summary dated 27 May 2021.

Best Deal Properties Holding plc **Condensed Consolidated Income Statement** **for the year ended 31 December 2021**	**Audited** **€'000**	**Projection** **€'000**	**Variance** **€'000**
Revenue	20,060	18,881	1,179
Cost of sales	(15,603)	(14,095)	(1,508)
Administrative expenses	(595)	(704)	109
EBITDA	**3,862**	**4,082**	**(220)**
Depreciation and amortisation	(67)	(67)	-
Finance income	30	-	30
Finance costs	(152)	(222)	70
Gain on bargain purchase	-	-	-
Profit/(loss) before tax	**3,673**	**3,793**	**(120)**
Taxation	(908)	(960)	52
Profit/(loss) for the year	**2,765**	**2,833**	**(68)**

The above variance analysis shows that actual revenue was higher than projected by €1.2 million on account of more sales contracts being executed during the year than initially forecasted. This resulted in an increase in cost of sales of €1.5 million over the projected amount. Overall, actual profit for the year was almost in line with the projected figure since the variance amounted to €68,000.

Best Deal Properties Holding plc
Condensed Consolidated Statement of Financial Position
as at 31 December 2021

	Audited €'000	Projection €'000	Variance €'000
ASSETS			
Non-current assets			
Property, plant and equipment	1	1	-
Goodwill	43	43	-
Deferred tax asset	108	117	(9)
Sinking fund reserve	3,365	3,323	42
	3,517	3,484	33
Current assets			
Inventories	19,626	18,652	974
Trade and other receivables	1,148	268	880
Income tax assets	23	-	23
Cash and cash equivalents	247	1,123	(876)
	21,044	20,043	1,001
Total assets	**24,561**	**23,527**	**1,034**
EQUITY			
Capital and reserves			
Called up share capital	313	313	1
Share premium	938	938	0
Shareholders' loans	2,324	2,324	(0)
Retained earnings/(accumulated losses)	3,318	3,386	(68)
	6,893	**6,961**	**(68)**
LIABILITIES			
Non-current liabilities			
Secured bonds	13,296	13,588	(292)
Borrowings	1,200	1,200	-
	14,496	14,788	(292)
Current liabilities			
Borrowings	660	780	(120)
Trade and other payables	1,736	49	1,687
Other creditors: deposits	776	142	634
Current income tax liabilities	-	807	(807)
	3,172	1,778	1,394
	17,668	**16,566**	**1,102**
Total equity and liabilities	**24,561**	**23,527**	**1,034**

The variance analysis shows that the Group was able to re-purchase €0.3 million more in nominal value of Bonds than projected without impacting the balance in the sinking fund reverse, which was unchanged at €3.3 million.

The variance in working capital (being current assets less current liabilities) resulted in an adverse balance of €0.4 million.

Best Deal Properties Holding plc **Condensed Consolidated Cash Flow Statement** **for the year ended 31 December 2021**	**Audited** **€'000**	**Projection** **€'000**	**Variance** **€'000**
Net cash from operating activities	7,134	7,403	(269)
Net cash from investing activities	(2,490)	(2,510)	20
Net cash from financing activities	(4,835)	(4,232)	(603)
Net movement in cash and cash equivalents	**(191)**	**661**	**(852)**
Cash and cash equivalents at beginning of year	438	438	-
Cash and cash equivalents at end of year	**247**	**1,099**	**(852)**

Actual net movement in cash and cash equivalents was lower than projected by €0.9 million. Net operating cash flow was lower than expected by €0.3 million, which results from a variance in working capital movements.

Net cash outflows in financing activities were higher than expected by €0.6 million. During the year, the Group repaid a higher amount of outstanding borrowings than originally projected.

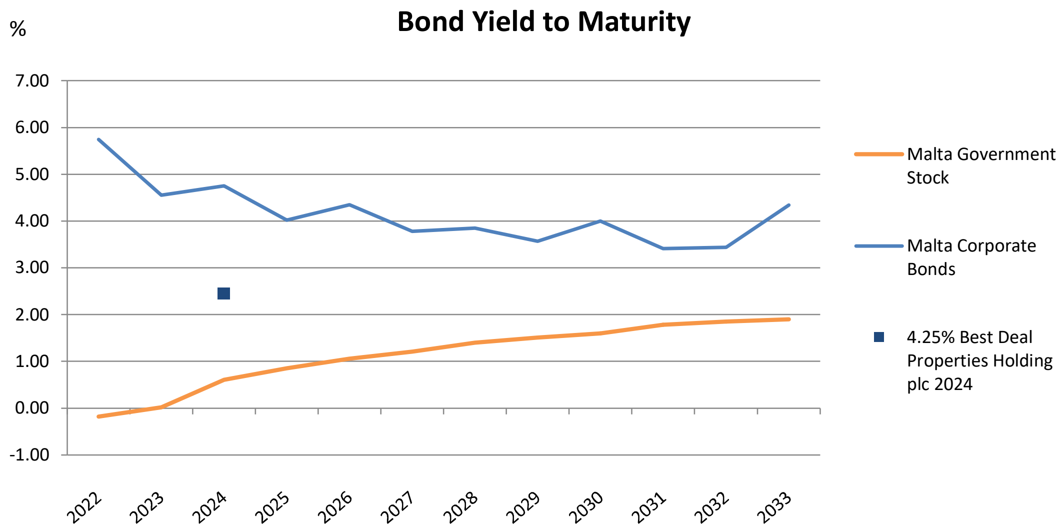
PART 3 - COMPARABLES

The table below compares the Issuer and its bond issue to other debt issuers listed on the Malta Stock Exchange and their respective debt securities. The list includes issuers (excluding financial institutions) that have listed bonds. Although there are significant variances between the activities of the Issuer and other issuers (including different industries, principal markets, competition, capital requirements etc), and material differences between the risks associated with BDP Group's business and that of other issuers, the comparative analysis provides an indication of the financial performance and strength of BDP Group.

Comparative Analysis	**Nominal Value** (€)	**Yield to Maturity** (%)	**Interest Cover** (times)	**Total Assets** (€'000)	**Net Asset Value** (€'000)	**Gearing Ratio** (%)
6.00% Pendergardens Developments plc Secured € 2022 Series	21,093,400	5.74	1.79	60,578	29,491	36.39
4.25% GAP Group plc Secured € 2023	8,367,900	5.29	14.81	112,173	21,575	60.31
5.30% United Finance Plc Unsecured € Bonds 2023	8,500,000	4.55	0.67	37,298	6,677	75.91
5.80% International Hotel Investments plc 2023	10,000,000	4.54	1.06	1,695,229	838,216	40.59
5.5% Mediterranean Investments Holding plc € 2023	20,000,000	4.64	2.01	310,941	188,651	27.06
6.00% AX Investments Plc € 2024	40,000,000	3.57	1.69	374,099	237,143	25.10
6.00% International Hotel Investments plc € 2024	35,000,000	5.47	1.06	1,695,229	838,216	40.59
5.30% Mariner Finance plc Unsecured € 2024	35,000,000	4.75	3.30	102,348	52,929	46.65
5.00% Hal Mann Vella Group plc Secured € 2024	30,000,000	3.72	2.60	123,752	48,512	53.05
5.10% 1923 Investments plc Unsecured € 2024	36,000,000	4.36	4.58	149,687	52,831	49.89
4.25% Best Deal Properties Holding plc Secured € 2024	**12,136,700**	**2.45**	**-**	**24,561**	**6,893**	**62.61**
3.70% GAP Group plc Secured € 2023-2025 Series 1	21,000,000	3.55	14.81	112,173	21,575	60.31
5.75% International Hotel Investments plc Unsecured € 2025	45,000,000	4.66	1.06	1,695,229	838,216	40.59
5.10% 6PM Holdings plc Unsecured € 2025	13,000,000	4.59	52.47	162,889	74,159	14.82
4.50% Hili Properties plc Unsecured € 2025	37,000,000	4.02	1.41	208,696	110,881	32.31
4.35% Hudson Malta plc Unsecured € 2026	12,000,000	4.35	4.51	58,951	12,557	68.49
4.25% Corinthia Finance plc Unsecured € 2026	40,000,000	4.11	- 0.51	1,717,057	828,470	42.64
4.00% International Hotel Investments plc Secured € 2026	55,000,000	3.36	1.06	1,695,229	838,216	40.59
5.00% Dizz Finance plc Unsecured € 2026	8,000,000	4.99	0.45	72,112	4,763	91.27
3.75% Premier Capital plc Unsecured € 2026	65,000,000	3.51	11.70	317,675	60,118	74.24
4.00% International Hotel Investments plc Unsecured € 2026	60,000,000	4.02	1.06	1,695,229	838,216	40.59
3.25% AX Group plc Unsec Bds 2026 Series I	15,000,000	3.25	1.69	374,099	237,143	25.10
3.90% GAP Group plc Secured € 2024-2026	21,000,000	3.90	14.81	112,173	21,575	60.31
4.35% SD Finance plc Unsecured € 2027	65,000,000	4.35	0.88	328,464	131,504	30.32
4.00% Eden Finance plc Unsecured € 2027	40,000,000	3.78	3.63	193,529	109,284	28.55
4.00% Stivala Group Finance plc Secured € 2027	45,000,000	3.49	3.25	362,955	235,392	26.66
3.85% Hili Finance Company plc Unsecured € 2028	40,000,000	3.85	3.44	624,222	106,811	78.42
3.65% Stivala Group Finance plc Secured € 2029	15,000,000	3.57	3.25	362,955	235,392	26.66
3.80% Hili Finance Company plc Unsecured € 2029	80,000,000	3.88	3.44	624,222	106,811	78.42
3.75% AX Group plc Unsec Bds 2029 Series II	10,000,000	3.79	1.69	374,099	237,143	25.10
3.65% International Hotel Investments plc Unsecured € 2031	80,000,000	3.68	1.06	1,695,229	838,216	40.59
3.50% AX Real Estate plc Unsec Bds 2032	40,000,000	3.44	-	238,228	78,698	63.41

29-Apr-22

Source: Malta Stock Exchange, Audited Accounts of Listed Companies, MZ Investment Services Ltd



Source: Malta Stock Exchange, Central Bank of Malta, MZ Investment Services Ltd 29 April 2022

To date, there are no corporate bonds which have a redemption date beyond 2033. The Malta Government Stock yield curve has been included as it is the benchmark risk-free rate for Malta.

The BDP Group's bonds are trading at a yield of 2.45%, which is 230 percentage points lower when compared to other corporate bonds maturing in the same year. The premium over FY2024 Malta Government Stock is 184 basis points.

PART 4 - EXPLANATORY DEFINITIONS

Income Statement	
Revenue	Total revenue generated by the Issuer from its business activities during the financial year.
Cost of sales	Operating expenses include the cost of construction and other related expenses.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. EBITDA can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
Profit after tax	Profit after tax is the profit made by the Issuer during the financial year both from its operating as well as non-operating activities.
Profitability Ratios	
Operating profit margin	Operating profit margin is operating income or EBITDA as a percentage of total revenue.
Net profit margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.
Efficiency Ratios	
Return on equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
Return on capital employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on assets	Return on assets (ROA) is computed by dividing profit after tax by total assets.
Equity Ratios	
Earnings per share	Earnings per share (EPS) is the amount of earnings per outstanding share of a company's share capital. It is computed by dividing net income available to equity shareholders by total shares outstanding as at balance sheet date.

Cash Flow Statement	
Cash flow from operating activities	Cash generated from the principal revenue-producing activities of the Group.
Cash flow from investing activities	Cash generated from activities dealing with the acquisition and disposal of long-term assets and other investments of the Issuer.
Cash flow from financing activities	Cash generated from the activities that result in change in share capital and borrowings of the Issuer.
Balance Sheet	
Non-current assets	Non-current asset are the Issuer's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Issuer amortises the cost of the asset over the number of years for which the asset will be in use, instead of allocating the entire cost to the accounting year in which the asset was acquired. Such assets include property, plant & equipment and sinking fund reserve.
Current assets	Current assets are all assets of the Issuer, which are realisable within one year from the balance sheet date. Such amounts include development stock (inventories), accounts receivable, cash and bank balances.
Current liabilities	All liabilities payable by the Issuer within a period of one year from the balance sheet date, and include accounts payable and short-term debt, including current portion of bank loans.
Non-current liabilities	The Issuer's long-term financial obligations that are not due within the present accounting year. The Issuer's non-current liabilities include long-term borrowings and debt securities.
Total equity	Total equity includes share capital, reserves & other equity components, and retained earnings.
Financial Strength Ratios	
Liquidity ratio	The liquidity ratio (also known as current 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 a company's current assets to its current liabilities.
Net debt to EBITDA	The net debt to EBITDA ratio is a measurement of leverage, calculated as a company's interest bearing liabilities minus cash or cash equivalents, divided

	by its EBITDA. This ratio shows how many years it would take for a company to pay back its debt if net debt and EBITDA are held constant.
Gearing ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, and is calculated by dividing a company's net debt by net debt plus shareholders' equity. Alternatively, the gearing ratio can be calculated by dividing a company's net debt by shareholders' equity.