

Best Deal Properties Holding p.l.c.

Report and Consolidated Financial Statements

for the year ended 31 December 2021

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Directors' Report

The directors present their report and the audited financial statements of Best Deal Properties Holding p.l.c ("the Company") and the audited consolidated financial statements of the Company and its subsidiaries (together, "the Group") for the year ended 31 December 2021.

Principal Activity

The Company's principal activity is to act as a holding company and to raise finance and advance such financing to its subsidiaries.

The Group is engaged in property development of residential units and sale of such units.

Business Review

The Company:

The Company's profit after taxation for the year amounted to €434,047 (2020: €415,997). The Company's income consisted of loan interest received from Best Deal Developments Limited and interim dividends received from Elite Developments Limited which were sufficient to cover the administration expenses and bond interest.

As at 31 December 2021, the Company's total assets amounted to €19,610,070 (2020: €21,742,252) and net assets amounted to €4,402,637 (2020: €3,968,590). Net current liabilities amounted to €348,528 (2020: €472,916). The non-current assets of the Company include an amount of €15,135,118 (2020: €19,038,966) as financial asset which comprises of the loan provided to the subsidiary company Best Deal Developments Limited. Non-current assets also include an amount of €3,365,446 (2020: €875,432) in a sinking fund reserve held by the trustee. The Company has investments in its subsidiaries of €640,000 (2020: €640,000). The current assets of the Company mainly consist of amounts due from subsidiaries of €322,989 (2020: €1,061,369) as well as prepayments of €25,290 (2020: €17,499). Current liabilities amounted to €711,661 (2020: €1,551,819). These consist of the bank loan amounting to €660,000 (2020: €1,445,000) that will be repaid in full by end of 2022 and other payables amounting to €51,661 (2020: €43,431). The company's non-current liabilities are the Secured Bonds 2024 amounting to €13,295,772 (2020: €15,021,843) and shareholder's loan of €1,200,000 (2020: €1,200,000).

The Group:

During the year under review, the Group had four developments in progress, in Mellieha, Zabbar, Pembroke and Mqabba. As at the end of the financial year, the construction of Mellieha was 90% completed whilst Zabbar and Pembroke were 100% completed in shell form. Finishings of all these three projects were in progress with Mellieha 3%, Zabbar 65% and Pembroke 50% completed. The Group started selling apartments and garages from Zabbar in 2020 and continued in the current year. The Group also started selling apartments and garages from the Pembroke development in the current year. The remaining development in Mqabba was 100% completed both as to construction and finishes by March 2021 and the sales from this project started in 2021. A few units remain in stock from this project which are planned to be sold in 2022.

The profit on the Group's activities for the year after taxation amounted to €2,764,516 (2020: Profit of €762,326). The profit was mainly generated from PJCE Developments Limited which sold the majority of the units from the Mqabba development in 2021 and also from Best Deal Developments Ltd which continued selling the units from Zabbar development as well as units from Pembroke development.

As at 31 December 2021, the Group's total assets amounted to €24,561,293 (2020: €27,453,293) and net assets amounted to €6,892,400 (2020: €4,127,884). Net current assets amounted to €17,870,290 (2020: €19,319,027). The main current assets of the Group consist of the properties held for development and resale with a value of €19,625,795 (2020: €25,681,953) and cash and cash equivalents of €246,662 (2020: €462,055). The main current liabilities consisted of deposits from clients on promise of sales agreements amounting to €940,324 (2020: €1,584,335) as well as accruals and payables to contractors of €1,564,157 (2020: €1,924,172). The Group had current bank borrowings of €660,000 (2020: €3,487,816). The bank borrowings will be paid from the

sales proceeds of the Zabbar project. Non-current liabilities totalled €14,495,772 (2020: €16,221,843) made up of the Secured Bonds 2024 amounting to €13,295,772 (2020: €15,021,843) and €1,200,000 (2020: €1,200,000) shareholder's loan.

Dividends

The directors do not recommend the payment of a dividend.

Principal risks and uncertainties

The Group is subject to the general market and economic risks that may have a significant impact on the development projects, their timely completion and budgetary constraints. These include factors such as the state of the local property market, inflation and fluctuations in interest rates, property prices and other economic and social factors affecting demand for real estate in general.

Financial risk management

The Group is exposed to credit, interest and liquidity risk. An explanation of these risks and how the Group manages these risks is found in Note 26 to these financial statements.

Future developments

Covid-19

The directors are continually assessing the developing situation with respect to the Coronavirus pandemic and its effects on the business. Notwithstanding the difficulties posed from the outbreak of COVID-19, the Group continued to operate profitably and will continue to operate in line with the current business plan.

Events after the end of the reporting period

Russian-Ukraine conflict

Towards the end of February 2022, the armed conflict between the Russian Federation and Ukraine set in motion a chain of diplomatic efforts and other major geopolitical events which led a number of western nations, including the EU institution and the United States government, to impose a number of sanctions on Russia and Belarus. These current sanctions in place include several restrictive measures of a direct financial nature that are having a significant direct impact on the broad economy of the invading nations.

The consequences of these restrictive measures are however also expected to have a significant impact on the economies of the countries implementing such trade restrictions, with a spill-over on the world economy, as uncertainty and market volatility remain high across all industries with increasing tensions and rhetoric on both sides. The cost of doing business is undoubtedly set to rise further, following the initial Covid shocks on the global economy seen in the last couple of years, as the ongoing conflict in Ukraine and Covid-related measures continue to rock global supply chains. Both the International Monetary Fund and the World Bank have indicated that the resulting impact of the conflict to global growth and recovery from Covid effects will be significant. As the price of oil and gas shift upwards due to the war, transport and other procurement costs required for business will also increase. Due to the nature and decisiveness of these restrictive measures, the economic impact globally is expected to be long-lasting, even in the eventuality that the conflict ceases in the immediate future.

The Group is not expected to be negatively impacted by the ongoing conflict in Ukraine 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 company's turnover and business activity.

The company is nevertheless expected to be negatively impacted in the short to medium term as costs are expected to rise generally throughout the economies and the industries in which it operates; and specifically for costs pertaining to subcontractors.

Directors

The following have served as directors of the company during the year under review : Christopher Attard
Pierre Bartolo James Bullock Mario P Galea Marlene Seychell Erskine Vella David Basile Robert Buttigieg

Statement of Directors' Responsibilities

The Companies Act (Cap. 386), enacted in Malta, requires the directors to prepare financial statements for each financial year which give a true and fair view of the financial position of the Company and of the Group as at year end and of their profit or loss for the year then ended. In preparing these the directors are required to:

- adopt the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in the business;
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accruals basis;
- value separately the components of asset and liability items;
- report comparative figures corresponding to those of the preceding accounting period; and
- prepare the financial statements in accordance with generally accepted accounting principles as defined in the Companies Act (Cap. 386) and in accordance with the provision of the same Act.

The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and of the Group and to enable them to ensure that the financial statements comply with the Companies Act, (Cap. 386). This responsibility includes designing, implementing and maintaining such internal controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. They are also responsible for safeguarding the assets of the Company and of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Going Concern Statement pursuant to Capital Markets Rule 5.62

On the basis of the group's experience to date, and on the basis of its detailed projections for the coming 12 months and beyond, factoring in the disruption created by the COVID-19 pandemic and the impact of the Russian-Ukraine conflict, the board considers that there are no factors which may cast doubt about the ability of the Group to continue operating as a going concern and accordingly continues to adopt the going concern basis in preparing the Company's and the Group's financial statements.

Shareholder register information pursuant to Capital Markets Rule 5.64

Structure of Capital

The Company has an authorised share capital of 3,500,000 Ordinary Shares of ten Euro cents (€0.10) each and issued and fully paid up share capital of 3,125,000 Ordinary Shares with a nominal value of ten Euro cents (€0.10) each. The Company has five shareholders each holding 20% of the share capital namely:

All Ordinary Shares are entitled to attend and vote at General meetings, whereupon each Ordinary Share shall be entitled to one vote. The Ordinary Shares in the Company shall rank pari passu for all intents and purposes at law. There are currently no different classes of Ordinary Shares in the Company and accordingly all Ordinary Shares have the same rights, voting rights and entitlements in connection with any distribution whether of dividends or capital. There are no restrictions in the transfer of shares.

Subject to the Maltese Companies Act (Cap. 386), the Company may purchase its own equity securities.

Appointment and removal of Directors

Every shareholder owning a minimum of 15% of the ordinary shares of the Company shall be entitled to appoint one director for each and every 15% of the ordinary share capital owned by such shareholder and such shareholder may remove, withdraw or replace such directors at any time provided such shareholders still owns a minimum of 15% of the ordinary issued share capital of the company. Shareholders may appoint up to three directors and may remove such directors appointed by means of an Ordinary Resolution. An election of directors shall take place every year and all directors, except managing directors, shall retire from office every three years, but shall be eligible for re-election. The company may by way of Ordinary Resolution, of which special notice has been given, remove any Director before the expiration of his period of office.

Remuneration of Directors

The directors received €353,140 (2020: €352,775) in aggregate for services rendered during the year 31 December 2021. It is the shareholders of the Company in General Meeting who shall determine the maximum annual aggregate remuneration of the directors. The directors are all employed by the company and have a service contract.

Powers of Directors

The powers and duties of the directors are outlined in the Company's Articles of Association.

Contracts with Board Members and Employees

The Company has no contract with any of its directors that includes a severance payment clause. Mr. Robert Buttigieg is employed by the Company as a compliance officer.

General Meetings

The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year. All general meetings other than annual general meetings shall be called extraordinary general meetings. The Directors may convene an extraordinary general meeting whenever they think fit. If at any time there are not sufficient Directors capable of acting to form a quorum for a meeting of the Directors, any two members of the company may convene an Extraordinary General Meeting in the same manner, as nearly possible, as that in which meetings may be convened by the directors. All shareholders shall be entitled to receive notice of, participate in and vote at general meetings provided that such shareholders are registered on the day falling thirty days immediately preceding the date set for the general meeting

A General Meeting of the Company shall be called by not less than 21 days notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it was given and shall specify the place, the day and the hour of the meeting, and in case of special business, the general nature of that business, and shall be accompanied by a statement regarding the effect and scope of any proposed resolution in respect of such special business.

No disclosures are being made pursuant to Capital Markets Rules 5.64.4, 5.64.5, 5.64.6, 5.64.7 and 5.64.10 since these are not applicable.

Auditors

RSM Malta, have intimated their willingness to continue in office. A proposal to reappoint RSM Malta as auditors of the Company and

of the Group will be proposed at the Annual General Meeting.

Statement by Directors on the Financial Statements and Other Information included in the report

In pursuant to Capital Markets Rule 5.68 and Prospects MTF Rules, the directors declare that to the best of their knowledge:

- the financial statements give a true and fair view of the financial position and financial performance of the Company and of the Group and have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the Companies Act (Cap. 386); and
- this report includes a fair review of the development and performance of the business and positions of the Company and of the Group, together with a description of the principal risks and uncertainties that they face.

Signed on behalf of the Board of Directors on 25 April 2022 by Christopher Attard (Director) and Pierre Bartolo (Director) as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report.

Statement of Compliance with the Principles of Good Corporate Governance

Best Deal Properties Holding p.l.c. ("the Company") is hereby presenting its statement of compliance with the Code of Principles of Good Corporate Governance (the "Code") for the year ended 31 December 2021. This statement is in line with the requirements as set out by the Malta Financial Services Authority Capital Markets Rule 5.97 and also in line with Prospects MTF Rules.

The Board of Directors of the Company acknowledges that although the Code does not dictate or prescribe mandatory rules, compliance with the principles of good corporate governance recommended is in the best interests of the Company, its shareholders and other stakeholders. The Board considers compliance with the Code to be an integral part of operations so as to ensure transparency and responsible corporate governance which will in turn yield a positive reputation for the Company. Effective measures have been taken to ensure compliance to these principles and for the implementation of the Code as detailed hereunder.

Principle One - The Board

The directors report that for the financial period under review, the directors have provided the necessary leadership in the overall direction of the Company and have performed their responsibilities for the efficient and smooth running of the Company with honesty, competence and integrity. The Board is composed of members who are competent and proper to direct the business of the Company with honesty, competence and integrity. All the members of the Board are fully aware of, and conversant with, the statutory and regulatory requirements connected to the business of the Company. The Board is accountable for its performance and that of its delegates to shareholders and other relevant stakeholders.

The Company has a structure that ensures a mix of executive and non-executive directors and that enables the Board to have direct information about the Company's performance and business activities. All directors have access to independent professional advice, at the expense of the Company, should they so require.

Principle Two - Chairman and Chief Executive Officer

The Company has no employees and neither a Chief Executive Officer. The board of directors is responsible for the management of the Company.

The Chairman exercises independent judgement and is responsible to lead the Board and set its agenda, whilst also ensuring that the directors receive precise, timely and objective information so that they can take sound decisions and effectively monitor the

performance of the Company. The Chairman is also responsible for ensuring effective communication with the shareholders and encouraging active engagement by all members of the Board for discussion of complex or contentious issues.

Principle Three - Composition of the Board

The Board is composed of executive and non-executive directors who have the knowledge and experience in the property development sector finance and governance to be able to oversee operations, take strategic decisions and engage in key projects for the Company and the Group as a whole.

The Articles of Association of the Company clearly set out the procedures to be followed in the appointment of directors. The Board of the Company who served during the period under review was as follows:

Directors

Christopher Attard	Executive Director
Pierre Bartolo	Executive Director
David Basile	Executive Director
James Bullock	Non-Executive Director
Mario P Galea	Non-Executive Director
Marlene Seychell	Non-Executive Director
Erskine Vella	Executive Director
Robert Buttigieg	Executive Director

Company Secretary

Dr Stephanie Shaw

Principle Four - Responsibilities of the Board

The Board acknowledges its statutory mandate to conduct the administration and management of the Company. The Board, in fulfilling this mandate and discharging its duty of stewardship of the Company, assumes responsibility for the Company's strategy and decisions with respect to the issue, servicing and redemption of its bonds in issue, and for monitoring that its operations are in conformity with its commitments towards bondholders, shareholders, and all relevant laws and regulations. The Board is also responsible for ensuring that the Company establishes and operates effective internal control and management information systems and that it communicates effectively with the market.

The Board is ultimately responsible for the Company's system of internal controls and for reviewing its effectiveness. The Directors are aware that internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance against normal business risks.

During the financial year under review the Company operated a system of internal controls which provided reasonable assurance of effective and efficient operations covering all controls, including financial and operational controls and compliance with laws and regulations. Processes are in place for identifying, evaluating and managing the significant risks facing the Company.

Risk Identification

The Board, with the assistance of the management team, is responsible for the identification and evaluation of key risks applicable to the areas of business in which the Group is involved. These risks are assessed on a continual basis

Information and communication

Periodic strategic reviews which include consideration of long-term financial projections and the evaluation of business alternatives are regularly convened by the Board. An annual budget is prepared and performance against this plan is actively monitored and reported to the Board.

Principle Five - Board meetings

The directors meet regularly to dispatch the business of the Board. The Directors are notified of forthcoming meetings by the Company Secretary with the issue of an agenda and supporting board papers, which are circulated in advance of the meeting. Minutes are prepared during Board meetings recording faithfully attendance, and resolutions taken at the meeting. These minutes are subsequently circulated to all directors as soon as practicable after the meeting. The Chairman ensures that all relevant issues are on the agenda supported by all available information, whilst encouraging the presentation of views pertinent to the subject matter and giving all directors every opportunity to contribute to relevant issues on the agenda. The agenda on the Board seeks to achieve a balance between long-term strategic and short-term performance issues.

The Board met 5 times during the period under review. The number of board meetings attended by the directors during the year under review is as follows:

<u>Members</u>	<u>Attended</u>
Christopher Attard	5
Pierre Bartolo	4
David Basile	5
James Bullock	5
Robert Buttigieg	5
Mario P Galea	5
Marlene Seychell	5
Erskine Vella	4

Principle Six - Information and Professional Development

Each director is made aware of the Company's on-going obligations in terms of the Companies Act, Capital Markets Rules and the Prospects MTF Rules. The Company ensures that it provides directors with relevant information to enable them to effectively contribute to board decisions.

Principle Seven - Evaluation of the Board's performance

The Board does not consider it necessary to appoint a committee to carry out a performance evaluation of its role, as the Board's performance is evaluated on an ongoing basis by, and is subject to the constant scrutiny of, the Board itself, the Company's shareholders, the market and the Capital Markets Rules by which the Issuer is regulated as a listed company in relation to the Secured Bonds, and the Prospects MTF Rules by which the Issuer is regulated as a company admitted on Prospects MTF in relation to the admission of the Ordinary Shares.

Principle Eight - Committees

In view of the size and type of operation of the Company, the Board does not consider the Company to require the setting up of a remuneration committee, and the Board itself carries out the functions of the remuneration committee. The Board has established a fixed remuneration for directors which is not performance related and this has been approved by the shareholders. The Board confirms that there have been no changes in the Company's remuneration policy during the period under review and the Company does not intend to effect any changes in its remuneration policy for the following financial year.

In view of the size and type of operation of the Company, the Board does not consider the Company to require the setting up of a nomination committee.

Audit Committee

The Company has an audit committee whose primary objective is to assist the Board of the Company in fulfilling its oversight responsibilities over the financial reporting processes, financial policies and internal control structure. The Audit Committee oversees the conduct of the external audit and acts to facilitate communication between the Board, management and the external auditors. The internal and external auditors are invited to attend the Audit Committee meetings. The Audit Committee reports directly to the Board of Directors.

The Audit Committee will always be composed of not fewer than three members, all of whom shall be non-executive directors of the Company. The quorum for the transaction of business at a meeting of the Audit Committee will be the majority of members appointed at the Committee, present in person. The Committee shall be chaired by an independent, non-executive director and the Chairperson of the Board shall not be the Chairperson of the Audit Committee.

In the case of an equality of votes during a meeting of the Board of Directors or Audit Committee, the Chairperson thereof shall have a casting vote. However, where the Chairperson is him/herself conflicted, the consideration of the relevant matter (in respect of which an interest has been declared) shall be chaired by another independent non-executive director or member (as the case may be), who shall also have a casting vote.

The terms of reference of the Audit Committee include, inter alia, its support to the Board of the Company in its responsibilities in dealing with issues of risk management, control and governance and associated assurance. The Board has set formal terms that establish its composition, role and function, the parameters of its remit as well as the basis for the processes that it is required to comply with. The Audit Committee is a sub-committee of the Board and is directly responsible and accountable to the Board. The Board reserves the right to change these terms of reference from time to time with the prior notification of the Exchange.

Briefly, the Committee is expected to deal with and advise the Board on the following matters on a Group-wide basis:

- (a) its monitoring responsibility over the financial reporting processes, financial policies and internal control structures;
- (b) monitoring the performance of the entity or entities borrowing funds (the subsidiaries) from the Company;
- (c) maintaining communications on such matters between the Board, management and the independent auditors;
- (d) facilitating the independence of the external audit process and addressing issues arising from the audit process; and
- (e) preserving the Group's assets by understanding the risk environment and determining how to deal with those risks.

In addition, the Audit Committee also has the role and function of scrutinising and evaluating any proposed transaction a priori to be entered into by the Company and a related party, to ensure that the execution of any such transaction is at arm's length and on a commercial basis and ultimately in the best interests of the Company. Additionally, the Audit Committee has, pursuant to the relative terms of reference, been granted express powers to review the financial position of the Group and all other entities comprising the Group shall submit to the Audit Committee quarterly accounts, as well as quarterly comparisons of actuals against projections.

The Audit committee oversees the financial reporting of the Company and ensures the process takes place in a timely manner. The Committee is free to question any information that may seem unclear. It has the role and function of scrutinising and evaluating any proposed transaction to be entered into by the Company and a related party, to ensure that the execution of such transaction is at arm's length and on a commercial basis and ultimately in the best interests of the Company.

The Committee is made up entirely of non-executive Directors, all of whom are independent, and who are appointed for a period of three years. Mario P. Galea, an independent Director of the Company, acts as Chairman, whilst James Bullock and Marlene Seychell act as members of the Audit Committee. In compliance with the Prospects MTF Rules, Mario P. Galea is considered to be the member competent in accounting and/ or auditing matters. During the period under review, the Audit Committee has held five meetings. All members were present in all these meetings.

Principle Nine and Ten - Relations with Bondholders and with the Market and Institutional Shareholders

Pursuant to the Company's statutory obligations in terms of the Companies Act (Cap. 386) enacted in Malta, Prospects MTF Rules and the Capital Markets Rules issued by the Malta Financial Services Authority, the Annual Report and Financial Statements, the election of directors and approval of directors' fees, the appointment of the auditors and the authorisation of the directors to set the auditors' fees, and other special business, are proposed and approved at the Company's Annual General Meeting.

The Company is also committed to having an open and communicative relationship with bondholders and shareholders. The Company issues Company Announcements to keep the market informed of Group developments.

Principle Eleven - Conflicts of Interest

Directors should always act in the best interest of the Company and its shareholders and investors. Any actual, potential or perceived

conflict of interest must be immediately declared by a Director to the other members of the Board and to the Audit Committee who decide on whether such a conflict exists. The Audit Committee has the task to ensure that any potential conflicts of interest are resolved in the best interests of the Company. Directors are informed and reminded of their obligations on dealing in securities of the Company within the parameters of law, the Capital Markets Rules and Prospects MTF Rules. During the financial year under review, any private interests or duties unrelated to the Company were disclosed by the directors and it has been ensured that these do not place any of them in conflict with any interests in, or duties towards, the Company.

Principle Twelve - Corporate Social Responsibility

The Company remains committed to adhere to sound Principles of Corporate Social Responsibility in its management practices, and is committed to enhance the quality of life of all stakeholders of the Company and the Group. The Company remains committed to being a responsible company and making positive contributions to society and the environment. The Group is committed to play a leading and effective role in Malta's sustainable development also by ensuring that all developments are equipped with the best energy efficient solutions.

Signed on behalf of the Board of Directors on 25 April 2022 by Christopher Attard (Director) and Pierre Bartolo (Director) as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report.

**Statements of Comprehensive Income
for the year ended 31 December 2021**

	Notes	Group		Company	
		2021	2020	2021	2020
		€	€	€	€
Revenue	4	20,060,349	10,951,715	-	-
Cost of sales		(15,602,889)	(8,759,533)	-	-
Gross profit		4,457,460	2,192,182	-	-
Administrative expenses		(662,896)	(779,447)	(577,006)	(566,379)
Operating profit		3,794,564	1,412,735	(577,006)	(566,379)
Finance income	6	30,185	4,020	1,109,408	1,093,919
Finance costs	7	(151,968)	(103,298)	(804,879)	(778,207)
Finance costs - net		(121,783)	(99,278)	304,529	315,712
Investment income	5	-	-	713,617	578,547

Profit before taxation		3,672,781	1,313,457	441,140	327,880
Income tax (expense)/credit	9	(908,265)	(551,131)	(7,093)	88,117
PROFIT FOR THE YEAR	8	<u>2,764,516</u>	<u>762,326</u>	<u>434,047</u>	<u>415,997</u>

Total comprehensive income attributable to:

Equity holders of the Company		<u>2,764,516</u>	<u>762,326</u>	<u>434,047</u>	<u>415,997</u>
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Earnings per share:

Basic earnings per share (in cents)	21	<u>0.88</u>	<u>0.24</u>	<u>0.14</u>	<u>0.13</u>
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Statements of Financial Position as at 31 December 2021

	Notes	Group		Company	
		2021	2020	2021	2020
		€	€	€	€
ASSETS					
Non-Current Assets					
Property, plant and equipment	11	760	1,013	-	-
Goodwill	10	43,367	43,367	-	-
Financial assets at amortised cost	13	-	-	15,135,118	19,038,966
Investments in subsidiaries	12	-	-	640,000	640,000
Deferred tax asset	9	108,310	110,888	106,373	108,951

Other non-current assets	14	3,365,446	875,432	3,365,446	875,432
		<u>3,517,883</u>	<u>1,030,700</u>	<u>19,246,937</u>	<u>20,663,349</u>
Current Assets					
Inventories	15	19,625,795	25,681,953	-	-
Trade and other receivables	16	1,147,650	278,585	348,279	1,078,868
Current income tax assets	17	23,303	-	-	-
Cash and cash equivalents	18	246,662	462,055	14,854	35
		<u>21,043,410</u>	<u>26,422,593</u>	<u>363,133</u>	<u>1,078,903</u>
Total Assets		<u>24,561,293</u>	<u>27,453,293</u>	<u>19,610,070</u>	<u>21,742,252</u>
EQUITY					
Capital and Reserves					
Share capital	19	312,500	312,500	312,500	312,500
Share premium		937,500	937,500	937,500	937,500
Other equity	20	2,324,750	2,324,750	2,324,750	2,324,750
Retained earnings		3,317,650	553,134	827,887	393,840
Total Equity		<u>6,892,400</u>	<u>4,127,884</u>	<u>4,402,637</u>	<u>3,968,590</u>
LIABILITIES					
Non-Current Liabilities					
Long-term borrowings	23	14,495,772	16,221,843	14,495,772	16,221,843
Current Liabilities					
Trade and other payables	22	2,513,121	3,509,727	51,661	43,431
Current income tax liabilities	17	-	19,503	-	-
Short-term borrowings	23	660,000	3,574,336	660,000	1,508,388
		<u>3,173,121</u>	<u>7,103,566</u>	<u>711,661</u>	<u>1,551,819</u>
Total Liabilities		<u>17,668,893</u>	<u>23,325,409</u>	<u>15,207,433</u>	<u>17,773,662</u>
Total Equity and Liabilities		<u>24,561,293</u>	<u>27,453,293</u>	<u>19,610,070</u>	<u>21,742,252</u>

The financial statements were approved and authorised for issue by the Board of Directors on 25 April 2022. The financial statements were signed on behalf of the Board of Directors by Christopher Attard (Director) and Pierre Bartolo (Director) as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report.

**Statements of Changes in Equity
for year ended 31 December 2021**

	Share Capital	Share Premium	(Accumulated Losses)/ Retained Earnings	Other Equity	Total Equity
	€	€	€	€	€
GROUP					
At 1 January 2020	312,500	937,500	(209,192)	2,324,750	3,365,558
Total comprehensive income					
Profit for the year	-	-	762,326	-	762,326
At 31 December 2020	<u>312,500</u>	<u>937,500</u>	<u>553,134</u>	<u>2,324,750</u>	<u>4,127,884</u>
At 1 January 2021	312,500	937,500	553,134	2,324,750	4,127,884
Total comprehensive income					
Profit for the year	-	-	2,764,516	-	2,764,516
At 31 December 2021	<u>312,500</u>	<u>937,500</u>	<u>3,317,650</u>	<u>2,324,750</u>	<u>6,892,400</u>
			(Accumulated Losses)/ Retained Earnings		
	Share Capital	Share Premium		Other Equity	Total Equity
	€	€	€	€	€
COMPANY					
At 1 January 2020	312,500	937,500	(22,157)	2,324,750	3,552,593
Total comprehensive income					
Profit for the year	-	-	415,997	-	415,997
At 31 December 2020	<u>312,500</u>	<u>937,500</u>	<u>393,840</u>	<u>2,324,750</u>	<u>3,968,590</u>

At 1 January 2021	312,500	937,500	393,840	2,324,750	3,968,590
Total comprehensive income					
Profit for the year	-	-	434,047	-	434,047
At 31 December 2021	<u>312,500</u>	<u>937,500</u>	<u>827,887</u>	<u>2,324,750</u>	<u>4,402,637</u>

**Statements of Cash flows
for the year ended 31 December 2021**

	Group		Company	
	2021	2020	2021	2020
	€	€	€	€
Cash flow from operating activities				
Profit before taxation	3,672,781	1,313,457	441,140	327,881
Reconciliation to cash generated from operations:				
Depreciation	253	253	-	-
Amortisation of bond issue costs	66,729	66,729	66,729	66,729
Income tax	(948,492)	(623,473)	(4,515)	(288)
Interest and dividend income	(30,185)	(4,020)	(743,716)	(580,466)
Interest expense	151,968	103,298	804,879	778,207
Operating profit before working capital changes	<u>2,913,054</u>	<u>856,244</u>	<u>564,517</u>	<u>592,062</u>
Decrease in inventories	6,056,158	750,384	-	-
(Increase)/decrease in trade receivables	(742,403)	2,500	-	-
Increase in other receivables	(126,662)	(124,604)	(1,759,425)	(287,717)
(Decrease) / increase in trade payables	(154,233)	301,460	(8,422)	5,891
(Decrease) / increase in other payables	(842,374)	390,230	16,652	11,499
Interest paid	-	(2,325)	(652,911)	(677,234)
Interest received	30,185	4,020	30,099	1,919
Cash generated from/(used in) operating activities	<u>7,133,725</u>	<u>2,177,909</u>	<u>(1,809,490)</u>	<u>(353,580)</u>
Cash flow from investing activities				
Dividends received	-	-	713,617	578,547

Payments on acquisition of group interests	-	-	-	(200,000)
Loans to group companies	-	-	(1,079,309)	(150,416)
Payments in sinking fund reserve	(2,490,014)	(875,432)	-	(875,432)
Repayment of loans by group companies	-	-	4,983,157	-
Cash (used in)/generated from investing activities	(2,490,014)	(875,432)	4,617,465	(647,301)
Cash flows from financing activities				
Increase in short term bank borrowings	1,903,438	2,885,524	700,000	1,800,000
Increase in short term related party borrowings	400,000	-	-	-
Interest paid	(151,968)	(100,973)	(151,968)	(100,973)
Repayment of short term bank borrowings	(4,731,254)	(3,704,544)	(1,485,000)	(355,000)
Repayment of short term related party borrowings	(462,414)	(12,854)	-	-
Repayment of other short term borrowings	(1,792,800)	(716,800)	(1,792,800)	(716,800)
Cash (used in)/generated from financing activities	(4,834,998)	(1,649,647)	2,729,768	627,227
Net movement in cash and equivalents in the year	(191,287)	(347,170)	78,207	(373,654)
Cash and cash equivalents at beginning of year	437,949	785,119	3,353	310,301
Cash and cash equivalents at end of year (Note 18)	246,662	437,949	14,854	(63,353)

Notes to the Financial Statements

1. General Information

Best Deal Properties Holding p.l.c ("the Company") is a public limited liability company incorporated and domiciled in Malta. The registered office of the Company is 63 J.L. Buildings, Office 5, Luqa Road, Paola PLA9045. The Company status is that of a public company. These financial statements were approved for issue by the Board of Directors on 25 April 2022.

The principal activity of the Company is to act as a holding company and to provide financing to its subsidiaries. The Group is involved in the development of property for sale.

The Company has no individual who owns or controls, through direct or indirect ownership of shares, voting rights or ownership interests more than twenty-five per cent (25%) and no individual ultimately controls the Company via other means. The executive directors through their position of senior managing officials within the Company are considered as the ultimate controlling parties.

These financial statements include the results of the Company and of its subsidiaries, together with those of the Company, for the year ended 31 December 2021.

2. Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied throughout the periods presented, unless otherwise stated.

Statement of compliance and basis of measurement

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and comply with the requirements of the Companies Act (Cap. 386), enacted in Malta.

These financial statements have been prepared under the historical cost basis and are presented in Euro (€) which is also the company's functional currency.

The preparation of financial statements in conformity with the International Financial Reporting Standards as adopted by the EU requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the Statement of Financial Position date and the reported amounts of revenues and expenses during the reporting period. In particular, the directors have assessed the companies acquired and have concluded that in their view these acquisitions qualify under IFRS 3 Business Combinations and are therefore accounted for in terms of that standard. Furthermore, the fair value of assets acquired and liabilities assumed are initially estimated by the directors taking into consideration all available information at the acquisition date. The directors believe that these estimates and assumptions are reasonable.

Basis of consolidation

These consolidated financial statements incorporate the financial performance, cash flows and financial position of the Company and of its subsidiaries. The Group is made up of the entities as listed in note 12. Subsidiaries are companies over which the Group has control either directly or indirectly. Control is defined as the right or exposure to variable returns and the ability to affect those returns through power over an investee. The subsidiaries and the Company are consolidated from the date on which control is transferred.

Intra-group transactions, balances and unrealised gains on transactions between companies within the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies of the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of the subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of changes in equity of the Group.

When the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary and other related component in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss. Any interest retained is measured at fair value when control is lost.

New or revised standards, interpretations and amendments adopted

The Company and the Group adopted several new or revised standards, interpretations and amendments issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee and endorsed by the EU. The adoption of these new or revised standards, interpretations and amendments did not have a material impact on these financial statements.

New or revised standards, interpretations and amendments issued but not yet effective

At the end of the reporting period, certain new standards, interpretations or amendments thereto, were in issue and endorsed by the EU, but not yet effective for the current financial period. There have been no instances of early adoption of standards, interpretations or amendments ahead of their effective date. The directors anticipate that the adoption of the new standards, interpretations or amendments thereto, will not have a material impact on the financial statements upon initial application.

Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of net identifiable assets acquired at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of any cash generating unit include the carrying amount of goodwill relating to that cash generating unit disposed. Goodwill is allocated to cash generating units for the purpose of impairment testing.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses to date. Cost includes expenditure directly attributable to the acquisition of the items as well as transfers from equity of any gains/losses on qualifying cashflow hedges of foreign currency purchases of property, plant and equipment. Depreciation is provided on all items of property, plant and equipment, except freehold land and assets under construction, at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Plant, machinery and equipment - 20% Straight Line

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. The residual values and useful lives of the assets are reviewed and adjusted as appropriate, at each balance sheet date. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount.

Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Investment in subsidiaries

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

An investor determines whether it is a parent by assessing whether it controls one or more investees. An investor considers all relevant facts and circumstances when assessing whether it controls an investee. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those

returns through its power over the investee.

An investor controls an investee if, and only if, the investor has all of the following elements: power over the investee, i.e. the investor has existing rights that give it the ability to direct the relevant activities (the activities that significantly affect the investee's returns); exposure, or rights, to variable returns from its involvement with the investee; the ability to use its power over the investee to affect the amount of the investor's returns.

Investment in subsidiaries are initially recognised at cost, being the fair value of the consideration given, including acquisition costs and are subsequently carried at cost less accumulated impairment losses, if any.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value of the asset less costs to sell and the value in use. Impairment losses are immediately recognised as an expense in the Statement of Comprehensive Income. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Impairment of financial assets

The company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology depends on the credit risk of the counterparty whereby for accounts where the credit risk is low and there is no significant increase in credit risk since initial recognition, the company recognises expected credit losses that are possible within the next 12 months, while expected credit losses expected over the remaining life of the exposure are recognised when there is a significant increase in credit risk since initial recognition.

The company's main financial assets that are subject to expected credit loss assessment comprise of cash and cash equivalents and amounts owed by related and group companies.

Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Other receivables consist of deposits and guarantees paid by the Company in the ordinary course of business which are refundable within one year. The Company measures other receivables at amortised cost.

Inventories and work in progress

Inventories and work in progress represents the properties held for construction and sale. The cost of the work in progress includes the purchase of the land on which the development for sale will be constructed including all related direct purchase costs such as duty and professional fees. Cost also includes the development costs such as demolition, excavation and construction together with all the directly attributable costs to finish the property and bringing it to the condition necessary for it to be sold. The cost of the inventories and work in progress also include the borrowing costs that are directly attributable to the acquisition, construction and finishing of the development for resale.

The developed property held for resale is included in the financial statements at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Taxation

Income tax on profit or loss for the year comprises current and deferred tax. Income tax is recognised in the Statement of Comprehensive Income. When it relates to items recognised directly to equity, income tax is recognised as part of the other comprehensive income and in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets and liabilities that affect neither accounting nor taxable profits, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the Statement of Financial Position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Finance costs

Finance costs that are directly attributable to the acquisition, construction and finishing of the development for resale are included as part of the cost of the inventories and work in progress. Other finance costs are recognised as an expense in the period in which they are incurred.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and can be reliably measured. The company recognises revenue as follows:

Property related income

Property sales are recognised when the significant risks and rewards of ownership of the property being sold are effectively transferred to the buyer. This is generally considered to occur at the later of the contract of sale and the date when all the Company's obligations relating to the property are completed and the possession of the property can be transferred in the manner stipulated by the contract of sale.

Amounts received in respect of sales that have not yet been recognised in the financial statements due to the fact that the significant risks and rewards of ownership still rest with the Company, are treated as payments received in advance and are reported with current liabilities.

Finance income

Finance income comprises interest income recognised on financial assets. Interest income is recognised as it accrued in profit or loss, using the effective interest method.

Dividend Income

Dividend income is recognised when it is received or when the right to receive payment is established.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external values may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the Statement of Financial Position date.

Trade and other payables

Trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services, whether or not billed to the Company. Due to their short-term nature, these are measured at amortised cost and are not discounted.

Cash and cash equivalents

Cash and cash equivalents are carried in the Statement of Financial Position at face value. For the purposes of the Statement of cash flow, cash and cash equivalents comprise cash in hand and deposits held at call with banks, net of bank overdrafts. In the Statement of Financial Position, bank overdrafts are included as borrowings under current liabilities.

Capital Disclosures

The Company and Group's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company and Group set the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as equity (as shown in the statement of financial position). The Company maintains its level of capital by reference to its financial obligations and commitments arising from operational requirements in relation to the development projects as well as to enable the honouring of all other liabilities including bond interest.

2. Significant judgments and critical estimation uncertainties

The preparation of financial statements in conformity with IFRS as adopted by the EU requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The Directors have considered the development, selection and disclosure of the Company's and Group's critical accounting policies and estimates and the application of these policies and estimates. Estimates and judgements are continually evaluated and are based on historical and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company and the Group based on known information. This consideration extends to the nature of the Company's and Group's operations. As at the reporting date, 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 that may cast doubt upon the Company's or the Group's ability to continue as a going concern.

In the opinion of the Company's directors, except for the matter described above, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their disclosure in terms of the requirements of IAS 1.

4. Revenue

	Group	
	2021	2020
	€	€
Revenue from contracts with customers	20,060,349	10,951,715

5. Investment Income

	Group		Company	
	2021	2020	2021	2020
	€	€	€	€
Dividend income	-	-	713,617	578,547

6. Finance income

	Group		Company	
	2021	2020	2021	2020
	€	€	€	€
Bank interest	86	107	-	6
Other interest	30,099	3,913	30,099	1,913
Interest on loans to subsidiary	-	-	1,079,309	1,092,000
	<u>30,185</u>	<u>4,020</u>	<u>1,109,408</u>	<u>1,093,919</u>

7. Finance costs

	Group		Company	
	2021	2020	2021	2020
	€	€	€	€
On bank overdrafts	-	2,325	-	2,232
On related party loans	80,000	80,000	80,000	80,000
Premium upon repurchase of loans	71,968	20,973	71,968	20,973
Bond interest <i>Note</i>	-	-	652,911	675,002
	<u>151,968</u>	<u>103,298</u>	<u>804,879</u>	<u>778,207</u>

Bond interest

In the consolidated financial statements of the Group, the amount of bond interest payable is classified as a direct development cost in view that it is directly related to the financing of the properties purchased for development and resale. In terms of IAS 23 the interest is being capitalised as part of inventory, and then expensed as a direct cost when the properties are sold. The bond interest capitalised as part of the development cost amounts to €652,911 (2020: €675,002).

8. Profit for the year

	Group		Company	
	2021	2020	2021	2020

		€	€	€	€
Profit for the year is stated after charging:					
Directors' remuneration	<i>Note</i>	362,939	362,450	362,939	362,450
Depreciation of property, plant & equipment		253	253	-	-
Auditors' remuneration		23,305	20,060	12,685	9,440
		<u>362,939</u>	<u>362,450</u>	<u>362,939</u>	<u>362,450</u>

Directors' emoluments

	Group and Company	
	2021	2020
	€	€
Emoluments for services as directors	353,140	352,775
Social security costs on directors emoluments	9,799	9,675
	<u>362,939</u>	<u>362,450</u>

9. Taxation

- a) Taxation is provided for at the rate of 35% for company profits, except for certain bank interest receivable which is taxed at 15% and sales of property which are taxed 5% as a Final Withholding Tax.

	Group		Company	
	2021	2020	2021	2020
	€	€	€	€
Current year taxation				
Income tax on the taxable income for the year	927,541		4,515	288
Deferred taxation				
Transfer to deferred taxation account	-	(90,343)	-	(88,405)
	<u>927,541</u>	<u>551,131</u>	<u>4,515</u>	<u>(88,117)</u>

Prior years

Current Tax	(21,854)	-	-	-
Transfer to deferred taxation account	2,578	-	2,578	-
	<u>908,265</u>	<u>551,131</u>	<u>7,093</u>	<u>(88,117)</u>

b) The accounting /(credit) for the year are reconciled as follows:

	Group		Company	
	2021	2020	2021	2020
	€	€	€	€
Profit on ordinary activities before taxation	<u>3,672,781</u>	<u>1,313,457</u>	<u>441,140</u>	<u>327,880</u>
Tax on accounting profit at 35%	1,285,473	459,710	154,399	114,758
Tax effect on:				
Expenses disallowed for tax purposes	84,858	71,538	-	-
Different tax rate charged on interest receivable	(6,020)	-	(6,020)	-
Different tax rate on sales of property	(480,140)	(62,369)	-	-
Group relief	(2,841)	-	-	-
Exempt income	-	-	(249,766)	(202,491)
Other non-temporary differences	42,903	82,252	105,902	(384)
Tax expense/(credit) for the year	<u>924,233</u>	<u>551,131</u>	<u>4,515</u>	<u>(88,117)</u>

c) The asset for deferred tax is analysed as follows:

	Group		Company	
	2021	2020	2021	2020
	€	€	€	€
Unabsorbed tax losses and capital allowances	108,310	110,888	106,373	108,951
Deferred tax asset	<u>108,310</u>	<u>110,888</u>	<u>106,373</u>	<u>108,951</u>

Deferred tax assets and liabilities are offset when the income tax relates to the same fiscal authority.

Provision was made for deferred tax for all temporary differences on the basis of the balance sheet liability method using a principal tax rate of 35%.

Group	Goodwill
	€
Cost	
At 1 January 2021 /	
31 December 2021	43,367
	<hr/>
Net book values	
At 31 December 2021	43,367
At 31 December 2020	43,367
	<hr/> <hr/>

11. Property, plant and equipment

Group	Plant, machinery & equipment
	€
Cost	
At 1 January 2020 /	
At 31 December 2020	2,122
	<hr/>
Depreciation	
At 1 January 2020	856
Charge for the year	253
At 31 December 2020	1,109
	<hr/>
Net book values	
At 31 December 2020	1,013
	<hr/>
Cost	
At 1 January 2021 /	
At 31 December 2021	2,122
	<hr/>
Depreciation	
At 1 January 2021	1,109
Charge for the year	253

At 31 December 2021	1,362
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Net book values

At 31 December 2021	760
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12. Investment in subsidiaries

	Group		Company	
	2021	2020	2021	2020
	€	€	€	€
Investment at cost at beginning of year	-	-	640,000	240,000
Additions during the year	-	-	-	400,000
Balance at end of year	-	-	640,000	640,000

Note

The additions during the financial year ended 31 December 2020 represent an investment in share capital of €200,000 in PJCE Properties Limited and a capital contribution of €200,000 in Best Deal Developments Limited

The Group parent company Best Deal Properties Holding p.l.c included in this consolidation holds 100% of the share capital of the following companies:

Subsidiary undertaking	Registered or principal office	Date of Incorporation
Elite Developments Limited (C74282)	63, J.L. Building, Luqa Road, Paola	9 February 2016
PJCE Properties Limited (C85050)	63, J.L. Building, Luqa Road, Paola	22 February 2018
Best Deal Developments Limited (C89191)	63, J.L. Building, Luqa Road, Paola	31 October 2018

Details of the acquisition of the subsidiaries are as follows:

	Elite Developments Limited	PJCE Properties Limited
	€	€
Property, plant & equipment	1,662	-
Work in progress	3,973,329	1,978,825
Trade and other receivables	2,388,680	27,098
Cash and cash equivalents	(114,778)	39,485
Long-term borrowings	2,324,750	(1,100,000)

Trade and other payables	1,194,057	(131,690)
Income tax liabilities	4,760	-
Short-term borrowings	2,170,282	(707,085)
Net assets acquired	<u>555,044</u>	<u>106,633</u>
Goodwill	-	43,367
Gain on acquisition	(515,044)	-
Acquisition-date fair value of total consideration transferred	<u>40,000</u>	<u>150,000</u>
Representing:		
Exchange of shares by shareholders	<u>40,000</u>	<u>150,000</u>

The following summarizes the financial position and performance of the Company's subsidiaries as at and for the period ended 31 December 2021.

Subsidiary undertaking	Capital and reserves	Profit for the year
	€	€
Elite Developments Limited	163,191	240,555
PJCE Properties Limited	1,025,526	734,233
Best Deal Developments Limited	2,557,609	2,017,806

13. Financial assets at amortised cost

	Group		Company		
	2021	2020	2021	2020	
	€	€	€	€	
Non-current					
Loan on subsidiary	<i>Note</i>	-	-	15,135,118	19,038,966

Loan to subsidiary - Non-current

Amounts are unsecured, bear interest at 7% per annum and are repayable by the end of the year 2024.

14. Other non-current assets

	Group		Company	
	2021	2020	2021	2020
	€	€	€	€

Sinking fund reserve	Note	3,365,449	875,432	3,365,446	875,432
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Sinking fund reserve

These amounts represent the funds held by the Security Trustee under trust in a local bank account and are so held to meet the redemption of the secured bonds on the redemption date or to re-purchase the secured bonds in the market.

15. Inventories

Group	2021	2020
	€	€
Property for resale and work in progress	19,625,795	25,681,953

16. Trade & other receivables: Current

	Group		Company	
	2021	2020	2021	2020
	€	€	€	€
Trade receivables	742,403	-	-	-
Amounts owed by subsidiaries	-	-	322,989	1,061,369
Amounts owed by other related parties	6,772	42,123	-	-
Other receivables	373,185	100,887	-	-
Prepayments and accrued income	25,290	135,575	25,290	17,499
	<u>1,147,650</u>	<u>278,585</u>	<u>348,279</u>	<u>1,078,868</u>

Amounts owed by subsidiaries

These amounts are unsecured, interest-free and repayable within one year.

Amounts owed by other related parties

Amounts are unsecured, interest-free and repayable upon demand.

17. Current Income Tax Assets / (Liabilities)

Group	2021	2020
	€	€

The tax provision is made up of :-

Balance at beginning of year	(19,502)	(1,502)
Provision for the year	(927,541)	(641,474)
Tax adj. re previous year	21,854	-
Settlement tax paid	19,474	1,476
Provisional tax paid	1,477	2,380
Tax paid at source	927,541	619,617
Balance at end of year	<u>23,303</u>	<u>(19,503)</u>

18. Notes to the Statement of cash flows

Cash & cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	Group		Company	
	2021	2020	2021	2020
	€	€	€	€
Cash at bank and in hand	246,662	462,055	14,854	35
Overdrafts	-	(24,106)	-	(63,388)
	<u>246,662</u>	<u>437,949</u>	<u>14,854</u>	<u>(63,353)</u>

Liabilities arising from financing activities

	Group		Company	
	2021	2020	2021	2020
	€	€	€	€
4.25% Secured Bonds 2024				
Opening net debt	15,021,843	15,671,914	15,021,843	15,671,914
Bond issue costs amortisation	66,729	66,729	66,729	66,729
Bond buybacks	(1,792,800)	(716,800)	(1,792,800)	(716,800)
	<u>13,295,772</u>	<u>15,021,843</u>	<u>13,295,772</u>	<u>15,021,843</u>
Bank borrowings within 1 year				
Opening net debt	3,487,816	4,306,836	1,445,000	-
Increase in borrowings	1,903,439	2,885,524	700,000	1,800,000
Repayments	(4,731,255)	(3,704,544)	(1,485,000)	(355,000)
	<u>660,000</u>	<u>3,487,816</u>	<u>660,000</u>	<u>1,445,000</u>

Related party borrowings within 1 year

Opening net debt	62,414	62,414	-	-
Increase in borrowings	400,000	-	-	-
Repayments	(462,414)	-	-	-
	<u>62,414</u>	<u>62,414</u>	<u>-</u>	<u>-</u>

Related party borrowings due after 1 year

Opening net debt	1,200,000	1,200,000	1,200,000	1,200,000
	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>

19. Share capital

Group and Company

2021	2020
€	€

Authorised

3,500,000 Ordinary shares of €0.10c each	<u>350,000</u>	<u>350,000</u>
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Issued

3,125,000 Ordinary shares of €0.10c each 100% paid up	<u>312,500</u>	<u>312,500</u>
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20. Other equity

This amount represents an amount owed to the shareholders of the Company. These shareholders' loans have no fixed redemption date, do not carry a right to any interest and are repayable only at the sole discretion of the Company.

21. Basic earnings per share

	Group		Company	
	2021	2020	2021	2020
Profit attributable to owners of the Company	€2,764,516	€762,326	€434,047	€415,997
Number of ordinary shares	3,125,000	3,125,000	3,125,000	3,125,000
Basic earnings per share	<u>€0.88</u>	<u>€0.24</u>	<u>€0.14</u>	<u>€0.13</u>

22. Trade and other payables

	Group		Company	
	2021	2020	2021	2020
	€	€	€	€
Trade payables	197,898	352,131	1,724	10,146
Other taxes and social security costs	8,640	1,220	8,640	1,220
Other payables	940,324	1,584,335	3,892	1,445
Accruals	1,366,259	1,572,041	37,405	30,620
	<u>2,513,121</u>	<u>3,509,727</u>	<u>51,661</u>	<u>43,431</u>

23. Borrowings

		Group		Company	
		2021	2020	2021	2020
		€	€	€	€
Non-current					
160,000 4.25% Secured Bonds 2024	<i>Note</i>	13,295,772	15,021,843	13,295,772	15,021,843
Related party borrowings	<i>Note</i>	1,200,000	1,200,000	1,200,000	1,200,000
		<u>14,495,772</u>	<u>16,221,843</u>	<u>14,495,772</u>	<u>16,221,843</u>
Current					
Bank overdrafts		-	24,106	-	63,388
Bank borrowings	<i>Note</i>	660,000	3,487,816	660,000	1,445,000
Related party borrowings	<i>Note</i>	-	62,414	-	-
		<u>660,000</u>	<u>3,574,336</u>	<u>660,000</u>	<u>1,508,388</u>

Amounts owed to related companies

Amounts owed to related companies were unsecured, interest-free and repayable upon demand.

Bank borrowings: Current

Current bank borrowings consist of €660,000 which will be repaid by 2022 from sales proceeds of Zabbar project. These loans are secured by a charge over the fixed assets of Best Deal Developments Limited. The loan bears interest at 2.5% per annum. This loan was obtained in 2020 through the MDB COVID-19 Guarantee Scheme.

Related party borrowings

These relate to a loan of €1,200,000 which is unsecured and bears interest of 6.667% per annum. The rights of the lender in respect of this loan is subordinated to the rights of the bondholders of the Company with regards to the issue of €16,000,000

4.25% Secured Bonds 2024 and accordingly any payment of the loan shall be in all respects conditional on their being certainty that dues to bondholders are secured.

Bonds issued

Best Deal Properties Holding p.l.c issued 160,000 bonds with a face value of €100 each, for an aggregate amount of €16 million. The bonds have an interest of 4.25% per annum, payable annually in arrears on 12 December. The nominal value of the secured bonds is repayable in full upon maturity on 12 December 2024. The bonds are guaranteed by Best Deal Developments Limited, which has bound itself jointly and severally liable for the payment of the bonds and interest thereon. The bonds are measured at the amount of the bond issue of €16 million net of the bond issue costs which are being amortised over the lifetime of the bonds, as follows:

	2021	2020
	€	€
Original face value of bonds issued	16,000,000	16,000,000
Bond issue costs	(400,376)	(400,376)
Accumulated amortisation	205,748	139,019
Bond buy backs	(2,509,600)	(716,800)
Closing net book amount of bond issue costs	(2,704,228)	(978,157)
Amortised cost and closing carrying amount of the bonds	13,295,772	15,021,843

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 2021, the company repurchased a total of €1,792,800 of its 4.25% secured bonds 2024 from its bondholders through the funds held in the sinking fund account. As at 31 December 2021 a balance of €3,365,446 was held in the sinking fund reserve to re-purchase further bonds in the future.

24. Events after the end of the reporting period

Russian-Ukraine conflict

Towards the end of February 2022, the armed conflict between the Russian Federation and Ukraine set in motion a chain of diplomatic efforts and other major geopolitical events which led a number of western nations, including the EU institution and the United States government, to impose a number of sanctions on Russia and Belarus. These current sanctions in place include several restrictive measures of a direct financial nature that are having a significant direct impact on the broad economy of the invading nations.

The consequences of these restrictive measures are however also expected to have a significant impact on the economies of the countries implementing such trade restrictions, with a spill-over on the world economy, as uncertainty and market volatility remain high across all industries with increasing tensions and rhetoric on both sides. The cost of doing business is undoubtedly set to rise further, following the initial Covid shocks on the global economy seen in the last couple of years, as the ongoing conflict in Ukraine and Covid-related measures continue to rock global supply chains. Both the International Monetary Fund and the World Bank have indicated that the resulting impact of the conflict to global growth and recovery from Covid effects will be significant. As the price of oil and gas shift upwards due to the war, transport and other procurement costs required for business will also increase. Due to the nature and decisiveness of these restrictive measures, the economic impact globally is expected to be long-lasting, even in the eventuality that the conflict ceases in the immediate future.

The Group is not expected to be negatively impacted by the ongoing conflict in Ukraine 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 company's turnover and business activity.

The company is nevertheless expected to be negatively impacted in the short to medium term as costs are expected to rise generally throughout the economies and the industries in which it operates; and specifically for costs pertaining to subcontractors.

25. Related party transactions

	Group		Company	
	2021	2020	2021	2020
	€	€	€	€
Transactions with related parties :				
Development costs paid to Best Deal Properties Ltd	609,798	140,806	-	-
Development costs paid to other related parties	238,408	-	-	-
Admin & advertising paid to Best Deal Properties Ltd	49,267	147,000	-	-
Commissions on sales	33,429	6,250		
Interest receivable from Best Deal Developments Ltd	-	-	1,079,309	1,092,000
Dividends from Elite Developments Limited	-	-	713,617	578,547
Interest paid to other related companies	80,000	80,000	80,000	80,000

	Group		Company	
	2021	2020	2021	2020
	€	€	€	€
Key management compensation:				
Directors' salaries	362,939	362,450	362,939	362,450

Loans to related parties

	Group		Company	
	2021	2020	2021	2020
	€	€	€	€

Amounts owed by subsidiaries :

Opening balance	-	-	1,061,369	767,983
Amounts advanced during the year	-	-	-	842,989
Loans repayments received	-	-	(738,380)	(549,603)
Closing balance	-	-	322,989	1,061,369

Loans to subsidiaries :

Opening balance	-	-	19,038,966	19,088,550
Loans advanced during the year	-	-	-	1,383,165
Loans repayments received	-	-	(4,983,157)	(2,324,749)
Interest charged	-	-	1,079,309	1,092,000
Conversion of debt to equity	-	-	-	(200,000)
Closing balance	-	-	15,135,118	19,038,966

Amounts due from related companies

Opening balance	42,123	83,380	-	-
Loans repayments received	(35,351)	(41,257)	-	-
Closing balance	6,772	42,123	-	-

Total loans and amounts due from related parties :

Opening balance	42,123	83,380	20,100,335	19,856,533
Loans advanced during the year	-	-	-	2,226,154

Loans repayments received	(35,351)	(41,257)	(5,721,537)	(2,874,352)
Interest charged	-	-	1,079,309	1,092,000
Conversion of debt to equity	-	-	-	(200,000)
Closing balance	<u>6,772</u>	<u>42,123</u>	<u>5,458,107</u>	<u>20,100,335</u>

Loans from related parties

	Group		Company	
	2021	2020	2021	2020
	€	€	€	€
Loans from shareholders:				
Opening balance	1,262,414	1,262,414	1,200,000	1,200,000
Loans repayments made	(62,414)	-	-	-
Closing balance	<u>1,200,000</u>	<u>1,262,414</u>	<u>1,200,000</u>	<u>1,200,000</u>

Loans from related companies :

Opening balance	-	12,854	-	1,463
Repayments made	-	(12,854)	-	(1,463)
Closing balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Amounts due to related companies

Opening balance	-	3,338	-	-
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Loans repayments made	-	(3,338)	-	-
Closing balance	-	-	-	-

Total loans and amounts due to related parties :

Opening balance	1,262,414	1,278,606	1,200,000	1,201,463
Repayments made	(62,414)	(16,192)	-	(1,463)
Closing balance	1,200,000	1,262,414	1,200,000	1,200,000

26. Financial Risk Management

At year end, the Group's main financial assets on the statement of financial position is comprised of cash at banks, trade and other receivables (excluding prepayments and accrued income) and amounts due to related companies. There were no off-balance sheet financial assets.

At year end, the Group's main financial liabilities on the statement of financial position is comprised of trade and other payables (excluding accruals), and borrowings. There were no off-balance sheet financial liabilities except as disclosed in note 23 to these financial statements.

Exposure to credit, liquidity and interest-rate risk arise from the Group's activities.

Timing of cash flows

The presentation of the financial assets and liabilities listed above under the current and non-current headings within the statement of financial position is intended to indicate the timing in which the cash flows will arise.

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern and comply with the requirements of the prospectus issued in relation to the bonds while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 23 and equity attributable to equity holders, comprising issued share capital, share premium, other equity and retained earnings as disclosed in note 19 & 20 to these financial statements and in the statement of changes in equity.

Credit risk

Credit risk is the risk that one party to a financial instrument will default on its contractual obligations resulting in financial loss to the Group or the Company. Financial assets which potentially subject the Group to concentrations of credit risk consist principally to cash at banks, trade and other receivables (excluding prepayments and accrued income) and financial assets at amortised cost as disclosed in the statement of financial position and in the related notes. The Group does not hold any collateral.

The credit risk relating to cash at bank is considered to be low in view of the management's policy of placing it with reputable financial institutions.

Trade and other receivables are mainly due from related companies. Credit risk in this respect is deemed by the directors

to be limited since they are confident that related companies will generate enough future cash flows from their operations.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The directors monitor the liquidity risk by reviewing the expected cash flows and matching of the cash inflows and cash outflows arising from the business. The following table analyses the undiscounted contractual cash flows arising from the Group's financial liabilities

Group	Within 12 months	Between 1-5 years	More than 5 years	Total
	€	€	€	€
31 December 2021				
Bonds payable (including interest)	573,342	14,637,084	-	15,210,426
Bank borrowings (including overdrafts)	660,000	-	-	660,000
Related party borrowings	-	1,200,000	-	1,200,000
Trade and other payables	2,513,120	-	-	2,513,120
	3,746,462	15,837,084	-	19,583,546

Group	Within 12 months	Between 1-5 years	More than 5 years	Total
31 December 2021				
Bonds payable (including interest)	573,342	14,637,084	-	15,210,426
Bank borrowings (including overdrafts)	660,000	-	-	660,000
Related party borrowings	-	1,200,000	-	1,200,000
Trade and other payables	51,661	-	-	51,661
	1,285,003	15,837,084	-	17,122,087

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises from the bank overdraft which is subject to varying interest rates according to revisions to the bank's base rate. Interest rate on the bonds payable and related party borrowings is fixed (where applicable), while the other financial liabilities are interest-free, thus, interest rate risk does not apply to these financial instruments.

27. Fair value measurement

The Group measures fair value using the fair value hierarchy that reflects the significance of the inputs used in making the

measurements:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: Valuation techniques based on observable input, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using; quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly observable from market data; and

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and unobservable inputs have a significant effect on the instruments valuation. This category includes instruments that are valued based on quoted market prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Financial instruments

The carrying amount of cash at bank, trade and other receivables (excluding prepayments), trade and other payables (excluding accruals), and other financial liabilities at amortised cost approximate their fair values as at year end in view of the nature of these financial instruments or the relatively short period of time from the year end date to their realisation.

Independent Auditors' Report to the Shareholders

To the Shareholders of Best Deal Properties Holding p.l.c. Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Best Deal Properties Holding p.l.c. (“the Company”) and the consolidated financial statements of the Company and its subsidiaries (together “the Group”), set out on pages 10 - 38, which comprise the statements of financial position as at 31 December 2021, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company and of the Group as at 31 December 2021, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), and have been properly prepared in accordance with the requirements of the Companies Act (Cap. 386).

Our report is consistent with the additional report to the audit committee in accordance with the

provision of Article 11 of the EU Regulations No. 537/2014 on specific requirements on statutory audits of public-interest entities.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and of the Group in accordance with the ethical requirements of both the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Code of Ethics for Warrant Holders in Malta. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, we declare that we have not provided non-audit services to the parent company and its subsidiaries.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying value of Inventories

We identified inventories as a key audit matter due to the significance of the balance to the consolidated financial statements. Inventories consist of properties held for development and sale. The cost of the inventories includes the purchase price of the land, development costs, construction costs, professional fees, borrowing costs and all costs that are directly attributable to the acquisition, development, construction and finishing of the properties held for development and sale.

The Group's inventories are stated at the lower of cost and net realisable value. At as 31 December 2021, the Group's properties held for sale and under development amounted to €19,625,795.

Our audit procedures included, amongst others, conducting site visits to observe the development progress, assessing the appropriateness and correctness of the cost allocation to the different units developed and assessing the reasonableness of the carrying value based on the stage of completion, management's budget and market information.

Other Information

The directors are responsible for the other information. The other information comprises the directors' report and the statement of compliance with the principles of good corporate governance. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon except as explicitly stated within the Report on other legal and regulatory requirements.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Under Article 179(3) of the Companies Act (Cap. 386), we are required to consider whether the information given in the directors' report is compliant with the disclosure requirements of Article 177 of the same Act.

Based on the work we have performed, in our opinion:

- the directors' report has been prepared in accordance with the Companies Act (Cap. 386);
- the information given in the directors' report for the financial period on which the financial statements had been prepared is consistent with those in the financial statements; and
- in light of our knowledge and understanding of the Company and the Group, and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

Responsibilities of the Directors and those charged with governance for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS as adopted by the EU and the requirements of the Companies Act (Cap. 386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company and/or the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related

disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and /or the Group to cease to continue as a going concern

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on the Statement of Compliance with the Principles of Good Corporate Governance

The Capital Markets Rules issued by the Malta Financial Services Authority requires the directors to prepare and include in their Report a Statement of Compliance providing explanation of the extent to which they have adopted the Code of Principles of Good Governance and the effective measures that they have taken to ensure compliance throughout the period with those principles. The Capital Markets Rules also require the auditors to report on the Statement of Compliance prepared by the directors.

We read the Statement of Compliance and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements included in the Report. Our responsibilities do not extend to considering whether this statement is consistent with any other information included in the Report.

We are not required to, and we do not, consider whether the Board's statements on internal control included in the Statement of Compliance cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures. In our opinion, the Statement of Compliance with the Principles of Good Corporate Governance set out on pages 6 – 9 has been properly prepared in accordance with the requirements of the Capital Markets Rules issued by the Malta Financial Services Authority.

Report on compliance with the requirements of the European Single Electronic Format Regulatory Technical Standard (the "ESEF RTS"), by reference to Capital Markets Rule 5.55.6

We have undertaken a reasonable assurance engagement in accordance with the requirements of Directive 6 issued by the Accountancy Board in terms of the Accountancy Profession Act (Cap. 281) - the Accountancy Profession (European Single Electronic Format) Assurance Directive (the "ESEF Directive 6") on the annual financial report of Best Deal Properties Holding p.l.c. for the year ended 31 December 2021, entirely prepared in a single electronic reporting format.

Responsibilities of the directors

The directors are responsible for the preparation of the annual financial report, including the consolidated financial statements and the relevant mark-up requirements therein, by reference to Capital Markets Rule 5.56A, in accordance with the requirements of the ESEF RTS.

Auditors' responsibilities

Our responsibility is to obtain reasonable assurance about whether the annual financial report, including the consolidated financial statements and the relevant electronic tagging therein comply in all material respects with the ESEF RTS based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with the requirements of ESEF Directive 6.

Our procedures included:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the annual financial report, in accordance with the requirements of the ESEF RTS.
- Obtaining the annual financial report and performing validations to determine whether the annual financial report has been prepared in accordance with the requirements of the technical specifications of the ESEF RTS.

- Examining the information in the annual financial report to determine whether all the required taggings therein have been applied and whether, in all material respects, they are in accordance with the requirements of the ESEF RTS.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the annual financial report for the year ended 31 December 2021 has been prepared, in all material respects, in accordance with the requirements of the ESEF RTS.

Other matters on which we have to report by exception

We also have responsibilities:

Under the Companies Act, Cap. 386 to report to you if, in our opinion:

- Adequate accounting records have been kept, or that returns adequate for our audit have been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.
- We have not received all the information and explanations we require for our audit.
- Certain disclosures of directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.

We also have responsibilities under the Capital Markets Rules to review the statement made by the directors that the business is a going concern together with supporting assumptions or qualifications as necessary.

We have nothing to report in this regard.

Appointment

We were first appointed by the directors as auditors of the Company on 29 July 2019 for the financial period ended 31 December 2019, and we were subsequently reappointed by the shareholders at the

Company's general meeting for the financial years thereafter. The period of uninterrupted engagement as statutory auditors of the Company is three financial periods.

RSM Malta
Certified Public Accountants
Mdina Road
Zebbug ZBG 9015
Malta

Conrad Borg
Principal

25 April 2022