Financial Analysis Summary
22 March 2024

ISSUER

Best Deal Properties Holding p.l.c.

(C 88974)

M Z INVESTMENTS

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MZ Investment Services Limited
63, 'MZ House', St Rita Street, Rabat RBT 1523, Malta
E info@mzinvestments.com W mzinvestments.com

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

22 March 2024

Dear Board Members,

Financial Analysis Summary

In accordance with your instructions, and in line with the requirements of the MFSA Listing Policies, we have compiled the Financial Analysis Summary (the "**Analysis**") set out in the following pages and which is being forwarded to you together with this letter.

The purpose of this Analysis is that of summarising key financial data appertaining to Best Deal Properties Holding p.l.c. (the "**Issuer**", "**Company**" or "**Group**"). The data is derived from various sources or is based on our own computations as follows:

(a) Historical financial data for the most recent three financial years ending 31 December 2020, 31 December 2021, and 31 December 2022 has been extracted from the respective audited consolidated annual financial statements.

(b) The forecast and projected financial information for the financial years ending 31 December 2023 and 31 December 2024 has been provided by the Issuer.

(c) Our commentary on the financial performance, cash flows, and financial position of the Group is based on the explanations provided to us by the Company.

(d) The ratios quoted in this Analysis have been computed by us applying the definitions set out in Part 4 – 'Explanatory Definitions' of this report.

(e) Relevant financial data in respect of the companies included in Part 3 – 'Comparative Analysis' of this Analysis has been extracted from public sources such as websites of the companies concerned, financial statements filed with the Malta Business Registry, as well as other sources providing financial data.

This Analysis is meant to assist investors in the Issuer's securities, as well as potential investors, by summarising the more important financial information of the Group. This Analysis does not contain all information that is relevant to investors or potential investors. Moreover, this Analysis does not constitute an endorsement by our firm of any securities of the Issuer and should not be interpreted as a recommendation to invest or not invest in any of the Issuer's securities. We will not accept any liability for any loss or damage arising out of the use of this Analysis. As with all investments, potential investors are encouraged to seek professional financial advice before investing in the Issuer's securities.

Yours faithfully,

Evan Mohnani
Head of Corporate Broking

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PART 1 – INFORMATION ABOUT THE GROUP

1. HISTORY AND PRINCIPAL ACTIVITIES

Best Deal Properties Holding p.l.c. was established on 23 October 2018 and is the parent, holding, and finance company of a number of subsidiaries which are engaged in the construction, development, and sale of residential real estate. As such, the Issuer is economically dependent on the business prospects of its operating subsidiaries.

In December 2018, the Group raised €16 million through the issuance of 4.25% secured bonds 2024 (the "**2018 Bonds**"), which are guaranteed by Best Deal Developments Limited (the "**2018 Guarantor**"), for the purpose of acquiring and developing three sites located in Pembroke, Żabbar, and Mellieħa:

(i) The **Pembroke I Development – 'Jewel Court'**: the project involved the development of a corner site with unobstructed sea and country views situated in Triq il-Mediterran corner with Triq Gabriele Henin, Pembroke, measuring approximately 380 sqm. In aggregate, the project comprised the construction of 2 maisonettes, 4 apartments, 2 duplex penthouses, and 7 garages.

(ii) The **Żabbar Development – 'Lotus Complex':** the project involved the development of the site known as "Il-Wilġa tal-Imniegel", measuring approximately 4,149 sqm, and which is positioned on three roads in Triq Ta' Lanza corner with New Street in Triq il-Kaħwiela, and corner with Triq il-Kaħwiela, Żabbar. In aggregate, the project comprised the construction of 9 blocks consisting of 24 maisonettes, 81 apartments, 22 penthouses, and 198 garages. Four of the afore-mentioned 9 blocks enjoy open country views from the front terraces as they face a green area.

(iii) The **Mellieħa Development – 'Laguna Court'**: the project involved the development of the sites known as "Tal-Ħawlija", "Ta' Masrija", and "Tas-Salib", in aggregate measuring approximately 1,249 sqm and which are located in Triq Ta' Masrija and New Street off Triq il-Mitħna l-Qadima, Mellieħa. The project comprised the construction of 3 blocks having panoramic views visible from the sixth and seventh floors, and consisting of 7 maisonettes, 35 apartments, 7 penthouses, and 55 garages.

In 2019, the Group raised fresh equity from a new investor – C Developments Limited – which acquired 20% of the Company through an offer for subscription of 625,000 new ordinary shares of a nominal value of €0.10 each at the share issue price of €1.60. The transaction was concluded in terms of a Company Admission Document dated 21 August 2019. The new ordinary shares, together with the 2,500,000 existing ordinary shares, were admitted to Prospects MTF on 22 August 2019. Moreover, C Developments Limited advanced €1.20 million to the Company to further support the Group's working capital requirements.

In Q4 2022, the Group raised €15 million through the issuance of 4.75% secured bonds 2025-2027 (the "**2022 Bonds**"), which are guaranteed by Best Deal Estates Limited (the "**2022 Guarantor**"), for the purpose of acquiring and developing four parcels of land, in aggregate measuring 4,985 sqm and located in an area known as "Tal-Għasfura" in Nicolo Baldacchino Street, Siġġiewi (the "**Siġġiewi Development**"). This project involves the construction of 8 blocks comprising 20 maisonettes, 60 apartments, 15 penthouses and 155 garages.

Best Deal Għadira Limited (the "**2024 Guarantor**") was incorporated on 23 August 2023 for the purpose of pursuing the Għadira Development. Following the purchase of a site measuring 2,643 sqm located in Għadira (the "**Għadira Site**") which is expected to take place following the issuance of €15 million 5.75% secured bonds 2027-2029 (the "**2024 Bonds**"), the Group intends to construct a residential complex comprising 10 maisonettes, 53 apartments, 2 penthouses, and 119 garages. The project will be partly financed from the proceeds to be received from the issuance of the 2024 Bonds.

Each project undertaken by the Group is promoted through the 'Best Deal Properties' brand which is operated by Best Deal Properties Limited – a company that is not part of the Group and which is equally owned by Christopher Attard and Erskine Vella.

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2. DIRECTORS AND MANAGEMENT STRUCTURE

2.1 DIRECTORS OF THE ISSUER

The Company's Board of Directors is responsible for the overall management and strategy of the Group including oversight of internal controls as well as financial performance. Moreover, the Board of Directors keeps constant monitoring of the Company's business risks, thus ensuring that such risks are adequately identified, evaluated, managed, and minimised. The Board of Directors of the Issuer is composed of the following individuals:

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

2.2 DIRECTORS OF THE 2024 GUARANTOR

The Board of Directors of Best Deal Għadira Limited is entrusted with the day-to-day management as well as the execution of the 2024 Guarantor's investments, the funding thereof, and the award of project contracts for the completion of the Għadira Development. The Board of Directors of the 2024 Guarantor is composed of the following individuals:

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

2.3 DIRECTORS OF THE 2022 GUARANTOR

The Board of Directors of Best Deal Estates Limited is entrusted with the day-to-day management as well as the execution of the 2022 Guarantor's investments, the funding thereof, and the award of project contracts for the completion of the Siġġiewi Development. The Board of Directors of the 2022 Guarantor is composed of the following individuals:

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

2.4 DIRECTORS OF THE 2018 GUARANTOR

The Board of Directors of Best Deal Developments Limited is entrusted with the day-to-day management as well as the execution of the 2018 Guarantor's investments, the funding thereof, and the award of project contracts for the completion of 'Jewel Court', 'Lotus Complex', and 'Laguna Court'. The Board of Directors of the 2018 Guarantor is composed of the following individuals:

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

2.5 EMPLOYEES AND MANAGEMENT STRUCTURE

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

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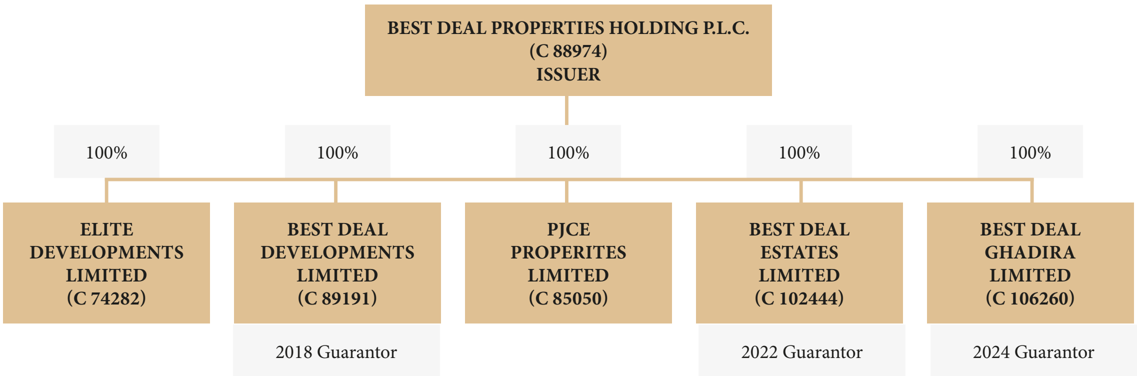
3. ORGANISATIONAL STRUCTURE

The diagram below illustrates the organisational structure of the Group:



The Issuer is equally owned by C Developments Limited, RCJ Investments Limited, Christopher Attard, Erskine Vella, and Pierre Bartolo, whereby each shareholder holds a 20% equity stake in the Company. C Developments Limited is equally owned Mr Francis Basile Cherubino, Edward Cherubino, David Basile Cherubino, and Luisa De Piro O'Connell. On the other hand, RCJ Investments Limited is equally owned by Robert Buttigieg, Christopher Buttigieg, and Jennifer Sant.

Elite Developments Limited has been involved in the construction and development of two residential projects – 'Crystal Court' and 'Blue Moon Court' – both of which are located in Marsascala. On the other hand, PJCE Properties Limited has been involved in the construction and development of 'Garnet Court' which is situated in Mqabba. Further information about these three projects is available in Section 4 below.

4. COMPLETED PROJECTS

4.1 'CRYSTAL COURT' – MARSASCALA

Elite Developments Limited embarked on developing 'Crystal Court' in June 2016 when it acquired the land situated at Triq Salvu Buħaġiar corner with Triq il-Ġemmugħa and Triq il-Qrempuċ, Marsascala. The project included two blocks comprising 5 maisonettes, 18 apartments, 2 penthouses, and 30 garages. All units and garages were sold in FY2018 and FY2019, except for 1 garage which was sold in FY2020. The total cost of the project amounted to €3.40 million whilst total revenues amounted to €4.80 million.

4.2 'BLUE MOON COURT' – MARSASCALA

In 2017, Elite Developments Limited acquired a second property situated in Triq il-Grigal corner with Triq is-Sajjieda, Marsascala. The development included 2 blocks consisting of 5 maisonettes, 15 apartments, 3 penthouses, and 19 garages. All units and garages were sold in FY2020, except for 1 residential unit and 1 garage which were sold in FY2021. The total cost of the project amounted to €5.50 million whilst total revenues amounted to €7.24 million.

4.3 'GARNET COURT' – MQABBA

In 2018, PJCE Properties Limited acquired two parcels of land in Triq il-Familja Brancati, Mqabba. This project comprised 2 maisonettes, 23 apartments, 3 penthouses, and 33 garages. All units and garages were sold in FY2021 except for 2 residential units and 2 garages which were sold in FY2022 and FY2023. The total cost of the project amounted to €6.20 million whilst total revenues amounted to €7.61 million of which €6.90 million was recognised in FY2021 and €0.34 million was accounted for in FY2022.

4.4 'JEWEL COURT' – PEMBROKE

The project was initiated in 2019 and completed in 2022. As at the end of 2022, all residential units and garages were either sold or subject to a promise of sale agreement ("**POS agreement**"). The total cost of the project amounted to €3.00 million whilst total revenues amounted to €4.49 million of which €1.27 million were accounted for in FY2021 and €0.79 million were recognised in FY2022.

5. CURRENT PROJECTS

5.1 'LOTUS COMPLEX' – ŻABBAR

Civil works started in January 2019 and all 9 blocks have been constructed and almost entirely finished. As at the end of 2023, 126 residential units (out of a total of 127) and 149 garages (out of a total of 198) were either sold or subject to a POS agreement. As a result, only 1 residential unit and 49 garages were available for sale as at 31 December 2023.

The total cost of the project amounted to *circa* €27.10 million whilst total revenues are expected to amount to €38.70 million of which an aggregate of €30.95 million have been accounted for in FY2020 to FY2023.

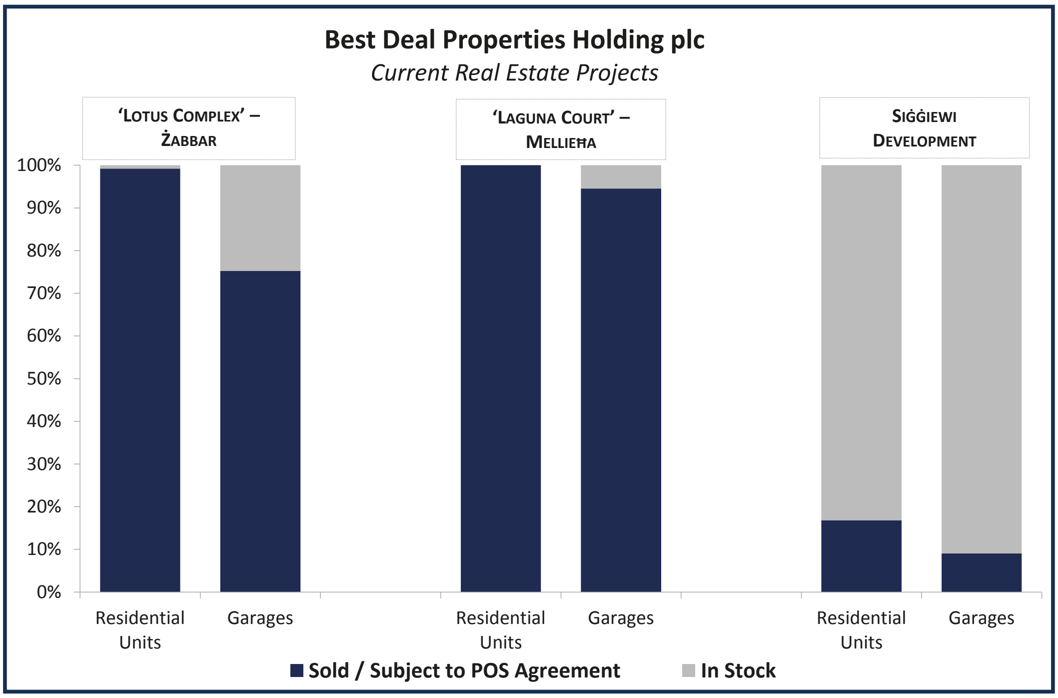
5.2 'LAGUNA COURT' – MELLIEĦA

Construction works started in 2019 whilst finishing works are expected to be completed by Q2 2024. As at the end of 2023, all residential units (totalling 49) and 52 garages (out of a total of 55) were either sold or subject to a POS agreement. As a result, only 3 garages were available for sale as at 31 December 2023.

The total cost of the project will amount to *circa* €10.80 million whilst total revenues are expected to amount to €15.12 million of which €11.29 million have already been accounted for in FY2022 and FY2023.

5.3 SIĠĠIEWI DEVELOPMENT

Development works started in Q1 2023 and the project is expected to be completed in shell form by the end of 2024 and finished by the end of 2026. The total cost of the project is expected to amount to €27.6 million whilst total revenues are expected to amount to €39.02 million. The majority of the income from this project is expected to be recognised in FY2024 and FY2025.



6. NEW PROJECTS

6.1 PEMBROKE II DEVELOPMENT

The Pembroke II Development is located in Triq Profs J. E. Debono, Pembroke, and will comprise 2 maisonettes, 4 apartments, 2 duplex penthouses, and 6 garages.

The project is expected to cost around €2 million to complete and generate €2.98 million in revenues. The development is being financed from the Group's own cash flows and will be completed in shell form by the end of 2025 and finished by the end of 2027.

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6.2 GĦADIRA DEVELOPMENT

On 3 October 2022, Best Deal Developments Limited entered into a POS agreement for the acquisition of a tract of land located in Għadira, limits of Mellieħa, for a consideration of €7.80 million. The site is adjacent to Triq it-Tunnaġġ and Triq id-Denċi corner with Triq it Tumbrell and is free and unencumbered from the obligation of payment of or conditions related to ground rent and, or emphyteutical or other burdens. The site is also free from third party servitudes, has guaranteed vacant possession, and includes its airspace and subterranean levels (the "**Għadira Site**").

The final deed of purchase is expected to take place following the issuance of the 2024 Bonds. The POS agreement is valid and effective up to 2 June 2024.

The project is estimated to cost €24.60 million to pursue whilst revenues are projected to amount to €39.05 million. Most of the income from this project is expected to be recognised between FY2025 and FY2027. The units are expected to be constructed in shell form by the end of 2025, whilst finishing works are anticipated to be completed by the end of 2027.

The 2018 Guarantor is vested with a right of substitution and, or assignment in favour of any third-party company/ies in which the ultimate beneficial owners of the 2018 Guarantor have a direct or indirect shareholding. In this respect, the Issuer understands that such right of assignment is due to be exercised with a view of the 2024 Guarantor appearing on the final deed of sale for the acquisition of the Għadira Site.

Best Deal Properties Holding p.l.c.
Property Development Projects

	Cost (€'000)	Revenue (€'000)	Start Year	End Year	No. of Maisonettes	No. of Apartments	No. of Penthouses	Total No. of Residential Units	No. of Garages
Completed Projects									
'Crystal Court' – Marsascala	3,400	4,800	2016	2018	5	18	2	**25**	**30**
'Blue Moon Court' – Marsascala	5,500	7,240	2017	2019	5	15	3	**23**	**19**
'Garnet Court' – Mqabba	6,200	7,610	2018	2021	2	23	3	**28**	**33**
'Jewel Court' – Pembroke	3,000	4,490	2019	2022	2	4	2	**8**	**7**
	18,100	**24,140**			**14**	**60**	**10**	**84**	**89**
Current Projects									
'Lotus Complex' – Żabbar	27,100	38,700	2019	2024	24	81	22	**127**	**198**
'Laguna Court' – Mellieħa	10,800	15,120	2019	2024	7	35	7	**49**	**55**
Siġġiewi Development	27,600	39,020	2023	2026	20	60	15	**95**	**155**
	65,500	**92,840**			**51**	**176**	**44**	**271**	**408**
New Projects									
Pembroke II Development	2,000	2,980	2024	2027	2	4	2	**8**	**6**
Għadira Development	24,600	39,050	2024	2027	10	53	2	**65**	**119**
	26,600	**42,030**			**12**	**57**	**4**	**73**	**125**
Total	**110,200**	**159,010**			**77**	**293**	**58**	**428**	**622**

7. FUTURE DEVELOPMENTS

C&E Developments Limited (C 75325) (a company jointly owned by Mr Christopher Attard and Mr Erskine Vella) (the "**Assignor**"), entered into a promise of sale agreement to acquire a site measuring *circa* 1,500 sqm situated in Bubaqra, Zurrieq (the "**Zurrieq Site**") from its current owners for the consideration of three million two hundred thousand Euro (€3,200,000). On 02 November 2023, Best Deal Developments Limited, the wholly owned subsidiary of the Issuer, entered into an assignment agreement with the Assignor, wherein the Assignor promised to cede and assign to Best Deal Developments Limited (as assignee), that promised to accept, all rights and obligations of the said Assignor in respect of the Zurrieq Site resulting from the aforementioned promise of sale agreement. As at the date of this report, the Group has yet to submit a comprehensive planning control application to the Planning Authority in Malta in respect of the prospective development of the said site.

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8. SECURITY AND RESERVE ACCOUNT

8.1 SECURITY

The outstanding amount of the 2018 Bonds as at 15 January 2024 stood at €6,106,100. These bonds are guaranteed by the 2018 Guarantor and secured by the following security rights in favour of the Security Trustee for the benefit of the holders of the 2018 Bonds:

(i) First ranking general hypothec for the full nominal value of the 2018 Bonds and interests thereon over all present and future property of the Company and the 2018 Guarantor.

(ii) First ranking special hypothec for the full nominal value of the 2018 Bonds and interests thereon over the land on which each of 'Jewel Court', 'Lotus Complex', and 'Laguna Court' have been developed, together with all and any constructions to be developed thereon.

(iii) Pledge on insurance policy relating to 'Jewel Court', 'Lotus Complex', and 'Laguna Court'.

(iv) Joint and several guarantee, dated 3 December 2018, granted by the 2018 Guarantor as security for the punctual performance of the Issuer's payment obligations relating to the 2018 Bonds, subject to the terms and conditions contained in the Security Trust Deed signed between the Issuer, the 2018 Guarantor, and the Security Trustee dated 3 December 2018.

In terms of the Prospectus dated 9 November 2022, the Issuer raised €15 million through the issuance of the 2022 Bonds for the purpose of part funding the Siġġiewi Development. The 2022 Bonds are guaranteed by the 2022 Guarantor and secured by the following security rights in favour of the Security Trustee for the benefit of the holders of the 2022 Bonds:

(i) First ranking general hypothec for the full nominal value of the 2022 Bonds and interests thereon over all present and future property of the 2022 Guarantor.

(ii) First ranking special hypothec for the full nominal value of the 2022 Bonds and interests thereon over the Siġġiewi Site together with all and any constructions to be developed thereon.

(iii) Pledge on insurance policy relating to the Siġġiewi Site and development thereon.

(iv) Joint and several guarantee granted by the 2022 Guarantor as security for the punctual performance of the Issuer's payment obligations relating to the 2022 Bonds, subject to the terms and conditions contained in the Security Trust Deed signed between the Issuer, the 2022 Guarantor, and the Security Trustee dated 9 November 2022.

In terms of the Prospectus relating to the 2024 Bonds, the Issuer plans to raise €15 million through the issuance of 5.75% secured bonds 2027-2029 for the purpose of part funding the Għadira Development. The 2024 Bonds will be guaranteed by the 2024 Guarantor and will be secured by the following security rights in favour of the Security Trustee for the benefit of the holders of the 2024 Bonds:

(i) First ranking general hypothec for the full nominal value of the 2024 Bonds and interests thereon over all present and future property of the 2024 Guarantor.

(ii) First ranking special hypothec for the full nominal value of the 2024 Bonds and interests thereon over the Għadira Site together with all and any constructions to be developed thereon.

(iii) Pledge on insurance policy relating to the Għadira Site and development thereon.

(iv) Joint and several guarantee granted by the 2024 Guarantor as security for the punctual performance of the Issuer's payment obligations relating to the 2024 Bonds, subject to the terms and conditions contained in the Security Trust Deed signed between the Issuer, the 2024 Guarantor, and the Security Trustee.

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8.2 RELEASING OF SECURITY AND RESERVE ACCOUNT

All sale of residential units and garages forming part of the hypothecated properties (as described in Section 8.1 above) are made on condition that the units are released of all hypothecary rights and privileges encumbering the properties being sold. For this purpose, the Security Trustee is empowered to release the hypothecated properties from the security interest encumbering such properties upon receipt by it from the Issuer or from a prospective purchaser a fixed amount of the purchase price attributed to each hypothecated property.

All amounts received by the Security Trustee from the sales proceeds of the hypothecated properties are credited to the Reserve Accounts and will be retained for the purpose of redeeming the 2018 Bonds, the 2022 Bonds, and the 2024 Bonds (as the case may be) on maturity. In the absence of unforeseen circumstances and subject to there being no material adverse changes in circumstances, the Directors of the Issuer are of the view that the percentages available for cash flows that will be credited to the Reserve Accounts will be sufficient to cover the redemption of the 2018 Bonds, the 2022 Bonds, and the 2024 Bonds upon maturity.

9. INFORMATION RELATING TO THE ISSUER'S EQUITY

The 3,125,000 ordinary shares of the Issuer, having a nominal value of €0.10 per share, are listed on Prospects MTF pursuant to a Company Admission Document dated 21 August 2019. The key market data relating to these ordinary shares is provided hereunder:

Best Deal Properties Holding p.l.c. **Key Market Data** **for the financial year 31 December**		**2020** **Actual**	**2021** **Actual**	**2022** **Actual**	**2023** **Forecast**	**2024** **Projection**
Total number of shares in issue ('000)	*[A]*	3,125	3,125	3,125	3,125	3,125
Share price (€)	*[B]*	1.60	1.60	1.60	1.60	1.60
Market capitalisation (€'000)	*[A multiplied by B]*	5,000	5,000	5,000	5,000	5,000
Total equity (€'000)	*[C]*	4,129	6,894	9,182	7,738	10,651
Net debt (€'000)	*[D]*	18,457	11,542	16,048	18,145	19,703
Enterprise value (€'000)	*[A multiplied by B] + [D]*	23,457	16,542	21,048	23,145	24,703
EBITDA (€'000)	*[E]*	1,480	3,861	3,410	2,130	4,892
Net profit (€'000)	*[F]*	763	2,764	2,538	1,131	3,163
Earnings per share (€)	*[F divided by A]*	0.24	0.88	0.81	0.36	1.01
Net asset value per share (€)	*[C divided by A]*	1.32	2.21	2.94	2.48	3.41
Price-to-earnings ratio (times)	*[A multiplied by B] divided by [F]*	6.55	1.81	1.97	4.42	1.58
Enterprise value-to-EBITDA (times)	*([A multiplied by B] + [D]) divided by [E]*	15.85	4.28	6.17	10.87	5.05
Price-to-net asset value (times)	*[A multiplied by B] divided by [C]*	1.21	0.73	0.54	0.65	0.47
Dividend (€'000)	*[G]*	-	-	250	250	250
Net dividend per share (€)	*[G] divided by [A]*	-	-	0.08	0.08	0.08
Dividend payout ratio (%)	*[G] divided by [F]*	-	-	9.85	22.10	7.90
Net dividend yield (%)	*[G] divided by [A multiplied by B]*	-	-	5.00	5.00	5.00

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10. INFORMATION RELATING TO THE ISSUER'S BONDS

At present, the Issuer has two bonds which are listed on the Regulated Main Market (Official List) of the Malta Stock Exchange. The key information relating to these two bonds is provided hereunder:

Security ISIN	Listing Date	Amount Issued	Amount Outstanding[1]	Symbol Code	Security	Maturity Date
MT0002121201	27 December 2018	€16,000,000	€6,106,100	BD24A	4.25% Secured & Guaranteed Bonds 2024[2]	12 December 2024
MT0002121219	06 December 2022	€15,000,000	€15,000,000	BD27A	4.75% Secured & Guaranteed Bonds 2025-2027[3]	09 November 2027
		€31,000,000	**€21,106,100**			

[1] *As at 15 January 2024*

[3] *Original bond issue amount stood at €16 million. Between 1 August 2020 and 15 January 2024, the Issuer bought back and cancelled €9,893,900 (nominal) worth of bonds from the secondary market.*

[3] *The Company may redeem the Bonds at any time between 30 November 2025 and 29 November 2027, subject to providing Bondholders not less than 30 days' notice.*

11. ECONOMIC AND SECTOR ANALYSIS

11.1 ECONOMIC UPDATE[1]

The Maltese economy is expected to have grown by 4.0% in real terms in 2023 following the growth of 12.3% and 6.9% registered in 2021 and 2022 respectively. The slowdown in the rate of growth in mainly due to the decreasing effect of the post-pandemic boom in consumption and investment albeit private consumption remained strong and the outlook for retail sales is positive. Likewise, the tourism sector continued to rebound strongly and exceeded pre-pandemic levels as prospects for this sector for 2024 and 2025 have remained encouraging. Meanwhile, the export segment is expected to be the main contributor to GDP growth in 2023, with consumption being the main driver in 2024 and 2025. As such, the European Commission is expecting Malta's economy to grow by a further 4.0% in 2024, and at a slightly accelerated pace of 4.2% in 2025.

In this context, Malta's labour market remained robust as employment increased by 6.2% in 2022 and continued to grow very strongly in H1 2023. The robust demand for labour across all sectors of the economy, especially in tourism and administrative services, has led the unemployment rate falling to 2.9% in 2022 from 4.4% in 2020 and 3.4% in 2021. This is expected to trend even lower and stabilise at 2.7% in 2023 to 2025.

Despite Government's mechanism to maintain stable energy prices, inflation surged to 6.1% in 2022 from 0.8% and 0.7% in 2020 and 2021 respectively. In 2023, inflation is estimated to have remained high at 5.7% reflecting increasing prices for imported goods, food, and services. Conversely, inflation is anticipated to moderate to 3.3% and 3.1% in 2024 and 2025 respectively amid falling inflationary pressures of food and industrial goods.

After climbing to 9.6% of GDP in 2020, the government's deficit eased to 7.5% and 5.7% in 2021 and 2022 respectively. In 2023, the government's deficit is expected to have fallen further to 5.1% of GDP amid a reduction of the cost of the measures aimed at mitigating the impact of high energy prices (accounting for 1.6% of GDP compared to 2.3% in 2022) and a slower growth in the compensation of employees and social benefits than the rate of growth in nominal GDP.

Despite the higher debt servicing costs, in 2024 the government's deficit is expected to drop to 4.6% amid the phasing out of the costs supporting the operations of Air Malta. Furthermore, social benefits and intermediate consumption expenditures are anticipated to grow slower than nominal GDP. On the other hand, the net budgetary cost of energy-related measures is projected to increase to 2.0% of GDP. In 2025, the reduction of the government deficit to 4.1% of GDP is projected to be driven by the decline in the cost of energy related measures as percentage of GDP (1.0%), intermediate consumption expenditure, as well as slower growth in the costs associated with social benefits. Overall, however, the government debt-to-GDP ratio is anticipated to reach 57.2% in 2025 which would be 5 percentage points higher than the level of 52.2% in 2020.

[1] *European Commission, 'Autumn 2023 Economic Forecast: A modest recovery ahead after a challenging year', 15 November 2023.*

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Key Economic Indicators[1]	2020	2021	2022	2023	2024	2025
Malta						
Real GDP growth *(%, year-on-year)*	(8.10)	12.30	6.90	4.00	4.00	4.20
Real GDP growth per capita *(%, year-on-year)*	(10.10)	11.70	4.50	1.30	1.80	1.90
Inflation *(%, year-on-year)*[2]	0.80	0.70	6.10	5.70	3.30	3.10
Unemployment (%)	4.40	3.40	2.90	2.70	2.70	2.70
Primary balance *(% of GDP)*	(8.30)	(6.40)	(4.80)	(4.00)	(3.30)	(2.70)
General balance *(% of GDP)*	(9.60)	(7.50)	(5.70)	(5.10)	(4.60)	(4.10)
Gross public debt *(% of GDP)*	52.20	54.00	52.30	53.30	55.80	57.20
Current account balance *(% of GDP)*	2.50	5.70	0.60	4.20	5.70	5.90
Euro area (20)						
Real GDP growth *(%, year-on-year)*	(6.10)	5.90	3.40	0.60	1.20	1.60
Real GDP growth per capita *(%, year-on-year)*	(6.20)	5.90	3.00	0.10	0.90	1.30
Inflation *(%, year-on-year)*[2]	0.30	2.60	8.40	5.60	3.20	2.20
Unemployment (%)	8.00	7.70	6.80	6.60	6.60	6.40
Primary balance *(% of GDP)*	(5.50)	(3.80)	(1.90)	(1.50)	(1.00)	(0.70)
General balance *(% of GDP)*	(7.10)	(5.20)	(3.60)	(3.20)	(2.80)	(2.70)
Gross public debt *(% of GDP)*	99.10	96.50	92.50	90.40	89.70	89.50
Current account balance *(% of GDP)*	2.30	3.60	1.00	2.50	2.60	2.70
EU						
Real GDP growth *(%, year-on-year)*	(5.60)	6.00	3.40	0.60	1.30	1.70
Real GDP growth per capita *(%, year-on-year)*	(5.70)	6.10	3.30	-	1.10	1.60
Inflation *(%, year-on-year)*[2]	0.70	2.90	9.20	6.50	3.50	2.40
Unemployment (%)	7.20	7.10	6.20	6.00	6.00	5.90
Primary balance *(% of GDP)*	(5.30)	(3.40)	(1.70)	(1.50)	(1.00)	(0.70)
General balance *(% of GDP)*	(6.70)	(4.70)	(3.30)	(3.20)	(2.80)	(2.70)
Gross public debt *(% of GDP)*	91.70	88.90	84.80	83.10	82.70	82.50
Current account balance *(% of GDP)*	2.40	3.30	0.90	2.50	2.50	2.50

[1] **Source:** *European Commission, 'Autumn 2023 Economic Forecast: A modest recovery ahead after a challenging year', 15 November 2023.*
[2] *Harmonised Indices of Consumer Prices ("HICP")*

11.2 PROPERTY MARKET[2]

Development Permits for Dwellings

Data provided by the Central Bank of Malta ("**CBM**") and the National Statistics Office ("**NSO**") shows that in 2022, 1,271 permits (2021: 1,633) for the development of a total of 9,599 residential units were granted, representing an upsurge of 26.67% compared to the total number of 7,578 residential units approved in the previous year. The highest recorded figure in this regard was in 2018 where 2,521 permits for the development of 12,885 residential units were granted. In 2019 and 2020, this figure declined to 12,485 residential units (-3.10%) and 7,831 residential units (-37.28%) respectively.

Meanwhile, between Q1 and Q3 2023, permits for the development of 6,820 residential units were approved, representing a drop of 9.49% from the volume of 7,535 residential units granted approval in the same period in 2022.

[1] Sources: Central Bank of Bank online portal at https://www.centralbankmalta.org/real-economy-indicators and National Statistics Office online portal at https://nso.gov.mt/property.

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CBM Property Prices Index & NSO Property Price Index

In nominal terms, the CBM Property Prices Index – which is based on advertised prices involving apartments, maisonettes, terraced houses, and other types of dwellings – reached an all-time high of 158.86 points in 2022, representing an increase of 2.80% over the prior year. The sharpest year-on-year increase took place in the prices of maisonettes (+2.72%), followed by apartments (+1.96%), and terraced houses (+1.32%). On the other hand, other types of property – namely, bungalows, farmhouses, and villas – recorded a year-on-year decline of 5.57% which extended the marginal drop of 1.31% recorded in 2021.

In real terms, the CBM Property Prices Index eased by 2.45% in 2022 as it trended lower to 149.69 points from the inflation-adjusted all-time high of 153.45 points recorded in 2021.

The NSO Property Price Index – which is based on actual transactions involving apartments, maisonettes, and terraced houses – reached an all-time high of 144.45 points in 2022, representing a 6.65% uplift compared to the prior year. In real terms, the NSO Property Price Index increased by 1.20% to 136.11 points (2021: 134.49 points) – the slowest yearly gain since 2011.

Between Q1 and Q3 2023, the CBM Property Prices Index increased by 8.53% when compared to the same period in 2022. In real terms – i.e. adjusting for inflation – the uplift stood at 2.21%. The sharpest increase was registered in the prices of apartments which rose by 9.78% year-on-year (3.39% in real terms). Similarly, maisonettes and other types of dwelling increased by 7.82% and 7.93% respectively (1.54% and 1.64% respectively in real terms). In contrast, the prices of terraced houses slipped by 2.33% (or 8.02% in real terms) year-on-year.

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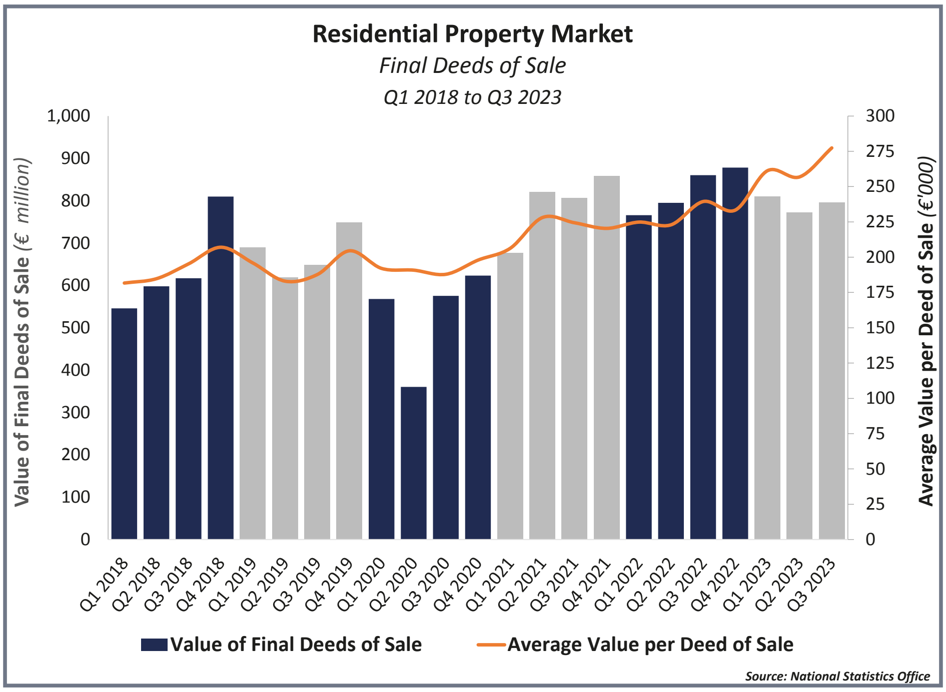
__Final Deeds of Sale Transactions__

Data provided by the NSO shows that in 2022, the total value of final deeds of sale relating to residential property amounted to €3.30 billion (2021: €3.16 billion) across 14,331 final deeds of sale (2021: 14,368). As a result, the average value per deed of sale stood at €0.23 million, representing an increase of 4.59% over the corresponding figure of €0.22 million in 2021.

Adjusted for inflation, the total value of final deeds of sale relating to residential property amounted to €3.11 billion (2021: €3.14 billion). As a result, the average value per deed of sale stood at €0.22 million, representing a marginal drop of 0.73% over the corresponding period in 2021.

Meanwhile, the total value of final deeds of sale that took place between Q1 and Q3 2023 amounted to €2.38 billion across 8,978 final deeds of sale compared to €2.42 billion across 10,567 final deeds of sale in the same period in 2022. Despite the year-on-year reductions in aggregate volume and value, the average value per deed of sale increased to €0.26 million in nominal terms from €0.23 million in the period from Q1 to Q3 2022.



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PART 2 – GROUP PERFORMANCE REVIEW

12 . FINANCIAL HIGHLIGHTS

The following information is extracted from the audited consolidated annual financial statements of the Issuer for the financial years ending 31 December 2020, 31 December 2021, and 31 December 2022. The forecasted and projected consolidated financial information for the financial years ending 31 December 2023 and 31 December 2024 has been provided by the Group.

The forecasted and projected financial information are estimates based on assumptions which the Company believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecasts, projections, and actual results may be material.

Best Deal Properties Holding plc **Income Statement** **for the financial year 31 December**	**2020** **Actual** **€'000**	**2021** **Actual** **€'000**	**2022** **Actual** **€'000**	**2023** **Forecast** **€'000**	**2024** **Projection** **€'000**
Revenue	10,952	20,060	14,055	14,701	25,515
Cost of sales	(8,760)	(15,603)	(9,908)	(11,802)	(19,938)
Administrative expenses	(712)	(596)	(737)	(769)	(685)
EBITDA	**1,480**	**3,861**	**3,410**	**2,130**	**4,892**
Depreciation and amortisation	(67)	(67)	(72)	(132)	(2)
Operating profit	**1,413**	**3,794**	**3,338**	**1,998**	**4,890**
Net finance costs	(99)	(122)	(257)	31	(28)
Profit before tax	**1,314**	**3,672**	**3,081**	**2,029**	**4,862**
Taxation	(551)	(908)	(543)	(898)	(1,699)
Profit for the year	**763**	**2,764**	**2,538**	**1,131**	**3,163**
Total comprehensive income	**763**	**2,764**	**2,538**	**1,131**	**3,163**
Revenue analysis:					
Crystal Court	*36*	*-*	*-*	*-*	*-*
Blue Moon Court	*6,755*	*459*	*22*	*-*	*-*
Garnet Court	*-*	*6,900*	*341*	*372*	*-*
Jewel Court	*-*	*1,272*	*794*	*585*	*1,841*
Lotus Complex	*4,161*	*11,429*	*10,184*	*5,173*	*6,802*
Laguna Court	*-*	*-*	*2,714*	*8,571*	*3,836*
Siġġiewi Development	*-*	*-*	*-*	*-*	*13,036*
Total	***10,952***	***20,060***	***14,055***	***14,701***	***25,515***

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Key Financial Ratios	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Forecast	FY2024 Projection
EBITDA margin (%) *(EBITDA / revenue)*	13.51	19.25	24.26	14.49	19.17
Operating profit margin (%) *(Operating profit / revenue)*	12.90	18.91	23.75	13.59	19.17
Net profit margin (%) *(Profit after tax / revenue)*	6.97	13.78	18.06	7.69	12.40
Return on equity (%) *(Profit after tax / average equity)*	20.36	50.15	31.58	13.37	34.40
Return on assets (%) *(Profit after tax / average assets)*	2.78	10.63	8.60	3.29	8.34
Return on invested capital (%) *(Operating profit / average equity and net debt)*	6.09	18.50	15.29	7.82	17.39
Interest cover (times) *(EBITDA / net finance costs)*	14.95	31.65	13.27	n/a	174.71

Income Statement

In **FY2020**, the Group generated revenues of just under €11 million predominantly reflecting the sale of properties at 'Blue Moon Court' (€6.76 million) and 'Lotus Complex' (€4.16 million). EBITDA amounted to €1.48 million which translated into an EBITDA margin of 13.51%. Overall, the Group reported a net profit of €0.76 million, thereby registering a net profit margin of 6.96%. The return on equity and on assets stood at 20.34% and 2.78% respectively.

In **FY2021**, the Group generated revenues of €20.06 million of which 57% (or €11.43 million) derived from the sale of property forming part of 'Lotus Complex', whilst *circa* 34% (or €6.90 million) emanated from the 'Garnet Court' project. The remaining portion of income came from the sale of property within 'Jewel Court' (€1.27 million) and 'Blue Moon Court' (€0.46 million).

EBITDA for the year amounted to €3.86 million which translated into a margin of 19.25%. In view of the marked increase in the recognition of income from property sales, the interest cover improved to 31.71 times compared to 14.90 times in FY2020.

Overall, the Group reported a net profit of €2.77 million which translated into a margin of 13.78%. The higher level of profits also translated into a superior return on equity of 50.17% and a return on assets of 10.63%.

In **FY2022**, revenues amounted to €14.06 million reflecting the income derived from five development projects – namely those located in Żabbar (€10.18 million), Mellieħa (€2.71 million), Pembroke (€0.79 million), Mqabba (€0.34 million), and Marsascala (€0.02 million). Despite the drop in revenue when compared to FY2021 which also resulted in a contraction in EBITDA and net profit to €3.41 million and €2.54 million respectively, the EBITDA margin improved to 24.27% whilst the net profit margin exceeded the 18% level. In contrast, the return on equity and on assets retracted to 31.59% and 8.60% respectively. Likewise, the interest cover eased to 13.29 times.

For **FY2023**, the Group is now expecting revenues of €14.70 million compared to the previous estimate of €15.52 million provided at the time of the publication of the Financial Analysis Summary Update on 31 May 2023 ("**2023 FAS**"). Revenues reflect the income from the sale of property forming part of four projects – namely, 'Laguna Court' (€8.57 million), 'Lotus Complex' (€5.17 million), 'Jewel Court' (€0.59 million), and 'Garnet Court' (€0.37 million).

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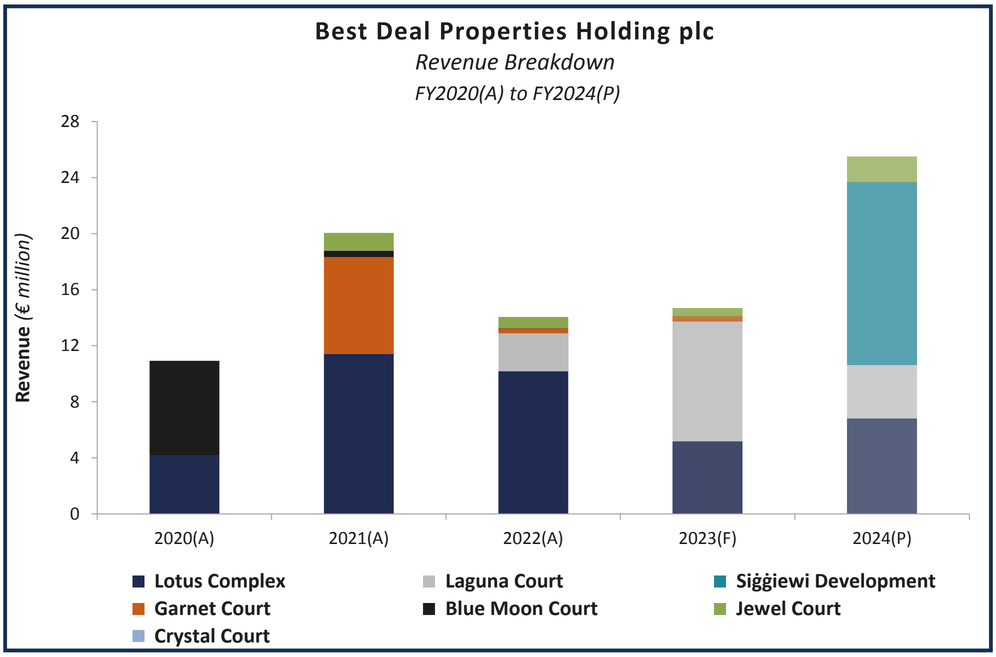
Despite the forecasted year-on-year increase in income, EBITDA is anticipated to drop by 37.54% to €2.13 million which is also lower than the previously forecasted figure of €3.16 million amid a higher level of cost of sales. As a result, the EBITDA margin is anticipated to ease to 14.49% compared to the 2023 FAS forecast of 20.35%. Furthermore, the Group in anticipating a lower net profit of €1.13 million compared to the previous estimate of €2.07 million. This level of net profit would translate into a margin of 7.69%, a return on equity of 13.37%, and a return on assets of 3.29%.

In **FY2024**, revenues are projected to increase to a record of €25.52 million (+73.56% over the forecasted figure for FY2023), boosted by the recognition of the initial income from the sale of property appertaining to the Siġġiewi Development (€13.04 million), coupled with the contribution from 'Laguna Court' (€3.84 million), 'Lotus Complex' (€6.80 million), and 'Jewel Court' (€1.84 million).

EBITDA is projected to amount to €4.89 million which would translate into a margin of 19.17%. Overall, the Group is anticipating a net profit of €3.16 million, resulting in an estimated year-on-year improvement in the relative margin to 12.40%. Likewise, the return on equity and on assets are expected to rebound to 34.40% and 8.34% respectively.



Best Deal Properties Holding plc Statement of Cash Flows for the financial year 31 December	2020 Actual €'000	2021 Actual €'000	2022 Actual €'000	2023 Forecast €'000	2024 Projection €'000
Net cash from / (used in) operating activities	2,178	7,134	(3,902)	625	(1,285)
Net cash from / (used in) investing activities	(875)	(2,490)	(1,680)	2,056	(819)
Free cash flow	**1,303**	**4,644**	**(5,582)**	**2,681**	**(2,104)**
Net cash from / (used in) financing activities	(1,650)	(4,835)	6,589	(1,948)	5,803
Net movement in cash and cash equivalents	**(347)**	**(191)**	**1,007**	**733**	**3,699**
Cash and cash equivalents at beginning of year	785	438	247	1,254	1,987
Cash and cash equivalents at end of year	**438**	**247**	**1,254**	**1,987**	**5,686**

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Statement of Cash Flows

In **FY2020**, net movement in cash and cash equivalents amounted to an adverse balance of €0.35 million. Net cash generated from operating activities amounted to €2.18 million, of which €1.32 million related to working capital movements. Net cash outflows from investing activities represented transfers to the sinking fund reserve. Net cash used in financing activities amounted to €1.65 million and mainly related to net repayments of bank borrowings.

In **FY2021**, net movement in cash and cash equivalents amounted to an adverse balance of €0.19 million. Net cash from operating activities amounted to €7.13 million, mainly on account of a positive movement in working capital (+€4.22 million). Net cash used in investing activities stood at €2.49 million (FY2020: €0.88 million) and represented amounts paid into the sinking fund reserve. During the year, the Issuer transferred a further €1.79 million to the Security Trustee for the purpose of repurchasing bonds from the secondary market. These are accounted for as part of the cash used in financing activities which in FY2021 amounted to €4.84 million.

In **FY2022**, net movement in cash and cash equivalents amounted to a positive balance of €1.01 million. Net cash outflows from operating activities amounted to €3.90 million, mainly impacted by the €6.76 million increase in inventories. Net cash used in investing activities stood at €1.68 million and largely represented amounts paid into the sinking fund reserves. The latter totalled €5.04 million as at the end of 2022, of which €0.37 million were held in relation to the 2018 Bonds whilst the remaining €4.67 million were held in relation to the 2022 Bonds.

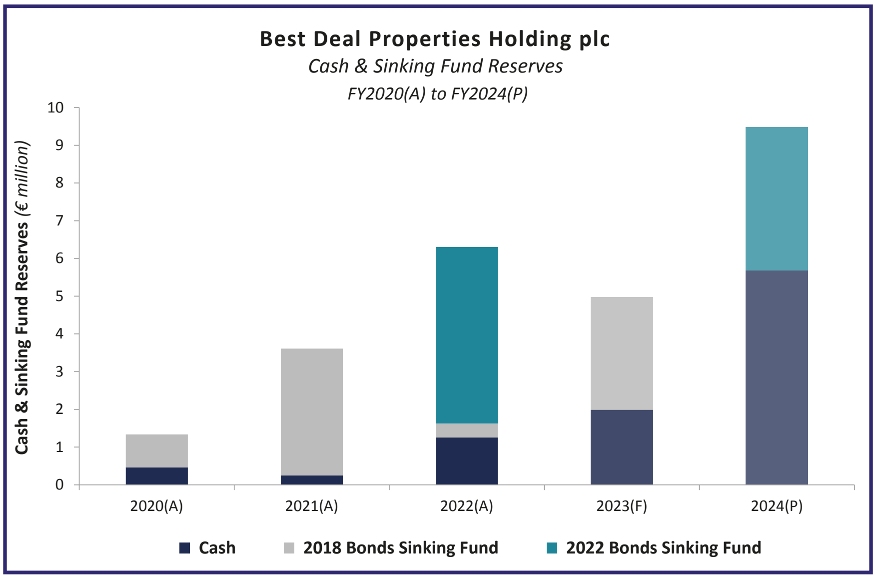
Net cash flows from financing activities amounted to €6.59 million and represented proceeds from the 2022 Bonds (€14.7 million), dividend and interest payments (€0.53 million), as well as repayment of borrowings (€7.54 million). Overall, the Group ended the 2022 financial year with a cash balance of €1.26 million (31 December 2021: €0.25 million).

For **FY2023**, the Issuer is expecting a net positive cash movement of €0.73 million. Net cash generated from operating activities are anticipated to amount to €0.63 million largely reflecting the profit for the year less payment of income tax and a net unfavourable movement in working capital of €0.68 million. Net cash used in investing activities amounting to €2.06 million represent payments to the sinking fund reserves and net movements in fixed asset investments, whilst the forecasted net cash outflow of €1.95 million appertaining to financing activities relate to payments of borrowings (€1.66 million), interest (€0.04 million), and dividend (€0.25 million).

In **FY2024**, the Group is projecting a net positive cash movement of €3.70 million. Net cash used in operating activities is estimated at €1.29 million as the profit for the year will be offset by the payment of income tax and an adverse net movement in working capital of €4.48 million. The latter is primarily attributable to the significant year-on-year increase in inventories which is cash negative.

The forecasted amount of €0.82 million in net cash used in investing activities is related to the payment in sinking fund reserves less the projected proceeds from the sale of fixed asset investments. Meanwhile, the forecasted €5.80 million net cash inflow from financing activities comprise an estimated net positive movement of €6.08 million in borrowings which would offset the cash used for the payment of dividends (€0.25 million) and interest (€0.03 million).

Overall, the Group is anticipating ending the 2024 financial year with a cash balance of €5.69 million compared to the forecasted figure of €1.99 million as at 31 December 2023.



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Best Deal Properties Holding plc Statement of Financial Position as at 31 December	2020 Actual €'000	2021 Actual €'000	2022 Actual €'000	2023 Forecast €'000	2024 Projection €'000
ASSETS					
Non-current assets					
Property, plant and equipment	1	1	1	-	-
Intangible assets	43	43	47	46	44
Deferred tax asset	111	108	226	226	226
Sinking fund reserve - 2018 bonds	875	3,365	369	-	-
Sinking fund reserve - 2022 bonds	-	-	4,671	-	3,803
	1,030	3,517	5,314	272	4,073
Current assets					
Inventories	25,682	19,626	26,389	26,114	30,843
Trade and other receivables	279	1,148	1,523	2,893	958
Income tax assets	-	23	2	-	-
Cash and cash equivalents	462	247	1,254	1,987	5,686
Sinking fund reserve - 2018 bonds	-	-	-	2,984	-
	26,423	21,044	29,168	33,978	37,487
Total assets	**27,453**	**24,561**	**34,482**	**34,250**	**41,560**
EQUITY					
Capital and reserves					
Called up share capital	313	313	313	313	313
Share premium	938	938	938	938	938
Shareholders' loans	2,325	2,325	2,325	-	-
Retained earnings	553	3,318	5,606	6,487	9,400
	4,129	**6,894**	**9,182**	**7,738**	**10,651**
LIABILITIES					
Non-current liabilities					
4.25% secured bonds 2024	15,020	13,294	6,464	-	-
4.75% secured bonds 2025-2027	-	-	14,658	14,722	14,530
5.75% secured bonds 2027-2029	-	-	-	-	14,662
Other borrowings	1,200	1,200	1,200	1,200	-
	16,220	14,494	22,322	15,922	29,192
Current liabilities					
Borrowings	3,574	660	20	7,194	-
Trade and other payables	3,510	2,513	2,958	3,396	1,717
Current income tax liabilities	20	-	-	-	-
	7,104	3,173	2,978	10,590	1,717
Total liabilities	**23,324**	**17,667**	**25,300**	**26,512**	**30,909**
Total equity and liabilities	**27,453**	**24,561**	**34,482**	**34,250**	**41,560**
Total debt	*19,794*	*15,154*	*22,342*	*23,116*	*29,192*
Net debt	*18,457*	*11,542*	*16,048*	*18,145*	*19,703*
Invested capital (total equity plus net debt)	*22,586*	*18,436*	*25,230*	*25,883*	*30,354*

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Key Financial Ratios	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Forecast	FY2024 Projection
Net debt-to-EBITDA (times) *(Net debt / EBITDA)*	12.47	2.99	4.71	8.52	4.03
Net debt-to-equity (times) *(Net debt / total equity)*	4.47	1.67	1.75	2.34	1.85
Net gearing (%) *(Net debt / net debt and total equity)*	81.72	62.61	63.61	70.10	64.91
Debt-to-asset (times) *(Total debt / total assets)*	0.72	0.62	0.65	0.67	0.70
Leverage (times) *(Total assets / total equity)*	6.65	3.56	3.76	4.43	3.90
Current ratio (times) *(Current assets / current liabilities)*	3.72	6.63	9.79	3.21	21.83

Statement of Financial Position

The Group's statement of financial position as at 31 December **2021** comprised total assets of €24.56 million (31 December 2020: €27.45 million), primarily made up of inventory (€19.63 million – being property development work-in-progress) and cash balances (€3.61 million when including the sinking fund reserve).

Total equity increased by €2.76 million to €6.89 million (31 December 2020: €4.13 million) on account of the net profit registered during the year. Total liabilities amounted to €17.67 million, a decrease of €5.66 million compared to the €23.33 million figure as at the end of 2020. During the year, total debt contracted by €4.64 million to €15.16 million compared to €19.80 million as at 31 December 2020. Other liabilities included deposits received on POS agreements amounting to €0.94 million (31 December 2020: €1.58 million).

The net gearing ratio decreased from 81.72% as at 31 December 2020 to 62.61% as at the end of 2021, whilst the net debt-to-equity stood at 1.67 times compared to 4.47 times as at 31 December 2020. Similarly, the leverage ratio improved to 3.56 times from 6.65 times as at 31 December 2020.

During **FY2022**, total assets increased by 40.39% to €34.48 million principally reflecting the growth in inventories to €26.39 million. Similarly, total liabilities rose by 43.19% to €25.30 million as the Group increased its total borrowings by 47.42% to €22.34 million amid the issuance of the 2022 Bonds in Q4 2022. Nonetheless, the Issuer's net gearing ratio only increased marginally to 63.61% reflecting the strengthening of the Company's equity base to €9.18 million. Likewise, the net debt-to-equity and leverage ratios trended marginally higher to 1.75 times and 3.76 times respectively.

In **FY2023**, total assets are expected to have remained virtually unchanged at €34.25 million. On the other hand, total liabilities are estimated to have increased by 4.79% to €26.51 million reflecting marginal increases in total debt to €23.12 million and trade and other payables to €3.40 million. Year-on-year, the net gearing ratio is estimated to have increased by 6.49 percentage points to 70.10% whilst the net debt-to-equity ratio and the leverage ratio are also forecasted to have trended higher to 2.34 times and 4.43 times respectively.

In **FY2024**, the Group is projecting a notable increase total assets and liabilities to €41.56 million and €30.91 million respectively. The sharpest year-on-year movements are anticipated to be in relation to the level of inventories (+€4.73 million to €30.84 million) on the back of the further progress in the execution of the Siġġiewi Development, and debt (+€6.08 million to €29.19 million) reflecting the issuance of the 2024 Bonds and redemption of the 2018 Bonds.

In view of the expected expansion in the Group's equity base to €10.65 million compared to the forecasted figure of €7.74 million as at the end of 2023, coupled with the projected increase in net debt to €19.70 million, the Issuer is estimating an improvement in its net gearing and net debt-to-equity ratios to 64.91% and 1.85 times respectively. Likewise, the leverage ratio is projected to trend lower to 3.90 times.

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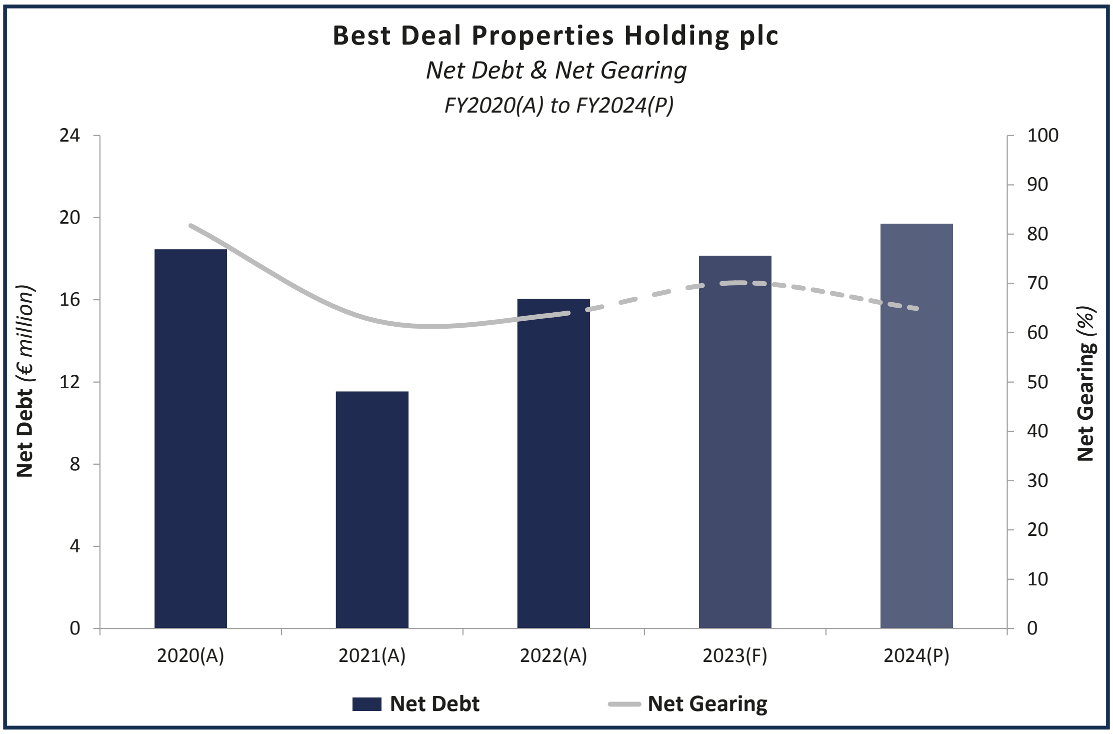

MZ INVESTMENTS

PART 3 – COMPARATIVE ANALYSIS

The table below provides a comparison between the Company and its bonds with other debt issuers listed on the Malta Stock Exchange and their respective debt securities. Although there are significant variances between the activities of the Group and other issuers (including different industries, principal markets, competition, capital requirements etc.), and material differences between the risks associated with the Company's business and that of other issuers, the comparative analysis serves as an indication of the financial performance and strength of the Group.

Comparative Analysis*	Amount Issued	Yield-to-Maturity / Worst	Interest Cover	Net Debt-to-EBITDA	Net Gearing	Debt-to-Assets
	(€'000)	*(%)*	*(times)*	*(times)*	*(%)*	*(times)*
5.00% Hal Mann Vella Group plc Secured 2024	30,000	4.00	2.42	9.45	51.80	0.44
5.10% 1923 Investments plc Unsecured 2024	36,000	5.07	4.81	2.94	47.79	0.40
4.25% Best Deal Properties Holding plc Secured & Guaranteed 2024	6,106	3.10	13.29	4.71	63.61	0.65
5.75% International Hotel Investments plc Unsecured 2025	45,000	5.52	1.87	11.42	41.92	0.40
5.10% 6PM Holdings plc Unsecured 2025	13,000	5.15	10.95	0.38	11.16	0.17
4.50% Hili Properties plc Unsecured & Guaranteed 2025	37,000	5.41	1.80	12.53	45.87	0.46
3.70% Gap Group plc Secured & Guaranteed 2023-2025	5,900	6.53	33.21	4.85	56.20	0.69
4.35% Hudson Malta plc Unsecured & Guaranteed 2026	12,000	5.07	6.11	4.89	71.67	0.57
4.25% CPHCL Finance plc Unsecured & Guaranteed 2026	40,000	5.71	1.66	12.42	42.45	0.40
4.00% International Hotel Investments plc Secured 2026	55,000	3.99	1.87	11.42	41.92	0.40
5.00% Dizz Finance plc Unsecured & Guaranteed 2026	8,000	6.07	1.91	10.70	79.93	0.59
3.75% Premier Capital plc Unsecured 2026	65,000	4.51	11.25	2.09	61.67	0.56
4.00% International Hotel Investments plc Unsecured 2026	60,000	5.13	1.87	11.42	41.92	0.40
3.25% AX Group plc Unsecured 2026	15,000	4.74	1.75	14.74	30.01	0.28
3.90% Gap Group plc Secured & Guaranteed 2024-2026	21,000	4.27	33.21	4.85	56.20	0.69
4.00% Hili Finance Company plc Unsecured & Guaranteed 2027	50,000	4.87	4.64	4.84	69.79	0.63
4.35% SD Finance plc Unsecured & Guaranteed 2027	65,000	5.06	4.68	1.74	22.08	0.26
4.00% Eden Finance plc Unsecured & Guaranteed 2027	40,000	5.09	4.24	5.37	25.33	0.23
5.25% Mediterranean Investments Holding plc Unsecured & Guaranteed 2027	30,000	5.56	3.79	3.30	22.75	0.21
4.00% Stivala Group Finance plc Secured & Guaranteed 2027	45,000	4.14	5.61	4.81	28.97	0.26
4.75% Best Deal Properties Holding plc Secured & Guaranteed 2025-2027	15,000	4.75	13.29	4.71	63.61	0.65
4.75% Gap Group plc Secured & Guaranteed 2025-2027	23,000	4.75	33.21	4.85	56.20	0.69
3.85% Hili Finance Company plc Unsecured & Guaranteed 2028	40,000	5.48	4.64	4.84	69.79	0.63
5.85% Mediterranean Investments Holding plc Unsecured & Guaranteed 2028	20,000	5.27	3.79	3.30	22.75	0.21
5.75% PLAN Group plc Secured & Guaranteed 2028	12,000	5.50	6.50	12.28	56.64	0.55
5.75% Best Deal Properties Holding plc Secured & Guaranteed 2027-2029	15,000	5.75	13.29	4.71	63.61	0.65
3.65% Stivala Group Finance plc Secured & Guaranteed 2029	15,000	4.52	5.61	4.81	28.97	0.26
3.80% Hili Finance Company plc Unsecured & Guaranteed 2029	80,000	5.71	4.64	4.84	69.79	0.63
3.75% AX Group plc Unsecured 2029	10,000	3.85	1.75	14.74	30.01	0.28
6.25% GPH Malta Finance plc Unsecured & Guaranteed 2030	18,144	5.85	1.73	7.63	94.01	0.75
3.65% International Hotel Investments plc Unsecured 2031	80,000	4.90	1.87	11.42	41.92	0.40
3.50% AX Real Estate plc Unsecured 2032	40,000	6.07	2.31	13.83	42.36	0.41
5.00% Mariner Finance plc Unsecured 2032	36,930	4.83	4.72	5.95	49.91	0.49
5.85% AX Group plc Unsecured 2033	40,000	5.19	1.75	14.74	30.01	0.28
6.00% International Hotel Investments plc Unsecured 2033	60,000	5.46	1.87	11.42	41.92	0.40
4.50% The Ona plc Secured & Guaranteed 2028-2034	16,000	4.69	44.17	9.76	64.11	0.59
5.50% Juel Group plc Secured & Guaranteed 2035	32,000	5.41	3.35	11.26	55.24	0.51

As at 15 January 2024

Sources: Malta Stock Exchange
M.Z. Investment Services Limited
Most recent audited annual financial statements except for PLAN Group plc (FY2023 - forecast) and Juel Group plc (FY2024 – forecast).

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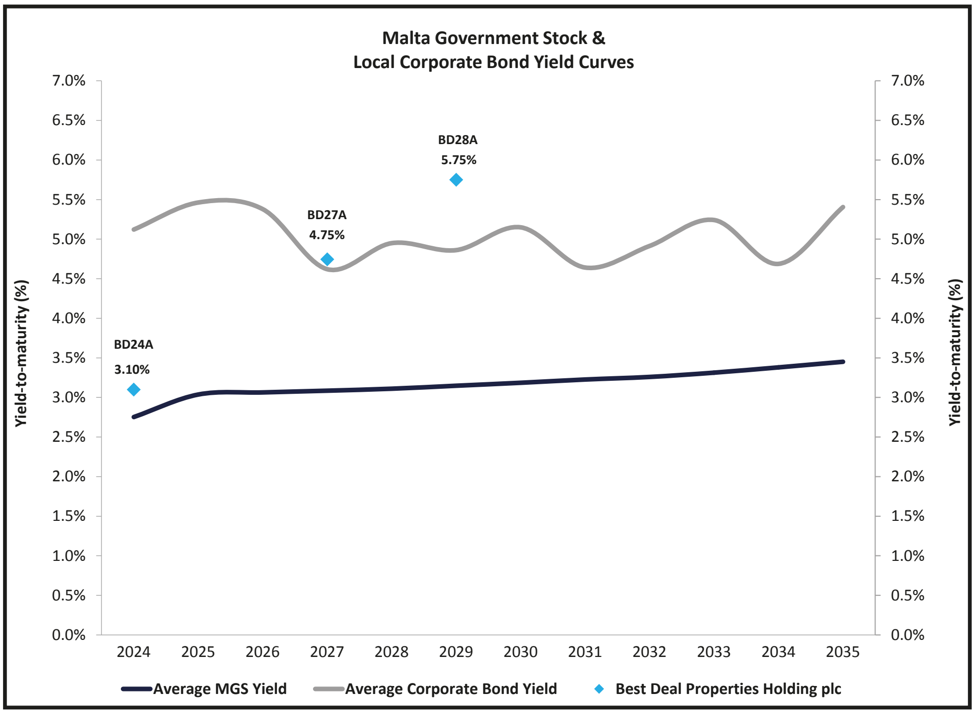

To date, there are no corporate bonds which have a redemption date beyond 2035. The Malta Government Stock yield curve has been included as it is widely considered as the benchmark 'risk-free' rate for Malta.

The **4.25% Best Deal Properties Holding p.l.c. secured and guaranteed bonds 2024** had a yield-to-maturity ("YTM") of 3.10% as at 15 January 2024, which was 202 basis points lower than the average YTM of 5.12% of other local corporate bonds maturing in the same year. The spread over the corresponding Malta Government Stock yield of equivalent maturity stood at 35 basis points.

The **4.75% Best Deal Properties Holding p.l.c. secured and guaranteed bonds 2025-2027** had a YTM of 4.75% as at 15 January 2024, which was 12 basis points higher than the average YTM of 4.62% of other local corporate bonds maturing in the same year. The spread over the corresponding Malta Government Stock yield of equivalent maturity stood at 166 basis points.

The new **5.75% Best Deal Properties Holding p.l.c. secured and guaranteed bonds 2027-2029** have been priced at a YTM which represent a premium of 89 basis points (as at 15 January 2024) over the average YTM of 4.86% of other local corporate bonds maturing in the same year. The spread over the corresponding Malta Government Stock yield of equivalent maturity as at 15 January 2024 stood at 260 basis points.

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PART 4 - EXPLANATORY DEFINITIONS

PROFITABILITY RATIOS	
EBITDA margin	EBITDA as a percentage of revenue.
Operating profit margin	Operating profit (or loss) as a percentage of total revenue.
Net profit margin	Profit (or loss) after tax as a percentage of total revenue.
Return on equity	Measures the rate of return on the company's net assets and is computed by dividing the net profit (or loss) by average equity.
Return on assets	Measures the rate of return on the company's assets and is computed by dividing the net profit (or loss) by average assets.
Return on invested capital	Measures the rate of return from core operations and is computed by dividing operating profit (or loss) by the average amount of equity and net debt.

CASH FLOW STATEMENT	
Net cash flow from / (used in) operating activities	The amount of cash generated (or consumed) from the normal conduct of business.
Cash flow from / (used in) investing activities	The amount of cash generated (or consumed) from activities related to the acquisition, disposal, and/or development of long-term assets and other investments.
Cash flow from / (used in) financing activities	The amount of cash generated (or consumed) that have an impact on the company's capital structure and thus result in changes to share capital and borrowings.

STATEMENT OF FINANCIAL POSITION	
Non-current assets	These represent long-term investments which full value will not be realised within the next twelve months. Such assets, which typically include property, plant, equipment, and investment property, are capitalised rather than expensed, meaning that a company amortises the cost of the asset over the number of years for which the asset will be in use instead of allocating the entire cost to the accounting year in which the asset was acquired.
Current assets	All assets which could be realisable within a twelve-month period from the balance sheet date. Such amounts may include development stock, accounts receivable, cash and bank balances.
Non-current liabilities	These represent long-term financial obligations which are not due within the next twelve months, and typically include long-term borrowings and debt securities.
Current liabilities	Liabilities which fall due within the next twelve months from the balance sheet date, and typically include accounts payable and short-term debt.
Total equity	Represents the residual value of the business (assets minus liabilities) and typically includes the share capital, reserves, as well as retained earnings.

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FINANCIAL STRENGTH/CREDIT RATIOS

Interest cover	Measures the extent of how many times a company can pay its net finance costs from EBITDA.
Net debt-to-EBITDA	Measures how many years it will take a company to pay off its net interest-bearing liabilities (including lease liabilities) from its EBITDA generation capabilities, assuming that net debt and EBITDA are held constant.
Net debt-to-equity	Shows the proportion of net debt (including lease liabilities) to the amount of equity.
Net gearing	Shows the proportion of equity and net debt used to finance a company's business and is calculated by dividing a company's net debt by net debt plus equity.
Debt-to-asset	Shows the degree to which a company's assets are funded by debt and is calculated by dividing all interest-bearing liabilities by total assets.
Leverage	Shows how much equity a company is using to finance its assets.
Current ratio	Measures whether or not a company has enough resources to pay its short-term liabilities from its short-term assets.

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