

BDPH 24/2020

COMPANY ANNOUNCEMENT

*The following is a company announcement issued by Best Deal Properties Holding P.L.C. (C 88974) (hereinafter the “**Company**”) pursuant to the listing rules of the Listing Authority (the “**Listing Rules**”) and rules issued by the MSE regulating the Prospects MTF market (the “**Prospects Rules**”)*

QUOTE

The Board of Directors of the Company has today, 31 August 2020, considered and approved the Company’s consolidated condensed financial statements (unaudited) for the period ending 30 June 2020. The said financial statements are attached herewith and are also available for viewing on the Company’s website through the following link: <https://bestdealholdings.com/financial-information/>.

UNQUOTE

By order of the Board.


Dr Stephanie Shaw
Company Secretary

31 August 2020

Best Deal Properties Holding p.l.c.
Unaudited Interim Consolidated Financial Statements
for the period ended 30 June 2020

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Interim directors' report pursuant to Listing Rule 5.75.2 and Prospects Rule 4.11.12

The condensed interim report is published in terms of Chapter 5 of the Listing Rules listed by the Listing Authority, Chapter 4 of the Prospects Rules of the Malta Stock Exchange and the Prevention of Financial Markets Abuse Act, 2005. The interim condensed financial statements included in this report has been extracted from Best Deal Properties Holding p.l.c.'s unaudited consolidated financial information as at 30 June 2020 and has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting'. In accordance with the terms of Listing Rule 5.75.5 and Prospects Rule 4.11.12, this interim report has not been audited or reviewed by the Company's independent auditors.

Principal Activity

Best Deal Properties Holding p.l.c. has been incorporated on 23 October 2018 and is the parent company of the entities listed in Note 3. The Group is mainly engaged in property development.

Business Review

During December 2018 the Company issued a secured bond of €16 million to raise sufficient capital to purchase property and land for development. The proceeds from the bond were used in December 2018 to purchase land in Pembroke, Mellieha and Zabbar. The development of Zabbar progressed significantly and part of the development has been finalised and units are being sold in shell form during 2020. The Pembroke development is planned to start in October 2020. The Mellieha project is currently under construction. During the period under review the Group had another two developments in progress, one in Marsascala and another project in Mqabba. The project in Marsascala was finalized in the first quarter of 2020 and it is currently being sold. The development in Mqabba is in progress and estimated to be finalized in the first quarter of 2021.

The Profit on the Group's activities for the period amounted to €142,258. The Group's profits were lower than anticipated in view that most of the sales contracts of the Marsascala development have been postponed in view of the Coronavirus pandemic. These are expected to take place during July to September 2020.

As at 30 June 2020, the Group's total assets amounted to €26.7 million and net assets amounted to €3.5 million. Net current assets amounted to €20.4 million. The main current assets of the Group consist of the properties held for development and resale with a value of €26.1 million and cash and cash equivalents of €448,172. The main current liabilities consist of deposits from clients on promise of sales agreements amounting to €1.8 million as well as accruals and payables to contractors of €2.3 million. The Group had current bank borrowings of €2.2 million which will be paid from the sales proceeds of the Mqabba project in 2021. Non-current liabilities totalled €17 million made up of the Secured Bonds 2024 amounting to €15.7 million and €1.3 million shareholder's loan.

Dividends and Reserves

The directors do not recommend the payment of a dividend.

Post Balance Sheet Events

The Coronavirus (COVID-19) pandemic is affecting business on a national and worldwide level. The Company and its subsidiaries are closely monitoring the possible impact on its operations and financial performance and is committed to take all necessary steps to mitigate any impact. During July the Group secured a loan of €2.5 million through the Malta Development Bank COVID-19 Guarantee Scheme and a further loan of €443,000 through a local bank to ensure that the developments proceed according to plan and the effects of the pandemic on the operations of the Group are mitigated.

Future Developments

The directors are continually assessing the developing situation with respect to the Coronavirus pandemic and its effects on the business. The directors consider to slow down or change timing of projected developments to ensure that the Company has sufficient liquidity to honour its commitments including to bondholders.

Going Concern Basis

The directors are satisfied at the time of approving the financial statements that the Group is continually taking steps to ensure that there are adequate resources to continue operating for the foreseeable future and therefore it is appropriate to adopt the going concern basis in preparing the financial statements.

Directors

The following have served as directors of the Group during the period under review :

| | |
|--------------------|----------------------------|
| Christopher Attard | |
| Pierre Bartolo | |
| James Bullock | |
| John Buttigieg | Resigned on 30 April 2020 |
| Mario P Galea | |
| Marlene Seychell | |
| Erskine Vella | |
| David Basile | |
| Robert Buttigieg | Appointed on 30 April 2020 |

Directors' statement pursuant to Listing Rule 5.75.3 and Prospects Rule 4.11.12

We hereby confirm that to the best of our knowledge:

1. The consolidated condensed financial statements attached herewith, which have been prepared in accordance with IAS 34 Interim Financial Reporting, give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer and the undertakings included in this consolidation taken as a whole, as at 30 June 2020.
2. The Directors' report includes a fair review of the information required in terms of Listing Rule 5.81 and 5.84 and Prospects Rule 4.11.12.

These consolidated condensed financial statements have not been audited or reviewed by the Group's auditors.

This statement was approved by the Board of Directors on 31 August 2020 and signed on its behalf by:



Pierre Bartolo
Director



Christopher Attard
Director

Registered office:
No. 63, J.L. Building, Office 5
Luqa Road
Paola PLA9045

Consolidated Interim Condensed Statement of Comprehensive Income
for the period ended 30 June 2020

| | 01.01.20 to 30.06.20 (Unaudited) € | 01.01.19 to 30.06.19 (Unaudited) € |
|---|--|--|
| Revenue | 5,479,336 | 332,489 |
| Cost of sales | (4,541,059) | (281,719) |
| Gross profit | 938,277 | 50,770 |
| Administrative expenses | (380,143) | (324,918) |
| Operating profit/(loss) | 558,134 | (274,148) |
| Finance costs | (40,621) | (25) |
| Profit/(loss) before taxation | 517,513 | (274,173) |
| Income tax expense | (375,255) | (25,818) |
| TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD | 142,258 | (299,991) |

The notes on pages 8 to 11 form an integral part of these financial statements.

Consolidated Interim Condensed Statement of Financial Position
as at 30 June 2020

| | Notes | 30.06.20 (Unaudited) € | 31.12.19 (Audited) € |
|-------------------------------------|-------|------------------------------|----------------------------|
| ASSETS | | | |
| Non-Current Assets | | 64,941 | 65,178 |
| Current Assets | | | |
| Inventories | 4 | 26,130,902 | 26,432,337 |
| Trade and other receivables | | 97,447 | 156,481 |
| Available-for-sale financial assets | | 246,000 | - |
| Cash and cash equivalents | | 202,172 | 800,635 |
| | | <u>26,676,521</u> | <u>27,389,453</u> |
| Total Assets | | <u>26,741,462</u> | <u>27,454,631</u> |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | | 312,500 | 312,500 |
| Share premium account | | 937,500 | 937,500 |
| Shareholders' loans | | 2,324,750 | 2,324,750 |
| Accumulated losses | | (66,934) | (209,192) |
| Total equity | | <u>3,507,816</u> | <u>3,365,558</u> |
| Liabilities | | | |
| Non-Current Liabilities | 5 | 16,967,693 | 18,219,082 |
| Current Liabilities | | | |
| Borrowings | 5 | 2,151,951 | 3,053,790 |
| Trade and other payables | | 4,099,323 | 2,816,201 |
| Total Current Liabilities | | <u>6,265,953</u> | <u>5,869,991</u> |
| Total Liabilities | | <u>23,233,646</u> | <u>24,089,073</u> |
| Total equity and liabilities | | <u>26,741,462</u> | <u>27,454,631</u> |

The consolidated condensed financial statements found on pages 4 to 11 were authorised for issue by the Board of Directors on 31 August 2020 and signed on its behalf by:



Pierre Bartolo
Director



Christopher Attard
Director

The notes on pages 8 to 11 form an integral part of these financial statements.

Consolidated Interim Condensed Statement of Changes in Equity
for the period ended 30 June 2020

| | Share Capital | Share premium | Accumulated losses | Other Equity | Total |
|----------------------------|------------------|------------------|-----------------------|-----------------|-----------|
| | € | € | € | € | € |
| At 1 January 2019 | - | - | 488,481 | 2,324,750 | 2,813,231 |
| Loss for the period | | | (299,991) | | (299,991) |
| At 30 June 2019 | - | - | 188,490 | 2,324,750 | 2,513,240 |
| At 31 December 2019 | 250,000 | 937,500 | (209,192) | 2,324,750 | 3,303,058 |
| At 1 January 2020 | 250,000 | 937,500 | (209,192) | 2,324,750 | 3,303,058 |
| Profit for the period | - | | 142,258 | - | 142,258 |
| At 30 June 2020 | 250,000 | 937,500 | (66,934) | 2,324,750 | 3,445,316 |

The notes on pages 8 to 11 form an integral part of these financial statements.

Consolidated Interim Condensed Statement of Cash Flows
for the period ended 30 June 2020

| | 30.06.20 (Unaudited) € | 30.06.19 (Unaudited) € |
|---|------------------------------|------------------------------|
| Net cash flows from operating activities | 1,687,708 | (1,284,297) |
| Net cash flows from financing activities | (2,270,655) | 1,649,336 |
| Net (decrease)/increase in cash & cash equivalents in the period | (582,947) | 365,039 |
| Cash and equivalents at beginning of period | 785,119 | 1,115,177 |
| Cash and equivalents at end of period | 202,172 | 1,480,216 |

The notes on pages 8 to 11 form an integral part of these financial statements.

1. General Information

Best Deal Properties Holding p.l.c. 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 PLA 9045. The Company's presentation as well as functional currency are denominated in €.

2. Basis of Consolidation

These consolidated condensed financial statements have been prepared under the historical cost convention and in accordance with IAS 34, 'Interim Financial Reporting'.

This consolidated interim condensed financial information has been extracted from the unaudited accounts of the Group formed part of the entities listed in Note 3. These financial statements have not been audited nor reviewed by the Group's independent auditors. The consolidated interim condensed financial information does not include all the notes of the type normally included in the annual financial statements. Accordingly, this report should be read in conjunction with the annual financial statements of the entities of which the Group forms part, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU. Information on such entities of which the Group forms part can be found in Note 3.

The accounting policies applied in the preparation of these consolidated condensed financial statements are consistent with those applied in the audited financial statements, for the period 31 December 2019.

New or revised standards adopted in the current period

In 2020, the Group adopted new standards, amendments and interpretations to existing standards that are mandatory for the Group's accounting period beginning 1 January 2020. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the Group's accounting policies.

New and revised IFRSs adopted by the EU that are not mandatorily effective for the period ending 30 June 2020

The Group has not applied any of the new and revised International Financial Reporting Standards as adopted by the EU that have been issued but are not yet effective. The Group does not anticipate that the application of such standards may have significant impact on amounts reported in respect of the Group's financial statements.

3. Interests in subsidiaries

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.

The 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 Ltd (C74282) | 63, J.L.Building, Luqa Road, Paola | 9 February 2016 |
| PJCE Properties Ltd (C85050) | 63, J.L.Building, Luqa Road, Paola | 22 February 2018 |
| Best Deal Developments Ltd (C89191) | 63, J.L.Building, Luqa Road, Paola | 31 October 2018 |

Elite Developments Ltd was acquired by the Group on 13 November 2018 by exchange of shares. In this respect, a bargain purchase gain of €515,044 was made in view of the net asset value at date of acquisition of the company being more than the purchase consideration. The bargain purchase gain made was included in the statement of comprehensive income, in line with IFRS 3 'Business Combinations'.

PJCE Properties Ltd was acquired by the Group on 13 November 2018 by exchange of shares. In this regard, goodwill of €43,367 was recognised and recorded as an intangible asset in the statement of financial position, in view of the net asset value at date of acquisition of the company being less than the purchase consideration. During 2020 the share capital of PJCE Properties Ltd was increased by €200,000, the shares being 100% owned by Best Deal Properties Holding p.l.c.

Best Deal Developments Ltd was incorporated by the parent company on 31 October 2018. This subsidiary acts as guarantor of Best Deal Properties Holding p.l.c. and shall be undertaking further property development for the group.

4. Inventories

| | 30.06.20 | 31.12.19 |
|------------------------------|------------|------------|
| | € | € |
| Properties under development | 26,130,902 | 26,432,337 |

Notes to the Consolidated Condensed Financial Statements
for the period ended 30 June 2020

5. Borrowings

| | 30.06.20 | 31.12.19 |
|---|-------------------|-------------------|
| | € | € |
| Non-current | | |
| 160,000 4.25% Secured Bonds 2024 | Note 15,705,279 | 15,671,914 |
| Bank borrowings | Note - | 1,284,754 |
| Related party borrowings | Note 1,262,414 | 1,262,414 |
| | <u>16,967,693</u> | <u>18,219,082</u> |
| Current | | |
| Bank overdrafts | 105,797 | 15,516 |
| Amounts owed to other related companies | Note 3,338 | 16,192 |
| Bank borrowings | Note 2,042,816 | 3,022,082 |
| | <u>2,151,951</u> | <u>3,053,790</u> |

Amounts owed to related parties

Amounts are unsecured, interest free and are repayable on demand.

Bank borrowings

The current portion of bank loan as at 30 June 2019 was secured by a charge over the fixed assets of Elite Developments Limited and guarantees by the ultimate beneficial owners of the group. Interest was charged on this loan at 4.75% per annum. The loan was fully paid during 2020 from the proceeds of the development in Marsascale.

The remaining current portion of bank loan is made up of amounts secured by a charge over the fixed assets of PJCE Developments Limited and guarantees by the ultimate beneficial owners of the group. It bears interest at 5% per annum and is repayable by March 2021.

Related party borrowings

These amounts are unsecured and bear interest of 6.667% per annum. The rights of the lender in respect of these loans are 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 loans 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 Ltd, 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:

| | 30.06.20 | 31.12.19 |
|---|------------|------------|
| | € | € |
| Original face value of bonds issued | 16,000,000 | 16,000,000 |
| Bond issue costs | (400,376) | (400,376) |
| Accumulated amortisation | 105,655 | 72,290 |
| Closing net book amount of bond issue costs | (294,721) | (328,086) |
| Amortised cost and closing carrying amount of the bonds | 15,705,279 | 15,671,914 |