BDPH 58/2022

COMPANY ANNOUNCEMENT

*The following is a company announcement issued by Best Deal Properties Holding P.L.C. (C 88974) (hereinafter the "**Company**") pursuant to rule 4.11.12 of the rules issued by the Malta Stock Exchange regulating the Prospects MTF market (the "**Prospects Rules**").*

QUOTE

The Company refers to the obligation which Prospects MTF Companies are subject to in terms of Rule 4.11.03 and Rule 4.11.12 of the Prospects Rules relating to the publication of the twelve-month financial information as defined in Table 1 paragraph 3 and specifically the publication and dissemination by means of a company announcement of Financial Sustainability Forecasts, including management assumptions thereon ("**FSFs**"). The below copy of the FSFs, as approved by the Board of Directors, is based on the following assumptions:

Revenue

The revenue for the twelve months ending 31 December 2022 of the Group (made up of Best Deal Properties Holding plc, Best Deal Developments Limited, Elite Developments Limited, and PJCE Properties Limited) is expected to amount to €18.8 million. Projected revenue is expected to be generated from the sale of apartments, maisonettes and penthouses located across five different sites. The Group holds contracts of sale and promise of sale agreements for a significant portion of the sales being projected.

Direct costs

Direct costs principally include the acquisition of the sites on which the residential units are being developed, stamp duty, permit expenses, development costs (including construction, mechanical and electrical, and finishing costs), insurance costs, professional fees relating to the acquisition and development of the sites, and commissions, if any, paid to real estate agents. Included in the direct costs is the interest expense that is directly related to the acquisition and, or development of the sites.

Administrative expenses

Administrative expenses consist primarily of marketing costs, professional fees, and ongoing listing costs. Administrative expenses are assumed to increase in line with inflation.

Finance costs

Finance costs relate primarily to interest on the Group's other borrowings which are not allocated to a particular development, and hence not classified under direct costs.

Taxation

Current taxation is based on a reduced final withholding tax of 5% of the net selling value, per Legal Notice 240, applicable up until 30 June 2022. Profits derived from finishing works are taxed at 35%.

Working capital

The Group's working capital mainly comprises of the net impact of trade and other receivables together with trade and other payables. Current and trade payables include amounts relating to (i) deposits which have been received upon signing of promise of sale agreements; (ii) credit terms offered by suppliers for the development and finishing of the residential units; and (iii) accrued interest.

Ongoing works

During the financial period ending 31 December 2021, the Group had five developments in progress – Blue Moon Court, Garnet Court, Jewel Court, Laguna Court, and Lotus Complex. Works on Blue Moon and Garnet Court were finalised by end of 2021, while works on Jewel Court are projected to be complete by end of 2022.

Movement in bank borrowings and outstanding bond

In line with Section 5.8 of the Company's Prospectus dated 3 December 2018, the Company may at any time purchase back the secured bonds in the open market or otherwise at any price. During the financial year ended 31 December 2021, the company repurchased a total of 1,792,800 of its 4.25% secured bonds from its bondholders.

During 2022, the Company will be repaying bank borrowings of €0.7 million through the sales proceeds of the Zabbar project.

The bond repurchasing programme and the repayment of the outstanding bank borrowings will result in a positive impact on the gearing level of the Company, as it gradually reduces its operations' dependency on external financing. The gearing ratio is expected to drop from 61.2% in the financial period ending 31 December 2021 to 25.5% in the financial period ending 31 December 2022.

Projected consolidated income statement for the year ending 31 December

€000s	2022
Revenue	18,759
Cost of sales	(14,938)
Gross profit	3,821
Administrative expenses	(335)
Operating profit	3,486
Interest payable	(30)
Profit/(Loss) before tax	3,456
Final tax	(1,035)
Net Profit	**2,421**

Projected consolidated statement of financial position as at 31 December

€000s	2022
ASSETS	
Non-current assets	
Property, plant and equipment	1
Goodwill	43
Deferred tax assets	108
Sinking fund reserve	4,837
Total non-current assets	4,989
Current assets	
Inventory (work in progress)	12,626
Trade and other receivables	30
Cash and cash equivalents	3,115
Total current assets	15,771
Total assets	**20,760**
EQUITY AND LIABILITIES	
Equity	
Share capital	313
Share premium	937
Other equity	2,325
Retained earnings	5,489
Total equity	9,064
Non-current liabilities	
16,000,000 4.25% Secured Bonds 2024	9,861
Shareholders' loan	1,200
Total non-current liabilities	11,061
Current liabilities	
Trade and other payables	635
Total current liabilities	635
Total liabilities	11,696
Total equity and liabilities	**20,760**

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

€000s	2022
Operating activities	
Operating profit after movement in working capital	9,726
Tax payments	(1,011)
Net cash generated from/ (used in) operating activities	8,715
Investing activities	
Release from/(transfer to) sinking fund reserve	(1,471)
Net cash generated from/ (used in) investing activities	(1,471)
Financing activities	
Interest expenses	(30)
Dividend payments	(250)
Movement in bank loans	(660)
Movement in bond	(3,435)
Net cash generated from/ (used in) financing activities	(4,375)
Net movement in cash and cash equivalents	**2,869**
Opening cash balance	246
Closing cash balance	**3,115**

UNQUOTE

By order of the Board.

S. Manduca

Dr Stephanie Manduca
Company Secretary

28 April 2022