
FINANCIAL ANALYSIS SUMMARY

24 MAY 2024

ISSUER

BEST DEAL PROPERTIES HOLDING P.L.C.

(C 88974)

Prepared by:



MZ INVESTMENTS



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24 May 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 information appertaining to Best Deal Properties Holding p.l.c. (the “**Issuer**”, “**Group**” or “**BDPH**”). The data is derived from various sources or is based on our own computations as follows:

- (a) Historical information for the most recent three financial years ended 31 December 2021, 31 December 2022, and 31 December 2023 has been extracted from the respective audited consolidated annual financial statements.
- (b) The forecast information for the financial year ending 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 by BDPH.
- (d) The ratios quoted in this Analysis have been computed by 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 information.

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This Analysis is meant to assist existing and potential investors in the Issuer's securities by summarising the more important financial information of the Group. This Analysis does not contain all data that is relevant to investors. 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, existing and potential investors are encouraged to seek professional 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) **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) **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 aforementioned 9 blocks enjoy open country views from the front terraces as they face a green area.
- (iii) **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, located in Triq Ta’ Masrija and New Street off Triq il-Miħna 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 BDPH 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 BDPH 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, 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 a new residential project located in Għadira, Mellieħa. On 30 April 2024, the 2024 Guarantor concluded the purchase of a site measuring 2,643 sqm on which the Group intends to construct a residential complex comprising 10 maisonettes, 53 apartments, 2 penthouses, and 119 garages (the “**Għadira Development**”). The project will be partly financed from the proceeds received from the issuance of €15 million 5.75% secured bonds 2027-2029 (“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.

2. DIRECTORS AND MANAGEMENT STRUCTURE

2.1 DIRECTORS OF THE ISSUER

The 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 BDPH’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 Siggiewi 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 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.

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 BDPH. 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.

Between FY2016 and FY2023, the Group was involved in the construction and sale of three residential projects – Crystal Court and Blue Moon Court which are situated in Marsascala, and Garnet Court in Mqabba. Further information about these three projects is available in Section 4 – Completed Projects below. Elite Developments Limited was responsible for the execution of the projects in Marsascala whilst PJCE Properties Limited was involved in the Garnet Court project. On 25 April 2024, Elite Development Limited merged with PJCE Properties Limited and was thereafter struck off.

4. COMPLETED PROJECTS

4.1 CRYSTAL COURT – MARSASCALA

In June 2016, the Group embarked on developing Crystal Court when it acquired the land situated at Triq Salvu Buħaġiar corner with Triq il-Ġemmuġħa 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, the Group 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, having an aggregate value of €0.71 million, 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, €0.34 million was accounted for in FY2022, and €0.37 million in FY2023.

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 (“POS”) agreement. The total cost of the project amounted to €3 million whilst total revenues amounted to €4.62 million of which €2.65 million was accounted for between FY2021 and FY2023 (€1.27 million in FY2021, €0.79 million in FY2022, and €0.59 million in FY2023) whilst the remaining €1.97 million will be recognised in FY2024.

5. CURRENT PROJECTS

5.1 LOTUS COMPLEX – ŻABBAR

Civil works started in January 2019 and all 9 blocks have been constructed and 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

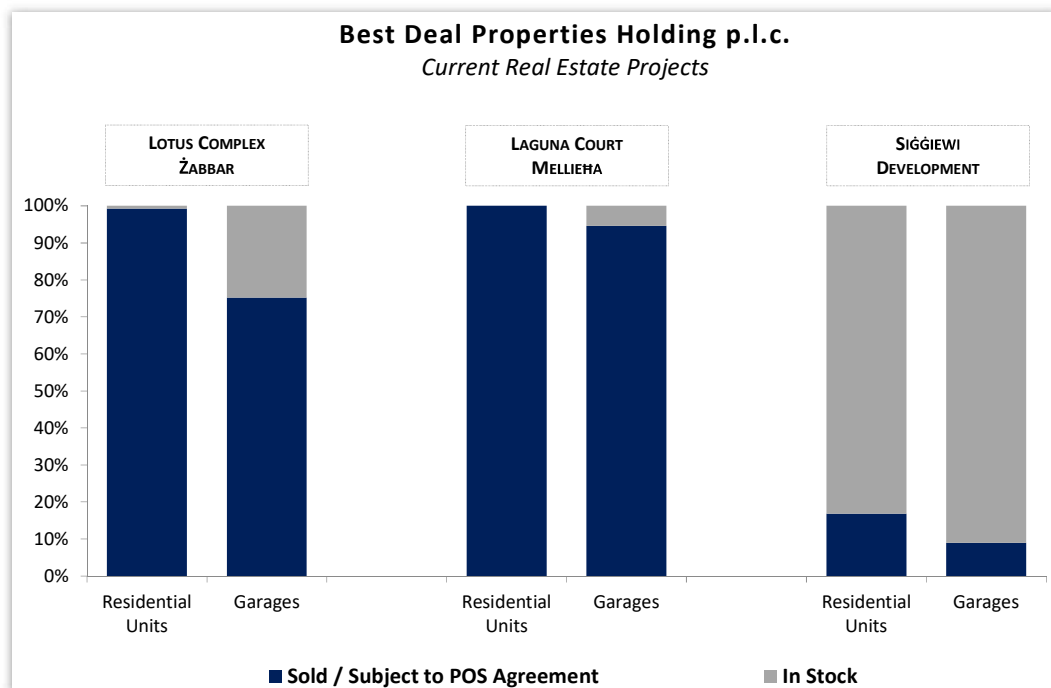


sold or subject to a POS agreement. As a result, only 3 garages were available for sale as at 31 December 2023. The total cost of the project will amount to circa €10.80 million whilst total revenues are expected to amount to €15.12 million of which €11.29 million have already been accounted for in FY2022 and FY2023.

5.3 SIGĠIEWI 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 €27.60 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.

As at the end of 2023, 16 residential units (out of a total of 95) and 14 garages (out of a total of 155) were either sold or subject to a POS agreement. As a result, 79 residential units and 141 garages were available for sale as at 31 December 2023.



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 €2.30 million and generate €3.40 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.



6.2 GHADIRA DEVELOPMENT

On 30 April 2024, Best Deal Għadira Limited concluded the purchase of a plot of land located in Għadira, 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 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.

Best Deal Properties Holding p.l.c. Property Development Projects								Total No. of Residential Units	No. of Garages
Cost (€'000)	Revenue (€'000)	Start Year	End Year	No. of Maisonettes	No. of Apartments	No. of Penthouses			
Completed Projects									
Crystal Court (Marsascalea)	3,400	4,800	2016	2018	5	18	2	25	30
Blue Moon Court (Marsascalea)	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	4,620	2019	2022	2	4	2	8	7
	18,100	24,270			14	60	10	84	89
Current Projects									
Lotus Complex (Żabbar)	27,100	38,700	2019	2023	24	81	22	127	198
Laguna Court (Mellieħa)	10,800	15,120	2019	2024	7	35	7	49	55
Sigġiewi 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	2,300	3,400	2024	2027	2	4	2	8	6
Għadira Development	24,600	39,050	2024	2027	10	53	2	65	119
	26,900	42,450			12	57	4	73	125
Total	110,500	159,560			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, entered into a promise of sale agreement to acquire a site measuring *circa* 1,500 sqm situated in Bubaqra, Żurrieq (the “Żurrieq Site”) for a consideration of €3.20 million.

On 2 November 2023, Best Deal Developments Limited, a wholly owned subsidiary of the Issuer, entered into an assignment agreement with C&E Developments Limited (“the Assignor”), wherein the latter promised to cede and assign to Best Deal Developments Limited, that promised to accept, all rights and obligations of the Assignor in respect of the Żurrieq Site resulting from the aforementioned promise of sale agreement.



As at the date of this Analysis, the Group has yet to submit a comprehensive planning control application to the Planning Authority in respect of the prospective development of the Żurrieq Site.

8. SECURITY AND RESERVE ACCOUNT

8.1 SECURITY

The outstanding amount of the 2018 Bonds as at 15 May 2024 stood at €1,266,800. 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 BDPH 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 dated 22 March 2024, the Issuer raised €15 million through the issuance of the 2024 Bonds for the purpose of part funding the Għadira Development. The 2024 Bonds are



guaranteed by the 2024 Guarantor and 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 Ghadira Site together with all and any constructions to be developed thereon.
- (iii) Pledge on insurance policy relating to the Ghadira 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.

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 retained for the purpose of redeeming the 2018 Bonds, the 2022 Bonds, and the 2024 Bonds (as the case may be) upon 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		2021 Actual	2022 Actual	2023 Actual	2024 Projection
Total number of shares in issue ('000)	[A]	3,125	3,125	3,125	3,125
Share price (€)	[B]	1.60	1.60	1.60	1.60
Market capitalisation (€'000)	[A multiplied by B]	5,000	5,000	5,000	5,000
Total equity (€'000)	[C]	6,894	9,182	8,887	10,079
Net debt (€'000)	[D]	11,542	16,048	16,996	19,276
Enterprise value (€'000)	[A multiplied by B] + [D]	16,542	21,048	21,996	24,276
EBITDA (€'000)	[E]	3,861	3,410	2,130	4,226
Net profit (€'000)	[F]	2,764	2,538	1,130	2,592
Earnings per share (€)	[F divided by A]	0.88	0.81	0.36	0.83
Net asset value per share (€)	[C divided by A]	2.21	2.94	2.84	3.23
Price-to-earnings ratio (times)	[A multiplied by B] divided by [F]	1.81	1.97	4.42	1.93
Enterprise value-to-EBITDA (times)	([A multiplied by B] + [D]) divided by [E]	4.28	6.17	10.33	5.74
Price-to-net asset value (times)	[A multiplied by B] divided by [C]	0.73	0.54	0.56	0.50
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	22.12	9.65
Net dividend yield (%)	[G] divided by [A multiplied by B]	-	5.00	5.00	5.00

10. INFORMATION RELATING TO THE ISSUER'S BONDS

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

Security ISIN	Security	Symbol Code	Amount Issued	Amount Outstanding	Market Price*
MT0002121201	4.25% Best Deal Properties Holding p.l.c. 2024	BD24A	€ 16,000,000	€ 1,266,800	100.00%
MT0002121219	4.75% Best Deal Properties Holding p.l.c. 2025-2027	BD27A	€ 15,000,000	€ 15,000,000	99.01%
MT0002121227	5.75% Best Deal Properties Holding p.l.c. 2027-2029	BD29A	€ 15,000,000	€ 15,000,000	103.25%
			€ 46,000,000	€ 31,266,800	

* As at 15 May 2024.



11. ECONOMIC AND SECTOR ANALYSIS

11.1 ECONOMIC UPDATE¹

The Maltese economy continues to grow robustly driven by strong exports and domestic demand. Tourism flows bounced back to well above pre-pandemic levels and the strong inflow of workers is boosting domestic demand. After reaching 5.60% GDP growth in 2023, the Maltese economy is expected to achieve a growth rate of 4.60% in 2024 and 4.30% in 2025. The government deficit stood at 4.90% of GDP in 2023, and it is expected to only gradually decrease in 2024 and 2025. Thanks to robust nominal GDP growth, the public debt-to-GDP ratio is forecast to increase only slightly despite the still high primary deficit.

In 2023, real GDP growth reached 5.60%, 1.6 percentage points higher than projected in autumn. Both private consumption and exports came much stronger than expected, resulting from significantly higher immigration and tourism flows. Besides exceptionally strong immigration, Malta's economy continues to benefit from a low pass-through of monetary policy to retail interest rates and from government measures that have kept energy prices stable at 2020 levels.

Tourism reached pre-pandemic levels in 2023. The number of tourist arrivals increased by more than 26% in the first two months of 2024, although tourism expenditure grew at a slightly slower pace. Strong growth is also forecast in exports of electronics and entertainment, professional and financial services.

Construction investment is expected to stabilise and recover moderately after a sharp fall in 2023, growing at 2.50% in 2024 and 3.90% in 2025. The increase of private consumption and activity in the service sector is expected to lead to higher imports of goods and services. Overall, the forecast for GDP growth was revised upward to 4.60% in 2024 and 4.30% in 2025.

With employment growth at 6.50% in 2023, Malta's labour market exceeded expectations. Employment growth is set to remain strong at 4.0% also in 2024 and 2025 as the country continues to attract foreign workers. Labour and skills shortages are still mentioned as the main limiting factors for the Maltese economy.

The unemployment rate was revised upwards from 2.90% to 3.50% in 2022 due to an updated demographic survey. In 2023, the unemployment rate fell to 3.10% and it is expected to drop marginally to 3% and 2.90% in 2024 and 2025. Nominal wages were, however, still growing at relatively weak rates in 2023 as employment expanded in the low wage sectors, resulting in negative real wage growth per head.

HICP inflation in 2023 reached 5.60% despite the government intervention to keep energy prices at 2020 levels. The Maltese authorities confirmed their commitment to limiting energy inflation in 2024 and 2025. Inflation in Malta slowed down in the first quarter of 2024 mainly due to lower services

¹ Source: European Commission, 'European Economic Forecast Spring 2024', 15 May 2024.



inflation. Headline inflation is forecast at 2.80% in 2024 and 2.30% in 2025, with food prices set to remain the fastest growing component.

In 2023, the debt-to-GDP ratio fell by 1.2 percentage points to 50.40% due to strong nominal growth and despite the high primary deficit. A positive stock-flow adjustment related to the equity injection in the national airline is expected to drive the increase of the public debt to 52% of GDP in 2024. For 2025, a smaller primary deficit and a favourable interest growth differential will lead to a smaller increase of public debt to 52.60% of GDP.

Key Economic Indicators ¹	2021	2022	2023	2024	2025
	Actual	Actual	Forecast	Forecast	Projection
Malta					
Real GDP growth (% year-on-year)	12.50	8.10	5.60	4.60	4.30
Real GDP growth per capita (% year-on-year)	11.90	5.30	2.40	1.90	1.70
Inflation (% year-on-year) ²	0.70	6.10	5.60	2.80	2.30
Unemployment (%)	3.80	3.50	3.10	3.00	2.90
Primary balance (% of GDP)	(6.50)	(4.60)	(3.80)	(3.10)	(2.60)
General balance (% of GDP)	(7.60)	(5.50)	(4.90)	(4.30)	(3.90)
Gross public debt (% of GDP)	53.90	51.60	50.40	52.00	52.60
Current account balance (% of GDP)	5.70	0.60	4.20	3.40	3.60
Euro area (20)					
Real GDP growth (% year-on-year)	5.90	3.40	0.40	0.80	1.40
Real GDP growth per capita (% year-on-year)	5.90	2.90	(0.20)	0.50	1.10
Inflation (% year-on-year) ²	2.60	8.40	5.40	2.50	2.10
Unemployment (%)	7.80	6.80	6.60	6.60	6.50
Primary balance (% of GDP)	(3.80)	(2.00)	(1.90)	(1.10)	(0.90)
General balance (% of GDP)	(5.20)	(3.70)	(3.60)	(3.00)	(2.80)
Gross public debt (% of GDP)	96.60	92.40	90.00	90.00	90.40
Current account balance (% of GDP)	3.70	1.00	2.90	3.20	3.20
EU					
Real GDP growth (% year-on-year)	6.00	3.50	0.40	1.00	1.60
Real GDP growth per capita (% year-on-year)	6.10	3.30	0.00	0.80	1.50
Inflation (% year-on-year) ²	2.90	9.20	6.40	2.70	2.20
Unemployment (%)	7.10	6.20	6.10	6.10	6.00
Primary balance (% of GDP)	(3.40)	(1.80)	(1.80)	(1.20)	(0.90)
General balance (% of GDP)	(4.70)	(3.40)	(3.50)	(3.00)	(2.90)
Gross public debt (% of GDP)	89.00	84.80	82.90	82.90	83.40
Current account balance (% of GDP)	3.30	0.90	2.90	3.10	3.10

¹ Source: European Commission, 'European Economic Forecast Spring 2024, 15 May 2024.

² Harmonised Indices of Consumer Prices ("HICP")

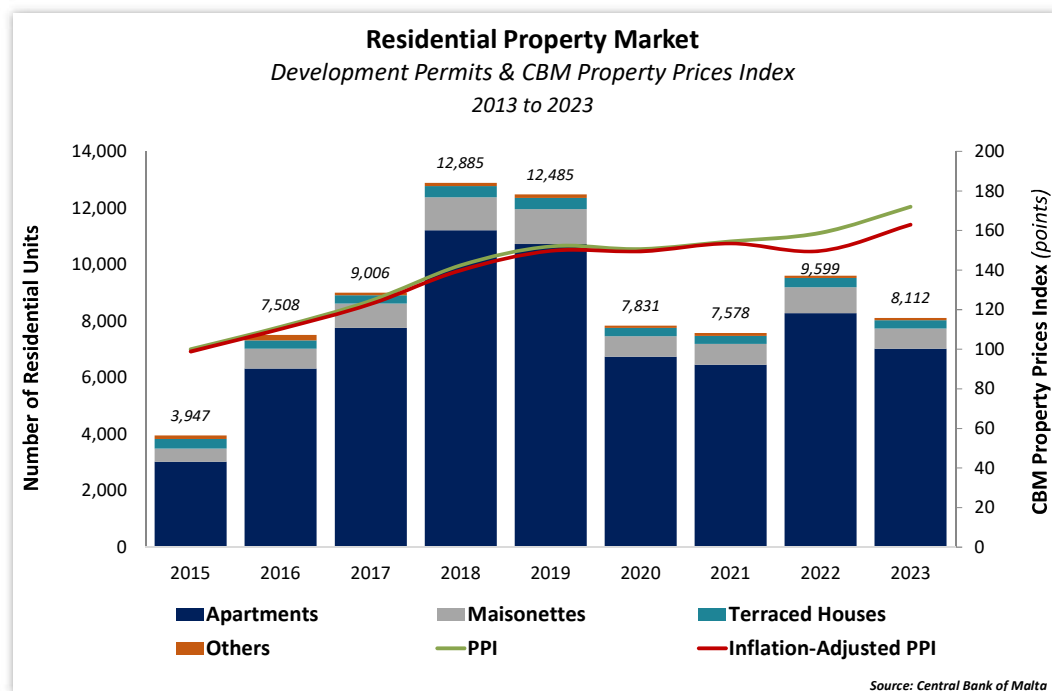


11.2 PROPERTY MARKET²

DEVELOPMENT PERMITS FOR DWELLINGS

Data provided by the Central Bank of Malta (“CBM”) and the National Statistics Office (“NSO”) shows that in 2023, the total number of permits for the construction of new dwellings increased by 24.78% to 1,586 permits (2022: 1,271 permits). However, the total number of approved new residential units declined by 15.49% year-on-year to 8,112 units, mostly comprising apartments which totalled 7,026 units (2022: 8,280 apartments) representing 86.61% of the total number of approved new units in 2023. The sharpest year-on-year percentage decline in the number of approved residential units was for the construction of new maisonettes (-21.76% to 712 units), followed by apartments (-15.14%), and terraced houses (-12.31% to 292 units). On the other hand, other type of dwellings including villas, bungalows, and farmhouses increased by 7.89% to 82 units.

The highest ever number of approved new residential units in a single year took place in 2018 as 2,363 permits were issued for the construction of a total of 12,885 residential units. Between 2019 and 2021, the total number of approved new residential units trended lower each year, reaching a five-year low of 7,578 units in 2021 before rebounding strongly by 26.67% to 9,599 new units in 2022.



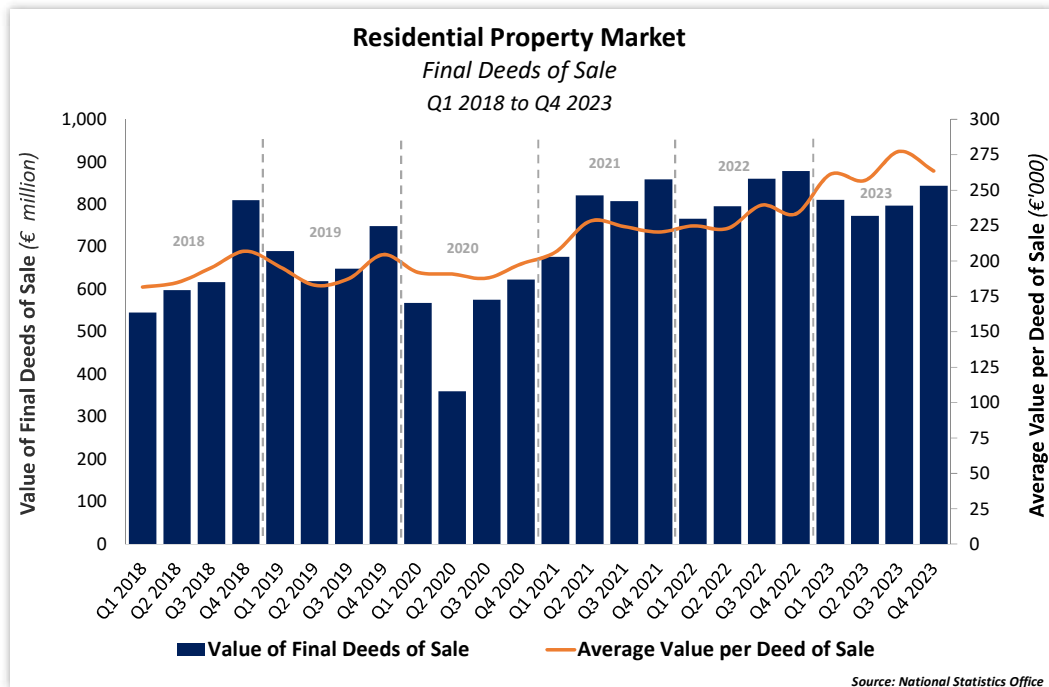
² Sources: Central Bank of Bank and National Statistics Office online portals at <https://www.centralbankmalta.org/real-economy-indicators> and <https://nso.gov.mt/property> respectively.



PROPERTY PRICES & TRANSACTIONS

In nominal terms, the **CBM Property Prices Index** – which is based on the advertised sale prices of apartments, maisonettes, terraced houses, and other types of dwellings – reached an all-time high of 172.01 points in 2023, representing a significant increase of 8.28% over the prior year (158.86 points). The sharpest year-on-year percentage increase took place in the prices of ‘other property’ comprising town houses, houses of character and villas, which saw their advertised prices increase by an aggregate 10.57% in 2023. The advertised prices of apartments and maisonettes also increased markedly in 2023 by 9.80% and 9.20% respectively, whilst the advertised prices of terraced houses contracted by a minimal 0.17%. In real terms, the CBM Property Prices Index increased by 8.86% in 2023 (the strongest uplift since 2018), thus erasing to prior year’s decline of 2.45% to reach an inflation-adjusted record reading of 162.95 points.

The **NSO Property Price Index** – which is based on actual transactions involving apartments, maisonettes, and terraced houses – reached an all-time high of 151.08 points as at the end of Q2 2023 – representing a year-on-year increase of 4.46% in nominal terms. During 2023, a total of 12,178 final deeds of sale were registered compared to 14,368 deeds in 2021 and 14,331 deeds in 2022. However, the total value of final deeds of sale dropped by only 2.35% in 2023 to €3.22 billion (or €3.05 billion in real terms) compared to the record of just under €3.30 billion (or €3.11 billion in real terms) registered in 2022. Furthermore, the average value per deed of sale reached an all-time high of €0.26 million (or €0.25 million in real terms) compared to €0.22 million in 2021 and €0.23 million in 2022.



PART 2 – GROUP PERFORMANCE REVIEW

12. FINANCIAL HIGHLIGHTS

The historical information is extracted from the audited consolidated annual financial statements of the Issuer for the financial years ending 31 December 2021, 31 December 2022, and 31 December 2023.

The forecast information has been provided by the Group and is based on future events and assumptions which BDPH believes to be reasonable. Accordingly, the actual outcome may be adversely affected by unforeseen circumstances and the variation between forecasts with actual results may be material.

Best Deal Properties Holding p.l.c.				
Income Statement				
for the financial year 31 December				
	2021	2022	2023	2024
	Actual	Actual	Actual	Forecast
	€'000	€'000	€'000	€'000
Revenue	20,060	14,055	14,701	21,225
Cost of sales	(15,603)	(9,908)	(11,802)	(16,377)
Gross profit	4,457	4,147	2,899	4,848
Administrative expenses	(596)	(737)	(769)	(622)
EBITDA	3,861	3,410	2,130	4,226
Depreciation and amortisation	(67)	(72)	(132)	(2)
Operating profit	3,794	3,338	1,998	4,224
Investment income	-	-	68	-
Net finance costs	(122)	(257)	(37)	(30)
Profit before tax	3,672	3,081	2,029	4,194
Taxation	(908)	(543)	(899)	(1,602)
Profit for the year	2,764	2,538	1,130	2,592
Total comprehensive income	2,764	2,538	1,130	2,592
Revenue analysis:				
<i>Blue Moon Court (Marsascala)</i>	459	22	-	-
<i>Garnet Court (Mqabba)</i>	6,900	341	372	-
<i>Jewel Court (Pembroke)</i>	1,272	794	585	1,965
<i>Lotus Complex (Żabbar)</i>	11,429	10,184	5,173	2,927
<i>Laguna Court (Mellieħa)</i>	-	2,714	8,541	5,424
<i>Sigġiewi Development</i>	-	-	30	10,909
Total	20,060	14,055	14,701	21,225



Best Deal Properties Holding p.l.c.	FY2021	FY2022	FY2023	FY2024
Key Financial Ratios	Actual	Actual	Actual	Forecast
Gross profit margin (Gross profit / revenue)	22.22	29.51	19.72	22.84
EBITDA margin (%) (EBITDA / revenue)	19.25	24.26	14.49	19.91
Operating profit margin (%) (Operating profit / revenue)	18.91	23.75	13.59	19.90
Net profit margin (%) (Profit after tax / revenue)	13.78	18.06	7.69	12.21
Return on equity (%) (Profit after tax / average equity)	50.15	31.58	12.51	27.33
Return on assets (%) (Profit after tax / average assets)	10.63	8.60	3.29	6.45
Return on invested capital (%) (Operating profit / average equity and net debt)	18.50	15.29	7.82	15.29
Interest cover (times) (EBITDA / net finance costs)	31.65	13.27	57.57	140.87

INCOME STATEMENT

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 markedly year-on-year to 31.65 times.

Overall, the Group reported a net profit of €2.76 million which translated into a margin of 13.78%. The higher level of profits also translated into a higher return on equity of 50.15% 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 Marsascalea (€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 24.26% whilst the net profit margin exceeded the 18% level. In contrast, the return on equity and on assets retracted to 31.58% and 8.60% respectively. Likewise, the interest cover eased to 13.27 times.



In **FY2023**, the Group generated revenues of €14.70 million of which 93.29% (or €13.71 million) derived from the sale of property forming part of Lotus Complex (€5.17 million) and Laguna Court (€8.54 million).

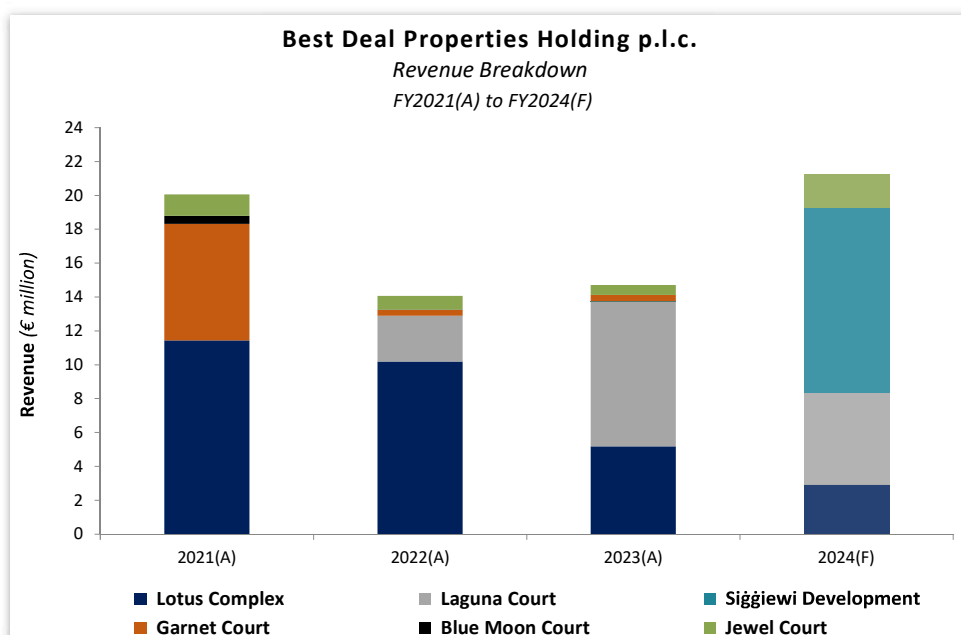
Despite the 4.60% increase in revenues, EBITDA contracted by 37.54% year-on-year to €2.13 million amid a considerable increase in cost of sales to €11.80 million (FY2022: €9.91 million). As a result, the EBITDA margin retracted to 14.49%. On the other hand, in view of the marked drop in net finance costs, the interest cover improved to 57.57 times.

Overall, BDPH registered a net profit of €1.13 million which translated into a margin of 7.69%. The return on equity and on assets also drifted lower in FY2023 to 12.51% and 3.29% respectively.

For **FY2024**, revenues are now expected to amount to €21.23 million compared to the previously projected figure of €25.52 million. Compared to the estimates provided at the time of the issuance of the 2024 Bonds, the Group is forecasting lower level of sales from Lotus Complex (-€3.88 million to €2.93 million) and the Siggiewi Development (-€2.13 million to €10.91 million) which will be partly offset by higher level of sales from Laguna Court (+€1.59 million to €5.42 million).

In view of the downward revision in revenues, EBITDA is now expected to amount to €4.23 million compared to the prior estimate of €4.89 million which, however, would still represent a year-on-year increase of almost 100%. Accordingly, the interest cover is forecasted to improve further to 140.87 times whilst the EBITDA margin is also expected to increase by over 500 basis points year-on-year to 19.91%.

The net profit for the year is anticipated to approach the €2.59 million level which would translate into a margin of 12.21%. When compared to FY2023, the Issuer is also forecasting an improvement in the return on equity and the return on assets to 27.33% and 6.45% respectively.



Best Deal Properties Holding p.l.c. Statement of Cash Flows for the financial year 31 December				
	2021	2022	2023	2024
	Actual	Actual	Actual	Forecast
	€'000	€'000	€'000	€'000
Net cash from / (used in) operating activities	7,134	(3,902)	646	(850)
Net cash from / (used in) investing activities	(2,490)	(1,680)	2,056	(1,592)
Free cash flow	4,644	(5,582)	2,702	(2,442)
Net cash from / (used in) financing activities	(4,835)	6,589	(1,970)	13,282
Net movement in cash and cash equivalents	(191)	1,007	732	10,840
Cash and cash equivalents at beginning of year	438	247	1,254	1,986
Cash and cash equivalents at end of year	247	1,254	1,986	12,826

STATEMENT OF CASH FLOWS

In **FY2021**, the Group registered an adverse net movement in cash and cash equivalents amounting to €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 and represented amounts paid into the sinking fund reserves. 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.

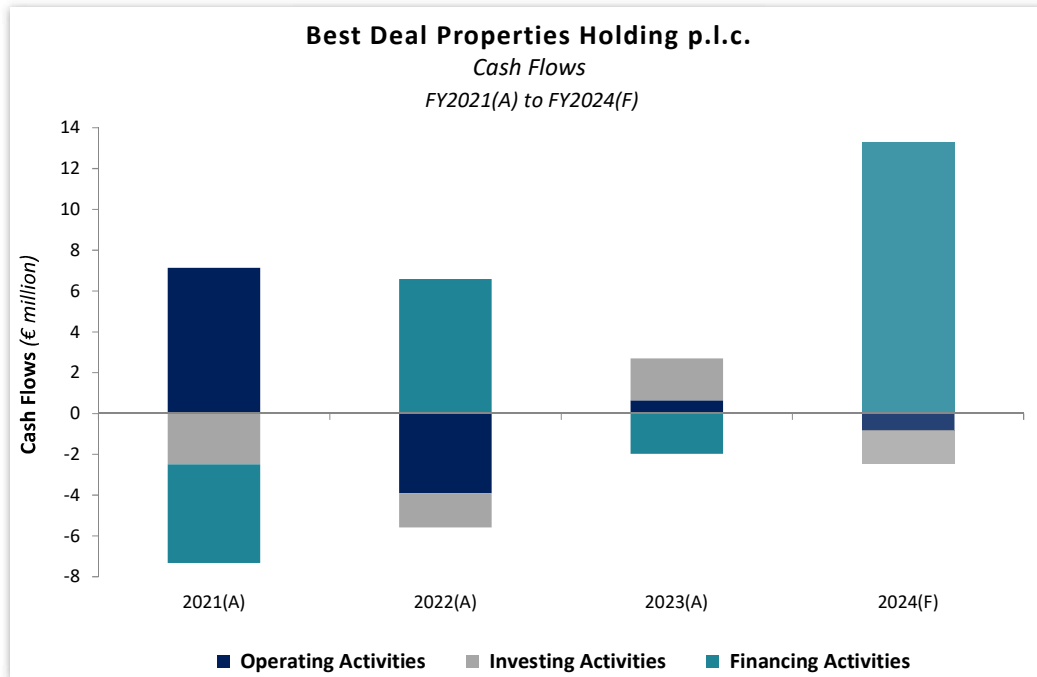
In **FY2022**, the Issuer recorded a positive net movement in cash and cash equivalents of €1.01 million. Net cash used in operating activities amounted to €3.90 million, mainly impacted by the €6.76 million increase in inventories. Net cash used in investing activities stood at €1.68 million and largely 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), the payment of dividends and interest (€0.53 million), as well as the repayment of borrowings (€7.54 million). Overall, the Group ended the 2022 financial year with a cash balance of €1.25 million compared to €0.25 million as at 31 December 2021.

BDPH registered a positive net movement of €0.73 million in cash and cash equivalents in **FY2023** as the amount of €2.70 million in free cash flow generated throughout the year outweighed the amount of €1.97 million used in financing activities. The latter mainly comprised the partial repayment of a shareholders' loan (€1.17 million), the repurchase and cancellation of bonds (€0.49 million), and the payment of dividends (€0.25 million). Overall, the Group ended the year with a cash balance of almost €2 million.



For **FY2024**, the Issuer is expecting a net positive cash movement of €10.84 million. Although BDPH is anticipating consuming €0.85 million and €1.59 million for its operating and investing activities respectively, these outflows will be considerably outweighed by the amount of €13.28 million in inflows relating to financing activities. In this regard, following regulatory approval received on 25 March 2024 for the issuance of the 2024 Bonds, the Group raised a net amount of €10.16 million in cash for the purpose of pursuing the Ghadira Development. Overall, the Issuer Group is anticipating ending the 2024 financial year with a cash balance of €12.83 million.



Best Deal Properties Holding p.l.c.				
Statement of Financial Position				
as at 31 December				
	2021	2022	2023	2024
	Actual	Actual	Actual	Forecast
	€'000	€'000	€'000	€'000
ASSETS				
Non-current assets				
Property, plant and equipment	1	1	-	-
Intangible assets	43	47	46	45
Deferred tax asset	108	226	225	226
Sinking fund reserve - 2018 Bonds	3,365	369	-	-
Sinking fund reserve - 2022 Bonds	-	4,671	-	3,427
	<u>3,517</u>	<u>5,314</u>	<u>271</u>	<u>3,698</u>
Current assets				
Inventories	19,626	26,389	26,114	29,252
Trade and other receivables	1,148	1,523	2,912	308
Income tax assets	23	2	-	-
Cash and cash equivalents	247	1,254	1,986	12,826
Sinking fund reserve - 2018 Bonds	-	-	2,984	-
	<u>21,044</u>	<u>29,168</u>	<u>33,996</u>	<u>42,386</u>
Total assets	<u>24,561</u>	<u>34,482</u>	<u>34,267</u>	<u>46,084</u>
EQUITY				
Capital and reserves				
Called up share capital	313	313	313	313
Share premium	938	938	938	938
Shareholders' loans	2,325	2,325	1,150	-
Retained earnings	3,318	5,606	6,486	8,828
	<u>6,894</u>	<u>9,182</u>	<u>8,887</u>	<u>10,079</u>
LIABILITIES				
Non-current liabilities				
2018 Bonds	13,294	6,464	-	-
2022 Bonds	-	14,658	14,722	14,722
2024 Bonds	-	-	-	14,807
Other financial liabilities	1,200	1,200	-	6,000
	<u>14,494</u>	<u>22,322</u>	<u>14,722</u>	<u>35,529</u>
Current liabilities				
2018 Bonds	-	-	6,044	-
Bank borrowings	660	20	-	-
Other financial liabilities	-	-	1,200	-
Trade and other payables	2,513	2,958	3,414	476
	<u>3,173</u>	<u>2,978</u>	<u>10,658</u>	<u>476</u>
Total liabilities	<u>17,667</u>	<u>25,300</u>	<u>25,380</u>	<u>36,005</u>
Total equity and liabilities	<u>24,561</u>	<u>34,482</u>	<u>34,267</u>	<u>46,084</u>
<i>Total debt</i>	<i>15,154</i>	<i>22,342</i>	<i>21,966</i>	<i>35,529</i>
<i>Net debt</i>	<i>11,542</i>	<i>16,048</i>	<i>16,996</i>	<i>19,276</i>
<i>Invested capital (total equity plus net debt)</i>	<i>18,436</i>	<i>25,230</i>	<i>25,883</i>	<i>29,355</i>



Best Deal Properties Holding p.l.c. Key Financial Ratios	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Forecast
Net debt-to-EBITDA (times) <i>(Net debt / EBITDA)</i>	2.99	4.71	7.98	4.56
Net debt-to-equity (times) <i>(Net debt / total equity)</i>	1.67	1.75	1.91	1.91
Net gearing (%) <i>(Net debt / net debt and total equity)</i>	62.61	63.61	65.66	65.67
Debt-to-assets (times) <i>(Total debt / total assets)</i>	0.62	0.65	0.64	0.77
Leverage (times) <i>(Total assets / total equity)</i>	3.56	3.76	3.86	4.57
Current ratio (times) <i>(Current assets / current liabilities)</i>	6.63	9.79	3.19	89.05

STATEMENT OF FINANCIAL POSITION

The Group's statement of financial position as at 31 December **2021** comprised total assets of €24.56 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 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 €23.32 million figure as at the end of 2020. During the year, total debt contracted by €4.64 million to €15.15 million. Other liabilities included deposits received on POS agreements amounting to €0.94 million.

The net gearing ratio decreased 62.61% as at the end of 2021, whilst the net debt-to-equity stood at 1.67 times. Similarly, the leverage ratio improved to 3.56 times.

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 net gearing ratio only increased to 63.61% reflecting the strengthening of BDPH'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.

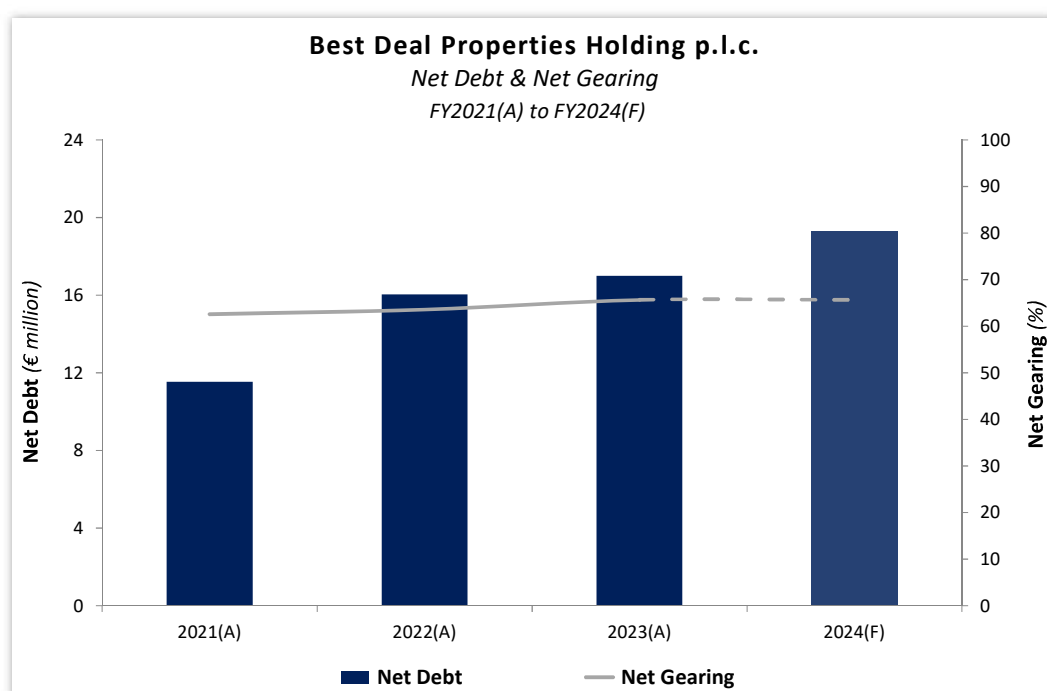
In **FY2023**, total assets and liabilities remained virtually unchanged at €34.27 million and €25.38 million respectively. Likewise, total debt stayed close to the €22 million level but the net debt-to-equity ratio and the net gearing ratio trended marginally higher to 1.91 times and 65.66% respectively reflecting



both a reduction in cash balances as well as a minor contraction in equity. Similarly, the Group's leverage ratio increased to 3.86 times.

For **FY2024**, the Group is projecting a notable increase total assets and liabilities to €46.08 million and €36.01 million respectively. The sharpest year-on-year movements are anticipated to be in relation to the level of inventories (+€3.14 million to €29.25 million) on the back of the further progress in the execution of the Siggiewi Development, and debt (+€13.56 million to €35.53 million) reflecting the issuance of the 2024 Bonds and redemption of the 2018 Bonds.

Despite the expected expansion in the Group's equity base to €10.08 million compared to €8.89 million as at the end of FY2023, the Issuer is estimating its net gearing and net debt-to-equity ratios to remain unchanged year-on-year at 65.67% and 1.91 times respectively. On the other hand, the leverage ratio is projected to trend higher to 4.57 times.



13. VARIANCE ANALYSIS

The performance recorded by BDPH in FY2023, both in terms of profitability as well as cash flows, was in line with the forecasts as provided in the Analysis dated 22 March 2024.

Best Deal Properties Holding p.l.c.		2023	2023
Income Statement		Actual	Forecast
for the financial year 31 December		€'000	€'000
Revenue		14,701	14,701
Cost of sales		(11,802)	(11,802)
Gross profit		2,899	2,899
Administrative expenses		(769)	(769)
EBITDA		2,130	2,130
Depreciation and amortisation		(132)	(132)
Operating profit		1,998	1,998
Investment income		68	-
Net finance costs		(37)	31
Profit before tax		2,029	2,029
Taxation		(899)	(898)
Profit for the year		1,130	1,131
Total comprehensive income		1,130	1,131
Revenue analysis:			
<i>Garnet Court (Mqabba)</i>		372	372
<i>Jewel Court (Pembroke)</i>		585	585
<i>Lotus Complex (Żabbar)</i>		5,173	5,173
<i>Laguna Court (Mellieħa)</i>		8,541	8,571
<i>Sigġiewi Development</i>		30	-
Total		14,701	14,701



Best Deal Properties Holding p.l.c. Statement of Cash Flows for the financial year 31 December	2023	2023
	Actual €'000	Forecast €'000
Net cash from operating activities	646	625
Net cash from investing activities	2,056	2,056
Free cash flow	2,702	2,681
Net cash used in financing activities	(1,970)	(1,948)
Net movement in cash and cash equivalents	732	733
Cash and cash equivalents at beginning of year	1,254	1,254
Cash and cash equivalents at end of year	1,986	1,987

In terms of its financial position as at 31 December 2023, the Issuer ended the year with total equity of €8.89 million compared to the estimated figure of €7.74 million **(2)** as the Group delayed the repayment of a shareholders' loan amounting to €1.15 million to FY2024 **(1)**. 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 BDPH.

On the other hand, total liabilities stood at €25.38 million compared to the estimated figure of €26.51 million **(4)**, largely reflecting a lower level of total debt of €21.97 million versus the forecasted amount of €23.12 million **(5)**. The latter derived from the difference between the actual and forecasted amount in the 2018 Bonds **(3)**.



Best Deal Properties Holding p.l.c. Statement of Financial Position as at 31 December		2023 Actual €'000	2023 Forecast €'000	
ASSETS				
Non-current assets				
Intangible assets		46	46	
Deferred tax asset		225	226	
		<u>271</u>	<u>272</u>	
Current assets				
Inventories		26,114	26,114	
Trade and other receivables		2,912	2,893	
Cash and cash equivalents		1,986	1,987	
Sinking fund reserve - 2018 Bonds		2,984	2,984	
		<u>33,996</u>	<u>33,978</u>	
Total assets		<u>34,267</u>	<u>34,250</u>	
EQUITY				
Capital and reserves				
Called up share capital		313	313	
Share premium		938	938	
Shareholders' loans		1,150	-	(1)
Retained earnings		6,486	6,487	
		<u>8,887</u>	<u>7,738</u>	(2)
LIABILITIES				
Non-current liabilities				
2022 Bonds		14,722	14,722	
Other financial liabilities		-	1,200	
		<u>14,722</u>	<u>15,922</u>	
Current liabilities				
Other creditors: deposits				
2018 Bonds		6,044	7,194	(3)
Other financial liabilities		1,200	-	
Trade and other payables		3,414	3,396	
		<u>10,658</u>	<u>10,590</u>	
Total liabilities		<u>25,380</u>	<u>26,512</u>	(4)
Total equity and liabilities		<u>34,267</u>	<u>34,250</u>	
<i>Total debt</i>		21,966	23,116	(5)
<i>Net debt</i>		16,996	18,145	
<i>Invested capital (total equity plus net debt)</i>		25,883	25,883	



PART 3 – COMPARATIVE ANALYSIS

The table below provides a comparison between the Group 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 Group’s business and that of other issuers, the comparative analysis serves as an indication of the financial strength and creditworthiness of the Group.

Comparative Analysis*	Amount Issued (€'000)	Yield-to-Maturity / Worst (%)	Interest Cover (times)	Net Debt-to-EBITDA (times)	Net Gearing (%)	Debt-to-Assets (times)
5.00% Hal Mann Vella Group p.l.c. Secured 2024	30,000	3.81	2.21	9.47	51.49	0.43
4.25% Best Deal Properties Holding p.l.c. Secured & Guaranteed 2024	1,267	4.17	57.57	9.38	69.21	0.64
5.75% International Hotel Investments p.l.c. Unsecured 2025	45,000	5.75	1.61	10.49	43.07	0.41
5.10% GPM Holdings p.l.c. Unsecured 2025**	13,000	6.86	16.04	0.65	17.79	0.20
4.50% Hili Properties p.l.c. Unsecured & Guaranteed 2025	37,000	4.11	1.80	8.70	46.06	0.45
4.35% Hudson Malta p.l.c. Unsecured & Guaranteed 2026	12,000	4.63	5.64	6.37	77.20	0.60
4.25% CPHCL Finance p.l.c. Unsecured & Guaranteed 2026	40,000	4.25	1.45	11.49	43.52	0.41
4.00% International Hotel Investments p.l.c. Secured 2026	55,000	3.99	1.61	10.49	43.07	0.41
5.00% Dizz Finance p.l.c. Unsecured & Guaranteed 2026	8,000	4.99	2.27	8.24	80.39	0.57
3.75% Premier Capital p.l.c. Unsecured 2026	65,000	4.38	10.89	2.16	65.14	0.57
4.00% International Hotel Investments p.l.c. Unsecured 2026	60,000	5.34	1.61	10.49	43.07	0.41
3.25% AX Group p.l.c. Unsecured 2026	15,000	3.33	1.24	21.28	39.42	0.36
3.90% Gap Group p.l.c. Secured & Guaranteed 2024-2026	16,702	3.89	n/a	3.15	52.66	0.56
4.00% Hili Finance Company p.l.c. Unsecured & Guaranteed 2027	50,000	3.62	4.60	4.44	69.59	0.61
4.35% SD Finance p.l.c. Unsecured & Guaranteed 2027	65,000	4.26	4.68	1.74	22.08	0.26
4.00% Eden Finance p.l.c. Unsecured & Guaranteed 2027	40,000	4.04	5.43	4.21	26.73	0.24
5.25% Mediterranean Investments Holding p.l.c. Unsecured & Guaranteed 2027	30,000	5.24	5.42	2.67	20.40	0.19
4.00% Stivala Group Finance p.l.c. Secured & Guaranteed 2027	45,000	3.99	5.67	4.17	22.93	0.21
4.75% Best Deal Properties Holding p.l.c. Secured & Guaranteed 2025-2027	15,000	5.06	57.57	9.38	69.21	0.64
4.75% Gap Group p.l.c. Secured & Guaranteed 2025-2027	23,000	4.74	n/a	3.15	52.66	0.56
3.85% Hili Finance Company p.l.c. Unsecured & Guaranteed 2028	40,000	4.27	4.60	4.44	69.59	0.61
5.85% Mediterranean Investments Holding p.l.c. Unsecured & Guaranteed 2028	20,000	5.19	5.42	2.67	20.40	0.19
5.75% PLAN Group p.l.c. Secured & Guaranteed 2028	12,000	4.62	7.37	9.26	54.58	0.48
3.65% Stivala Group Finance p.l.c. Secured & Guaranteed 2029	15,000	3.78	5.67	4.17	22.93	0.21
3.80% Hili Finance Company p.l.c. Unsecured & Guaranteed 2029	80,000	4.87	4.60	4.44	69.59	0.61
3.75% AX Group p.l.c. Unsecured 2029	10,000	3.75	1.24	21.28	39.42	0.36
5.25% Best Deal Properties Holding p.l.c. Secured & Guaranteed 2024	15,000	4.98	57.57	9.38	69.21	0.64
6.25% GPH Malta Finance p.l.c. Unsecured & Guaranteed 2030	18,144	6.24	1.73	7.63	94.01	0.75
3.65% International Hotel Investments p.l.c. Unsecured 2031	80,000	4.69	1.61	10.49	43.07	0.41
3.50% AX Real Estate p.l.c. Unsecured 2032	40,000	5.10	2.04	12.44	49.30	0.45
5.00% Mariner Finance p.l.c. Unsecured 2032	36,930	4.85	4.89	6.08	50.77	0.50
5.85% AX Group p.l.c. Unsecured 2033	40,000	5.19	1.24	21.28	39.42	0.36
6.00% International Hotel Investments p.l.c. Unsecured 2033	60,000	5.34	1.61	10.49	43.07	0.41
4.50% The Ona p.l.c. Secured & Guaranteed 2028-2034	16,000	4.63	3.09	16.34	74.89	0.65
5.50% Juell Group p.l.c. Secured & Guaranteed 2035	32,000	5.20	3.35	11.26	55.24	0.51

*As at 15 May 2024

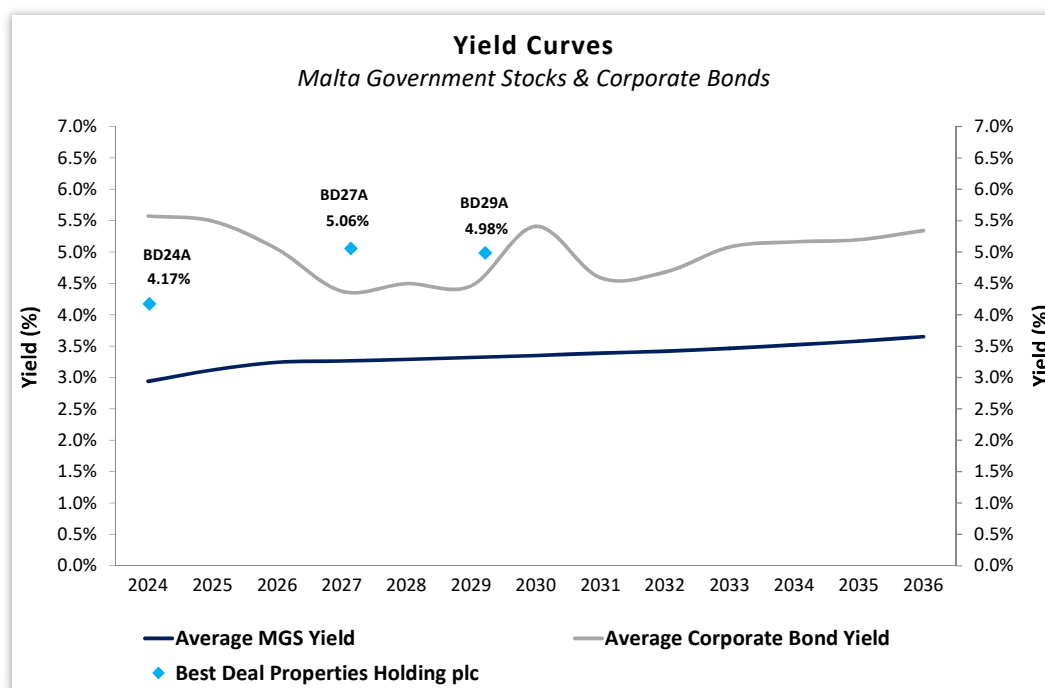
** The financial ratios pertain to Idox p.l.c..

Sources: Malta Stock Exchange

M.Z. Investment Services Limited

Most recent audited annual financial statements except for Juell Group p.l.c. (FY2024 forecast, as included in the Financial Analysis Summary dated 6 June 2023).





The closing market price as at 15 May 2024 for the **4.25% Best Deal Properties Holding p.l.c. secured and guaranteed bonds 2024** (BD24A) was 100.00%. This translated into a yield-to-maturity (“YTM”) of 4.17% which was 140 basis points below the average YTM of 5.57% of other local corporate bonds maturing in the same year. The premium over the corresponding average Malta Government Stock yield of equivalent maturity stood at 123 basis points.

The closing market price as at 15 May 2024 for the **4.75% Best Deal Properties Holding p.l.c. secured and guaranteed bonds 2025-2027** (BD27A) was 99.01%. This translated into a YTM of 5.06% which was 69 basis points above the average YTM of 4.38% of other local corporate bonds maturing in the same year. The premium over the corresponding average Malta Government Stock yield of equivalent maturity stood at 180 basis points.

The closing market price as at 15 May 2024 for the **5.75% Best Deal Properties Holding p.l.c. secured and guaranteed bonds 2027-2029** (BD29A) was 103.25%. This translated into a YTM of 4.98% which was 52 basis points above the average YTM of 4.46% of other local corporate bonds maturing in the same year. The premium over the corresponding average Malta Government Stock yield of equivalent maturity stood at 167 basis points.



PART 4 – EXPLANATORY DEFINITIONS

Income Statement

<i>Revenue</i>	Total income generated from business activities.
<i>EBITDA</i>	Earnings before interest, tax, depreciation, and amortisation. It is a metric used for gauging operating performance excluding the impact of capital structure. EBITDA is usually interpreted as a loose proxy for operating cash flows.
<i>Adjusted operating profit / (loss)</i>	Profit (or loss) from core operations, excluding movements in the fair value of investment property, share of results of associates and joint ventures, net finance costs, and taxation.
<i>Operating profit / (loss)</i>	Profit (or loss) from operating activities, including movements in the fair value of investment property but excluding the share of results of associates and joint ventures, net finance costs, and taxation.
<i>Share of results of associates and joint ventures</i>	Share of profit (or loss) from entities in which the company does not have a majority shareholding.
<i>Profit / (loss) after tax</i>	Net profit (or loss) registered from all business activities.

Profitability Ratios

<i>EBITDA margin</i>	EBITDA as a percentage of revenue.
<i>Operating profit margin</i>	Operating profit (or loss) as a percentage of total revenue.
<i>Net profit margin</i>	Profit (or loss) after tax as a percentage of total revenue.
<i>Return on equity</i>	Measures the rate of return on net assets and is computed by dividing the net profit (or loss) for the year by average equity.
<i>Return on assets</i>	Measures the rate of return on assets and is computed by dividing the net profit (or loss) for the year by average assets.
<i>Return on invested capital</i>	Measures the rate of return from operations and is computed by dividing operating profit (or loss) for the year by the average amount of equity and net debt.

Statement of Cash Flows

<i>Net cash from / (used in) operating activities</i>	The amount of cash generated (or consumed) from the normal conduct of business.
<i>Net cash from / (used in) investing activities</i>	The amount of cash generated (or consumed) from activities related to the acquisition, disposal, and/or development of long-term assets and other investments.
<i>Net cash from / (used in) financing activities</i>	The amount of cash generated (or consumed) that have an impact on the capital structure, and thus result in changes to share capital and borrowings.
<i>Free cash flow</i>	Represents the amount of cash generated (or consumed) from operating activities after considering any amounts of capital expenditure.



Statement of Financial Position

<i>Non-current assets</i>	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 the amortisation of the cost of the asset takes place over the number of years for which the asset will be in use. This is done instead of allocating the entire cost to the accounting year in which the asset was acquired.
<i>Current assets</i>	All assets which could be realisable within a twelve-month period from the date of the Statement of Financial Position. Such amounts may include development stock, accounts receivable, cash and bank balances.
<i>Non-current liabilities</i>	These represent long-term financial obligations which are not due within the next twelve months, and typically include long-term borrowings and debt securities.
<i>Current liabilities</i>	Liabilities which fall due within the next twelve months from the date of the Statement of Financial Position, and typically include accounts payable and short-term debt.
<i>Total equity</i>	Represents the residual value of the business (assets minus liabilities) and typically includes the share capital, reserves, as well as retained earnings.

Financial Strength / Credit Ratios

<i>Interest cover</i>	Measures the extent of how many times a company can sustain its net finance costs from EBITDA.
<i>Net debt-to-EBITDA</i>	Measures how many years it will take a company to pay off its net interest-bearing liabilities (including lease liabilities) from EBITDA, assuming that net debt and EBITDA are held constant.
<i>Net debt-to-equity</i>	Shows the proportion of net debt (including lease liabilities) to the amount of equity.
<i>Net gearing</i>	Shows the proportion of equity and net debt used to finance a company's business and is calculated by dividing net debt by the level of invested capital.
<i>Debt-to-assets</i>	Shows the degree to which a company's assets are funded by debt and is calculated by dividing all interest-bearing liabilities (including lease liabilities) by total assets.
<i>Leverage</i>	Shows how many times a company is using its equity to finance its assets.
<i>Current ratio</i>	Measures the extent of how much a company can sustain its short-term liabilities from its short-term assets.

