



FINCO TREASURY MANAGEMENT LIMITED

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A Limited Liability Company registered in Malta on 9th November 1994, Registration No. C17017

Best Deal Properties Holdings Plc - Secured 5.75% 2027-2029

Salient Details & Time Table

Offeror & Issuer	Best Deal Properties Holding P.I.c.
Guaranteed by	Best Deal Ghadira Limited
Currency	Euro
Issue Size	€15,000,000
Offer Price	100% at par
Coupon	5.75% per annum
Status & Security	The Secured Bonds constitute the general, direct, unconditional, and secured obligations of the Issuer and shall be guaranteed in respect of both the interest due and the principal amount by the Guarantor on a joint and several basis. The Secured Bonds shall at all times rank pari passu without any priority or preference among themselves and are secured by the collateral of the Ghadira Project constituted in favour of the Security Trustee for the benefit of the Bondholders.
Maturity Date	Any day between 12 th April 2029 or the designated Early Redemption Date – 12 th April 2027
Listing	Official List, Malta Stock Exchange.
Interest Payment Dates	12 th April annually
Offer Period	From 18 th March to 5 th April 2024
Minimum Applications accepted by Finco	€5,000 (nominal) and in multiples of €1,000 thereafter

History and Development of Best Deal Properties Group

The partnership between the founding shareholders of the BDP Group, Christopher Attard, Erskine Vella, John Buttigieg and Pierre Bartolo, commenced in 2016 through the incorporation of Elite Developments Limited, with the principal scope of acquiring the sites over which two residential apartment blocks – Crystal Court and Blue Moon Court, both located in Marsascala – have been constructed. In 2018, a second company – PJCE Properties Limited – was established to acquire and develop Garnet Court, in Mqabba.



Christopher Attard has over 30 years' experience in the property development business, whilst Erskine Vella worked as an estate agent for circa 15 years before setting up the Best Deal Properties brand with Mr Attard in 2011 to market property in Malta (the establishment and operation of the said brand is unrelated to the BDP Group). Their business development strategy is to engage in property developments through own companies or entities established with third party investors.

In all cases, projects involving Mr Attard and Mr Vella are marketed through the Best Deal Properties brand, which is particularly known for its offerings to first-time and mid-tier property buyers in the south of Malta. Elite Developments Limited and PJCE Properties Limited were set up on the same basis of operations. John Buttigieg and Pierre Bartolo were mainly involved in the catering industry, through their stakes in Buttigieg Holdings Ltd, before venturing into property development in 2016. Buttigieg Holdings Ltd was fully acquired in same year by International Hotel Investments p.l.c. (a public company listed on the Malta Stock Exchange) and was eventually struck off the Maltese register of companies on 25th January 2020. On 9th November 2018, John Buttigieg transferred his equity holding in Elite Developments Limited and PJCE Properties Limited to RCJ Investments Limited, a company owned by his three children.

For the purpose of a re-organisation of the BDP Group, the Issuer was established on 23rd October 2018, as a public limited liability company registered under the Act, and each existing shareholder subscribed to 15,000 fully paid-up ordinary shares of €1 each (being €60,000 in aggregate). On 13th November 2018, the Company became the parent company of Elite Developments Limited and PJCE Properties Limited through a share-for-share exchange. Pursuant to the above, the issued share capital of the Company was increased to €250,000, divided into 250,000 ordinary shares of a nominal value of €1 each, fully paid up.

Furthermore, through two assignment of debt agreements both dated 31st October 2018, shareholders' loans amounting to €2.3 million (in aggregate) were transferred from Elite Developments Limited and PJCE Properties Limited to the Company. The said shareholders' loans have no fixed redemption date, do not carry any right to payment of interest and are ranked as subordinated debt.

On 31st October 2018, Best Deal Developments Limited was incorporated as a wholly-owned subsidiary of the Issuer. In December 2018, the Company issued 4.25% secured bonds due 2024 pursuant to a Prospectus dated 03rd December 2018, of a nominal value of €100 per bond and of an aggregate nominal value of €16,000,000. The balance of the 2018 Bonds as at 30th June 2023 amounted to €6,275,866. The 2018 Bonds were issued by the Company for the purposes of acquiring three sites in Żabbar, Mellieħa and Pembroke and developing thereon the Żabbar Development, the Mellieħa Development and the Pembroke I Development, respectively.

On 30th October 2019, the Group raised further 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 a share issue price of €1.60, in terms of a Company Admission Document issued by the Company and dated 21st August 2019. The New Shares, together with the 2,500,000 existing ordinary shares of the Company were admitted to Prospects MTF on 22nd August 2019.

Moreover, C Developments Limited advanced to the Company an amount of €1,200,000 to further assist the BDP Group with ongoing working capital requirements. Pursuant to the issue and allotment of the New Shares in favour of C Developments Limited and the New Shareholder's Loan, the BDP Group's capital was strengthened through a cash injection of €2.2 million which enabled the Group to accelerate the development of the Żabbar Development, the Mellieħa Development and the Pembroke I Development.



On 31st May 2022, Best Deal Estates Limited was set up as a wholly-owned subsidiary of the Company to acquire the Siggiewi Site and develop the Siggiewi Development. In November 2022, the Company issued 4.75% secured bonds due 2025 – 2027 pursuant to the 2022 Prospectus, of a nominal value of €100 per bond and of an aggregate nominal value of €15,000,000. The balance of the 2022 Bonds as at 30th June 2023 amounted to €15,000,000. The 2022 Bonds were issued by the Company for the purposes of acquiring a site located in Siggiewi and developing thereon the Siggiewi Development. The 2022 Bonds are guaranteed by Best Deal Estates Limited and secured by security rights in favour of the Security Trustee for the benefit of the holders of the 2022 Bonds.

Use of Proceeds of this March / April Bond Issue:

The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €14.6 million, will be used for the following purposes, in the amounts and order of priority set out below:

(i) an amount of up to €6.1 million in 2018 Bonds may be acquired via transfer to the Issuer by 2018 Bondholders in consideration for the subscription of Secured Bonds and will result in the cancellation of such 2018 Bonds by the Issuer, giving rise to obligations on the part of the Issuer under the Secured Bonds; and

(ii) an amount of up to €8.5 million for the purposes of funding the acquisition, by the Guarantor, of the Ghadira Site over which the Ghadira Development will be developed, and related costs of acquisition.

Purpose of the Bond Issue:

Best Deal Developments Limited, has entered into a promise of sale agreement for the acquisition of the portion of land located in Mellieħa, which extends over and into one half of the fronting streets called Triq it-Tunnagg and Triq id-Denci, and slightly less than one half on Triq it-Tumbrell, free and unencumbered from the obligation of payment of or conditions related to groundrent and, or emphyteutical or other burdens, free from third party servitudes, with its airspace and subterranean levels and with guaranteed vacant possession, for the price of €7.8 million.

The construction, development, and finishing, over the Ghadira Site, comprising a total of 53 apartments, 10 maisonettes, 2 penthouses and 119 garages.

Development is set to commence in Q2 of 2024 and is expected to be completed by end of 2027 at an estimated cost of circa €24.6 million (including site acquisition). The total estimated revenue from the Ghadira Development is estimated at €39.1 million.



Security & Guarantee

Pursuant to the Security Trust Deed and by way of Security Interest, the Guarantor agreed to jointly and severally guarantee the punctual performance by the Company of the Bond Obligations by entering into the Guarantee.

The Guarantor has agreed to further support the joint and several guarantee under the Guarantee as follows:

- (i) by virtue of a first ranking general hypothec for the full nominal value of the Secured Bonds and interest thereon over all its assets present and future; and
- (ii) by virtue of a first ranking special hypothec for the full nominal value of the Secured Bonds and interest thereon over the Ghadira Site.

Security Trust Deed

The Issuer and the Guarantor have entered into a Security Trust Deed with the Security Trustee which consists of the covenants of the Issuer and the Guarantor to repay the principal amount under the Secured Bonds on the Redemption Date or a Designated Early Redemption Date and interest thereon and to observe all the covenants and obligations undertaken by the Issuer and the Guarantor under the Security Trust Deed and the Prospectus, as secured by the Security Interest. The Security Interest will be vested in the Security Trustee for the benefit of the Bondholders in proportion to their respective holding of Secured Bonds.

The Security Trustee's role includes holding of the Security Interest for the benefit of the Bondholders and the enforcement of the Security Interest upon the happening of certain events. The Security Trustee shall have no payment obligations to Bondholders under the Secured Bonds which remain exclusively the obligations of the Issuer (or, in the case of default by the Issuer, of the Guarantor), save to the extent that the Security Trustee shall apply any amounts available in terms of the Security Interest held by it towards the redemption of the Secured Bonds on the Redemption Date or a Designated Early Redemption Date or upon enforcement of the Security Interest upon the happening of certain events as aforesaid.



Financials of Best Deal Properties Holding p.l.c.

Best Deal Properties Holding plc				
Condensed Consolidated Statement of Financial Position				
	31 Dec'20	31 Dec'21	31 Dec'22	30 Jun'23
	Audited	Audited	Audited	Unaudited
	€'000	€'000	€'000	€'000
ASSETS				
Non-current assets				
Property, plant and equipment	1	1	1	-
Goodwill	43	43	47	47
Deferred tax asset	111	108	226	226
Sinking fund reserve	875	3,365	5,040	3,610
	<u>1,030</u>	<u>3,517</u>	<u>5,314</u>	<u>3,883</u>
Current assets				
Inventories	25,682	19,626	26,389	26,493
Trade and other receivables	279	1,148	1,524	1,005
Available-for-sale financial assets	-	-	-	2,224
Income tax assets	-	23	1	-
Cash and cash equivalents	462	247	1,254	856
	<u>26,423</u>	<u>21,044</u>	<u>29,168</u>	<u>30,578</u>
Total assets	<u>27,453</u>	<u>24,561</u>	<u>34,482</u>	<u>34,461</u>
EQUITY				
Capital and reserves				
Called up share capital	313	313	313	313
Share premium	938	938	938	938
Shareholders' loans	2,324	2,324	2,324	2,324
Retained earnings	553	3,318	5,606	6,128
	<u>4,128</u>	<u>6,893</u>	<u>9,181</u>	<u>9,703</u>
LIABILITIES				
Non-current liabilities				
Secured bonds	15,022	13,296	21,122	20,968
Borrowings	1,200	1,200	1,200	1,200
	<u>16,222</u>	<u>14,496</u>	<u>22,322</u>	<u>22,168</u>
Current liabilities				
Borrowings	3,574	660	21	125
Trade and other payables	3,509	2,512	2,958	2,465
Current income tax liabilities	20	-	-	-
	<u>7,103</u>	<u>3,172</u>	<u>2,979</u>	<u>2,590</u>
	<u>23,325</u>	<u>17,668</u>	<u>25,301</u>	<u>24,758</u>
Total equity and liabilities	<u>27,453</u>	<u>24,561</u>	<u>34,482</u>	<u>34,461</u>



Best Deal Properties Holding plc
Condensed Consolidated Income Statement

	for the year ended 31 December			for the 6-mth period ended 30 June	
	2020	2021	2022	2022	2023
	Audited	Audited	Audited	Unaudited	Unaudited
	€'000	€'000	€'000	€'000	€'000
Revenue	10,952	20,060	14,055	6,341	5,253
Cost of sales	(8,760)	(15,603)	(9,908)	(4,650)	(3,759)
Administrative expenses	(712)	(595)	(737)	(207)	(311)
EBITDA	1,480	3,862	3,410	1,484	1,183
Depreciation and amortisation	(67)	(67)	(72)	(33)	(36)
Operating profit	1,413	3,795	3,338	1,451	1,147
Finance income	4	30	20	-	-
Finance costs	(104)	(152)	(277)	(207)	(21)
Profit before tax	1,313	3,673	3,081	1,244	1,126
Taxation	(551)	(908)	(543)	(249)	(354)
Profit for the year	762	2,765	2,538	995	772

In FY2020, the BDP Group generated revenue of €11.0 million, principally from the sale of units in Blue Moon Court (€6.8 million) and the Żabbar Development (€4.2 million). Operating profit for the said year amounted to €1.4 million. Overall, the Group reported a net profit after tax of €0.8 million.

In FY2021, the BDP Group generated revenue amounting to €20.0 million compared to €11.0 million in FY2020 (+83%). Approximately 57% of revenue was derived from sales of units forming part of the Żabbar Development and circa 34% from Garnet Court. Operating profit for the year amounted to €3.8 million, an increase of €2.4 million from a year earlier. The Group reported a net profit of €2.8 million (FY2020: €0.8 million).

In FY2022, revenues amounted to €14.1 million reflecting the income derived from five development projects – namely those located in Marsascala, Mellieħa, Mqabba, Pembroke, and Żabbar. Operating profit for the year amounted to €3.4 million compared to €3.8 million in the prior year, while net profit amounted to €2.5 million compared to €2.8 million in FY2021.

For the six-month period ended 30th June 2023, the Group generated €5.3 million in revenue compared to €6.3 million in the same period a year earlier. The majority of said revenue was derived from the sale of residential units and garages forming part of the Żabbar Development and Mellieħa Development. Operating profit amounted to €1.1 million in HY2023 compared to €1.5 million in HY2022. Overall, the Group reported a profit for the interim period of €0.8 million (HY2022: €1.0 million).



As at 31st December 2022, total assets increased by 40.4% on a comparable basis to €34.5 million, principally reflecting the growth in inventories to €26.4 million compared to €19.6 million as at 31st December 2021.

Total liabilities rose by 43.2% to €25.3 million as BDP Group increased its total borrowings by 47.4% to €22.3 million (3 December 2021: €15.2 million), which mainly comprised the issue of the 2022 Bonds in Q4 2022.

Total equity increased by €2.3 million to €9.2 million on account of the increase in retained earnings registered during the year.

Key Financial Ratios	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Forecast	FY2024 Projection
Net debt-to-EBITDA (times) <i>(Net debt / EBITDA)</i>	12.47	2.99	4.71	8.52	4.03
Net debt-to-equity (times) <i>(Net debt / total equity)</i>	4.47	1.67	1.75	2.34	1.85
Net gearing (%) <i>(Net debt / net debt and total equity)</i>	81.72	62.61	63.61	70.10	64.91
Debt-to-asset (times) <i>(Total debt / total assets)</i>	0.72	0.62	0.65	0.67	0.70
Leverage (times) <i>(Total assets / total equity)</i>	6.65	3.56	3.76	4.43	3.90
Current ratio (times) <i>(Current assets / current liabilities)</i>	3.72	6.63	9.79	3.21	21.83
Interest cover (times) <i>(EBITDA / net finance costs)</i>	14.95	31.65	13.27	n/a	174.71

Our Comments

This is the third time that this Issuer is tapping the local bond market. The Issuer has performed its obligations with flying colours in relation to the first issue of December 2018 and indeed the Issuer has purchased for cancellation much of the bonds and effectively repaid the bonds earlier than planned. This positive previous experience inspires faith in this third bond issue.

The Best Deal Properties Holding bond is a five-year bond with a possible call at the option of the Issuer as from three years after launch. This bond is considered of short to medium term duration and which investors should find relatively attractive.

This bond carries an attractive coupon of 5.75% especially when compared with other local bonds, even those with a longer term. This coupon rate is considered adequate when considering the relatively short duration and the medium/high risk associated with investing in this bond. This bond is also Secured, and such features provide added comfort to Investors.

Financial gearing is no doubt high but interest cover has always been at healthy levels due to the very good profitability of the Issuer.



Based on the above, and subject to the consideration of the circumstances of each Investor, Finco Recommends exposure to this bond provided overall exposure does not exceed 15% of the overall portfolio.

Declaration of Interests

Finco Treasury Management Ltd is one of the selected Intermediaries who have entered into a Pre-Placement Agreement with the Issuer.

Additionally, another group company, Finco Trust Services Ltd, shall be acting as Security Trustee for this Issue.

This notwithstanding in each case where Finco provides advise to its clients or acts in a discretionary manner, it shall act solely in the best interests of the client.

Time Table & Application Procedures

Expected timetable of the Bond Issue

- 1 Issue Period for 2018 Bondholders 27th March 2024 to 12th April 2024
- 2 Intermediaries' Offer 12th April 2024
- 3 Commencement of interest 17th April 2024
- 4 Expected date of announcement of basis of acceptance 19th April 2024
- 5 Refunds of unallocated monies, if any 19th April 2024
- 6 Expected dispatch of allotment letters 24th April 2024
- 7 Expected date of admission of securities to listing 24th April 2024
- 8 Expected date of commencement of trading in the securities 25thApril 2024

We expect a higher demand for these bonds than that available by FTM by virtue of its private placement. In the event of such over subscriptions FTM will allocate bonds on a first come first served basis.

Clients interested in applying for the bonds are kindly requested to contact our office as soon as possible.

Availability of Prospectus

The Prospectus issued by Issuer is available at our offices for whoever is interested to have one. In this respect, anyone interested may call at our offices to collect a copy.



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This document has been prepared by Ivan Grech, Director, Finco Treasury Management Ltd, based on the prospectus dated 22nd March 2024 and is intended solely for distribution to its clients.

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