



## 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 4.75% 2025-2027

#### Salient Details & Time Table

Offeror & Issuer	<b>Best Deal Properties Holding P.I.c.</b>
Guaranteed by	Best Deal Estates Limited
Currency	Euro
Issue Size	€15,000,000
Offer Price	100% at par
Coupon	4.75% per annum
Status & Security	<b>The Secured Bonds</b> shall constitute general, direct, secured, and unconditional obligations of the Issuer, and shall at all times rank pari passu and without any preference among themselves. Save for such exceptions as may be provided by applicable law, the Secured Bonds shall be secured by the Security Interest and accordingly, shall rank with priority or preference over other present and future unsecured obligations of the Issuer and the Guarantor;
Maturity Date	30 <sup>th</sup> November 2027 or the designated Early Redemption Date – 30 <sup>th</sup> November 2025
Listing	Official List, Malta Stock Exchange.
Interest Payment Dates	30 <sup>th</sup> November annually
Offer Period	From 14 <sup>th</sup> November to 29 <sup>th</sup> November 2022
Minimum Applications accepted by Finco	€5,000 (nominal) and in multiples of €1,000 thereafter

#### Best Deal Properties P.L.C.

The Issuer, Best Deal Properties Holding p.l.c., was established on 23 October 2018 as the parent company of the BDP Group, but its operating subsidiary, Best Deal Developments Ltd, has traded since year 2018. The principal activity of Best Deal Properties Holding p.l.c. is to act as a holding company and to raise finance and advance such financing to its subsidiaries. The BDP Group is engaged in property development of residential units and sale of quality housing units intended for first time buyers and purchasers in the middle of the property market and not the high end of it.

In December 2018, BDP Group raised €16 million through the issue of 4.25% secured bonds 2024 for the purposes of acquiring three sites in Żabbar, Mellieħa and Pembroke and developing thereon the following three projects:



(i) Żabbar, Development - the construction, development and finishing over the site known as Il-Wilga tal-Imniegel, measuring approximately 4,149m<sup>2</sup>, of 24 maisonettes, 81 apartments and 22 penthouses, spread over nine blocks and 198 underlying garages;

(ii) Mellieħa Development - the construction, development and finishing over the site known as Tal-Hawlija, Ta' Masrija and Tas-Salib, measuring in aggregate approximately 1,249m<sup>2</sup>, of 3 maisonettes, 39 apartments and 7 overlying penthouses, as well as 50 underlying garages;

(iii) Pembroke I Development – the construction, development and finishing over the corner site situated at 102 and 103 in Triq Mediterran c/w Triq Gabriele Henin, Pembroke, having a footprint measuring approximately 380m<sup>2</sup>, of 2 maisonettes, 4 three bedroomed apartments, 2 penthouses and 6 underlying garages.

On 30 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 dated 21 August 2019. The new ordinary shares, together with the 2,500,000 existing ordinary shares of the Company were admitted to Prospects MTF. C Developments Limited also advanced to the Company an amount of €1,200,000 to further assist BDP Group with ongoing working capital requirements.

Each project undertaken by the Group is promoted through the Best Deal Properties brand, which is operated by Best Deal Properties Limited, a company which is not part of the BDP Group although owned by common shareholders.

## **Security & Guarantee**

The Existing Bonds are guaranteed by Best Deal Developments Limited and secured by the following security rights in favour of the Security Trustee for the benefit of the holders of the Existing Bonds

(i) the first ranking general hypothec for the full nominal value of the Existing Bonds and interests thereon over all the present and future property of the Company and Best Deal Developments Limited;

(ii) the first ranking special hypothec for the full nominal value of the Existing Bonds and interests thereon over the land on which each of the Pembroke I Development, the Mellieħa Development and the Zabbar Development has been / is being developed together with all and any constructions to be developed thereon;

(iii) the special privilege in accordance with the provisions of Article 2010(c) of the Civil Code (Chapter 16 of the laws of Malta) for the amounts of:

(a) circa €0.8 million over the site of the Pembroke I Development;

(b) circa €3.2 million over the site of the Mellieħa Development; and

(c) (c) circa €7.6 million over the site of the Zabbar Development; and



(iv) the joint and several guarantee, dated 3 December 2018 granted by Best Deal Developments Limited as security for the punctual performance of the Issuer's payment obligations under the 2018 Bond Issue, subject to the terms and conditions contained in the security trust deed signed between the Issuer, Best Deal Developments Limited and the Security Trustee, dated 03 December 2018.

### **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.

### **Purpose of the Issue and Use of Proceeds:**

The net proceeds from the Bond Issue will be on-lent by the Issuer to the Guarantor pursuant to the Loan Agreement, and such funds shall be used by the Guarantor for the following purposes, in the amounts and order of priority set out below:

- (i) the amount of circa €10.2 million for the purposes of funding the acquisition, by the Guarantor, of the Siġġiewi Site over which the Siġġiewi Development will be developed, and related costs of acquisition; and
- (ii) the amount of circa €4.4 million shall be retained by the Security Trustee to be disbursed to contractors, on behalf of the Guarantor, engaged to undertake excavation and construction works relating to the Siġġiewi Development, once the Siġġiewi Site is acquired as indicated in (i) above.



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

Best Deal Properties Holding plc Condensed Consolidated Income Statement	for the year ended 31 December			for the 6-mth period ended 30 June	
	2019	2020	2021	2021	2022
	Audited	Audited	Audited	Unaudited	Unaudited
	€'000	€'000	€'000	€'000	€'000
Revenue	883	10,952	20,060	5,703	6,341
Cost of sales	(764)	(8,760)	(15,603)	(4,233)	(4,650)
Administrative expenses	(693)	(779)	(662)	(348)	(240)
<b>Operating profit</b>	<b>(574)</b>	<b>1,413</b>	<b>3,795</b>	<b>1,122</b>	<b>1,451</b>
Finance income	-	4	30	-	-
Finance costs	(28)	(104)	(152)	(68)	(207)
Gain on bargain purchase	515	-	-	-	-
<b>Profit/(loss) before tax</b>	<b>(87)</b>	<b>1,313</b>	<b>3,673</b>	<b>1,054</b>	<b>1,244</b>
Taxation	(38)	(551)	(908)	(272)	(249)
<b>Profit/(loss) for the year</b>	<b>(125)</b>	<b>762</b>	<b>2,765</b>	<b>782</b>	<b>995</b>

### Key Accounting Ratios

	2019 14 months Audited	2020 12 months Audited	2021 12 months Audited	2022 12 months Projection	2023 12 months Projection
Operating profit margin (EBITDA/revenue)	-57%	14%	19%	25%	22%
Net profit margin (Profit after tax/revenue)	-14%	7%	14%	18%	15%
Earnings per share (€) (Profit after tax/number of shares)	-0.04	0.24	0.88	1.09	0.68
Return on equity (Profit after tax/shareholders' equity)	-4%	18%	40%	34%	18%
Return on capital employed (EBITDA/total assets less current liabilities)	-2%	7%	18%	13%	6%
Return on assets (Profit after tax/total assets)	0%	3%	11%	10%	4%

Source: MZ Investment Services Limited



**Best Deal Properties Holding plc**  
**Condensed Consolidated Statement of Financial Position**  
**as at 31 December**

	2019	2020	2021	2022	2023
	Audited	Audited	Audited	Projection	Projection
	€'000	€'000	€'000	€'000	€'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	1	1	1	1	1
Goodwill	43	43	43	43	43
Deferred tax asset	21	111	108	30	2
Sinking fund reserve	-	875	3,365	4,244	7,577
	<u>65</u>	<u>1,030</u>	<u>3,517</u>	<u>4,318</u>	<u>7,623</u>
<b>Current assets</b>					
Inventories	26,432	25,682	19,626	21,682	23,302
Trade and other receivables	156	279	1,148	-	-
Income tax assets	-	-	23	-	-
Cash and cash equivalents	801	462	247	9,111	21,476
	<u>27,389</u>	<u>26,423</u>	<u>21,044</u>	<u>30,793</u>	<u>44,778</u>
<b>Total assets</b>	<b><u>27,454</u></b>	<b><u>27,453</u></b>	<b><u>24,561</u></b>	<b><u>35,111</u></b>	<b><u>52,401</u></b>
<b>EQUITY</b>					
<b>Capital and reserves</b>					
Called up share capital	313	313	313	313	313
Share premium	938	938	938	938	938
Shareholders' loans	2,324	2,324	2,324	2,325	2,325
Retained earnings/(accumulated losses)	(209)	553	3,318	6,455	8,313
	<u>3,366</u>	<u>4,128</u>	<u>6,893</u>	<u>10,030</u>	<u>11,888</u>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Secured bonds	15,671	15,022	13,296	23,513	23,659
Borrowings	2,548	1,200	1,200	1,200	15,807
	<u>18,219</u>	<u>16,222</u>	<u>14,496</u>	<u>24,713</u>	<u>39,466</u>
<b>Current liabilities</b>					
Borrowings	3,050	3,574	660	-	-
Trade and other payables	2,817	3,509	2,512	368	987
Current income tax liabilities	2	20	-	-	60
	<u>5,869</u>	<u>7,103</u>	<u>3,172</u>	<u>368</u>	<u>1,047</u>
	<u>24,088</u>	<u>23,325</u>	<u>17,668</u>	<u>25,081</u>	<u>40,513</u>
<b>Total equity and liabilities</b>	<b><u>27,454</u></b>	<b><u>27,453</u></b>	<b><u>24,561</u></b>	<b><u>35,111</u></b>	<b><u>52,401</u></b>

**Key Accounting Ratios**

	2019	2020	2021	2022	2023
	14 months	12 months	12 months	12 months	12 months
	Audited	Audited	Audited	Projection	Projection
Gearing ratio (Total net debt/net debt and shareholders' equity)	86%	82%	63%	53%	47%
Gearing ratio 2 (times) (Net debt/shareholders' equity)	6.08	4.47	1.67	1.13	0.88
Net debt to EBITDA (years) (Net debt/EBITDA)	n/a	12.47	2.99	2.45	3.37
Net assets per share (€) (Net asset value/number of shares)	1.08	1.32	2.21	3.21	3.80
Liquidity ratio (times) (Current assets/current liabilities)	4.67	3.72	6.63	83.68	42.77

Source: MZ Investment Services Limited



## Our Comments

This is the second 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 second bond issue.

The Best Deal Properties Holding bond is a five-year bond with a possible call as from three years after launch. This bond is considered of short to medium term duration and which investors should find sufficiently attractive as interest rates have increased due to sharp inflation.

This bond carries an acceptable coupon of 4.75% for a secured bond 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 has been high in past years but as per Year 2022 and 2023 projections, this is now coming down to a more acceptable level.

**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 10% 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.

Also, another group company, Finco Trust Services Ltd, shall be acting as Security Trustee.

## Time Table & Application Procedures

- (1) Offer Period 14<sup>th</sup> November 2022 to 29<sup>th</sup> November 2022
- (2) Commencement of interest on the Secured Bonds 30<sup>th</sup> November 2022
- (3) Expected date of announcement of basis of acceptance 30<sup>th</sup> November 2022
- (4) Refunds of unallocated monies, if any 2<sup>nd</sup> December 2022
- (5) Expected dispatch of allotment letters 9<sup>th</sup> December 2022
- (6) Expected date of admission of securities to listing 9<sup>th</sup> December 2022
- (7) Expected date of commencement of trading in the securities 12<sup>th</sup> December 2022

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.

**This mail circular or web site announcement is a general communication addressed to a wide audience, including all clients of Finco. It is not a personalised communication and therefore does not take into account the specific circumstances of a particular client and it does not constitute advice.**

This document has been prepared by Ivan Grech, Director, Finco Treasury Management Ltd, based on the prospectus dated 9<sup>th</sup> November 2022 and is intended solely for distribution to its clients.

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