

To Whom It May Concern

Property & Client Overview

Name of Client	Hili Properties plc
Address of Client	Nineteen Twenty Three, Valletta Road, Marsa
Address of property inspected	Nineteen Twenty Three, Valletta Road, Marsa
Property Type	Office block with warehouse/storage area
Construction Type	Reinforced concrete frame structure with precast planks spanning between beams
Plot Area	approx. 2585m ²
Property Tenure	Freehold
Date of Inspection	10 August 2021
Date of Valuation	30 September 2021

Declaration

I, the undersigned Architect and Civil Engineer do hereby declare that as far as I am aware, no conflict of interest, either personal or in relation to my firm exists. I confirm that Professional Indemnity Insurance is available in respect of this valuation.

Neither whole nor any part of this valuation report nor any reference thereto may be included in any published document, circular or statement nor published in any way without the Valuer's written approval of the form and context in which it may appear.

This report is confidential to the Client and the respective professional advisors commissioned and is for the sole purpose stated in terms of reference. The undersigned can accept no liability if it is relied upon by anyone else, whether for the stated purposes or any other.

The purpose of this Report is for inclusion with the Prospectus, in accordance with Chapter 7 of the Capital Markets Rules of the Malta Financial Services Authority.

This valuation is being done in accordance with the standards and guidelines issued by the Royal Institute of Chartered Surveyors (RICS).

Property Intrinsic Factors

The property consists of an office block with part of the block at Ground Floor and Intermediate level Floor used as a warehouse and storage area.

The property was constructed between 2007 and 2009, with the adjoining warehouse forming part of the property constructed over 30 years ago. An additional office floor was constructed over the warehouse in 2015.

The property lies on a total combined footprint area of 2,585 sqm, with about 760 sqm forming part of the footprint of the adjoining warehouse. The resultant 1,825 sqm footprint area forms part of the development constructed in 2007. The property consists of 2 basement levels of parking, one double height office floor consisting of two floors of offices on the west, and a double height warehouse at the east, together with two overlying full floors of offices having a large internal courtyard roofed over with a skylight which allows light and ventilation. One office floor overlies the warehouse at the East.

The property is serviced with all necessary commodities and utilities including water, electricity, storm and foul water and communication systems. The internal finishes of the property are finished to a very high standard. It also houses 2 high quality passenger lifts, a fire fighting detection system, an intruder detection and alarm system and a dedicated generator at roof level.

The property enjoys the following facilities:

Lower Basement Floor:

- A parking area with an approved 40 parking spaces over a footprint area of circa 1,300 sqm,
- A storage area with an area of circa 250 sqm,
- Two fire escape stairs serving all floors of the property,

- Central core with 2 lifts,
- A reservoir located at the centre of the floor having a footprint area of circa 80 sqm, with an adjoining sump of about 20 sqm.

Upper Basement Level:

- A parking area with an approved 35 parking spaces over a footprint area of circa 1,300 sqm, 3 of which are dedicated for access for all users,
- A storage area with an area of circa 250 sqm.
- A store beneath the warehouse area on the East side, which has an entrance at street level but level with the upper basement of the main property, with a gross floor area of circa 350 sqm.

Ground Floor Level:

- Main access to the building leading to a main reception area with the main lift core opening onto the reception area (c. 76 sqm),
- An office space on the West and North side with a gross floor area of circa 665 sqm and a net lettable area of circa 400 sqm,
- An office space with independent access from the North side with a total gross floor area of circa 60 sqm and a net lettable area of circa 40 sqm,
- A double height warehouse accessible from the South side of the building with a footprint area of circa 1550 sqm, which is divided into warehousing area comprising a floor space of circa 860 sqm and a dry and cold storage area having an area of circa 690 sqm.

Intermediate Floor Level:

- An office space on the West and North side with a gross floor area of circa 800 sqm with a net lettable area of 500 sqm,
- An office space on the North side abutting the warehouse, with a total gross floor area of circa 60 sqm and with a net lettable area of circa 40 sqm,
- The rest of the footprint is within the same level as the double height warehouse extents,
- A lightweight structure is constructed within the double height of the warehouse at the centre of the building and used as storage and office area, which is interlinked directly with the space below at ground floor, where the store deliveries occur.

First Floor Level:

- An office space on the West side with a gross floor area of circa 1,475 sqm and a net lettable area of circa 800sqm, together with an outdoor terrace space facing the North and South side of circa 250 sqm,
- An office space on the East side with a gross floor area of circa 760 sqm and a net lettable area of circa 600 sqm, with an outdoor terrace of circa 60 sqm.

Second Floor Level:

- An office space with a total footprint area of circa 1,250 sqm and a net lettable area of circa 600 sqm, with an outdoor terrace space of circa 170 sqm.

Roof Floor Level:

- The roof over the main building has a total footprint area of circa 1250 sqm, housing all services for the whole property, including HVAC, water tanks and solar panels.
- The roof over the adjacent warehouses has a footprint area of circa 760 sqm.

Structural Appraisal

The main property structure is made up of a reinforced concrete frame structure. The roofing system consists mostly of precast hollowcore slabs spanning in between the beams, whilst some areas are cast in reinforced concrete slabs. Upon inspection, it was observed that the property is in a sound structural state.

The adjoining warehouse constructed 30 years ago consists of loadbearing local masonry walls and roofed over by precast hollowcore slabs spanning between the shortest span.

The additional floor built in 2015 was constructed with hollow concrete blockwork and roofed over with precast hollowcore slabs spanning over the shortest spans.

Internal partitions are used to form the various partitioning of the offices.

Energy Performance Considerations

The property includes North, West and South facing facades. A skylight in the double height internal courtyard provides natural light and ventilation. It houses an automatic louvered shading device that covers the skylight to control the temperature within the property and thus avoid overheating.

There are 136 Photovoltaic solar panels inclined and facing in the South direction.

The water in the reservoir is pumped up to the water tanks on the roof and is used as a secondary class water supply mainly for the flushing of WC closets. HVAC heating and cooling is throughout mainly with VRV systems.

A substation is situated at ground level, whilst a generator is situated at roof level.

The energy performance certificate for the property is not available.

Property Location and Surrounds

The location of this property is at the periphery of the industrial park between Luqa and Marsa, and sited directly onto a main road that links the main arterial road in Marsa to the town centre in Luqa.

The property is mostly surrounded by other properties with similar uses. On the North of the property, there are industrial factories which form part of the industrial park whilst on the South of the property, there are a number of semi-commercial / industrial developments leading up to the residential area within Luqa. Abutting the property at the back, on the South side of the property, there are a series of warehouses used as stores and/or for industrial activities. On the other side of the main road, towards the West, one finds a waste bring in site.

Planning Considerations

The property is covered by the following planning permits:

- PA 3818/92, PA 3819/92 & PA 3820/92 – permits issued for the construction of 3 industrial garages.
- PA 3451/95, PA 3452/95 & PA 3453/95 – renewal of above permits
- PA 5066/95 – full development application to affect structural alterations and change of use from store to cold storage and freezer rooms. *Granted on 19th February 1996.*
- PA 2681/96 – amended application to include substation as requested by Enemalta. *Granted on 5th November 1996*
- PA 476/02 – outline development application for the construction of warehouses, showrooms, small manufacturing units and offices and garages on three levels. *Granted on the 17th July 2002.*
- PA 5672/05 – Extension to warehouse and construction of four floors of office space with underlying car parking spaces. *Granted in May 2007.*
- PA 4454/09 – Change of use from warehouse space to public service garage car storage warehouse. *Granted in May 2010.*
- PA 695/13 – Extension to existing office block over adjacent roof space of third party property, inclusive of minor alteration to create internal connection, and change of use of basement to garage. *Granted in 2nd August 2014.*
- PA 2157/15 – Addition of recessed floor to house boardrooms and recreation areas in existing office block. *Granted on 18th May 2016.*

Deviations from permits and regulations

- PA 4454/09 – Change of use of part of the warehouse into a double height public service garage and storage. Space is being used as 2 floors within the double height of storage and ancillary offices for IT related developments. Such use is compatible to the existing uses within the premises and would be sanctionable through a specific application. *No permit has been sought for this change of use to date.*

Tenure

The property is held freehold and free and unencumbered. The property is leased out, with 100% occupancy, to the following companies which form part of the Hili Ventures Group:

- Premier Restaurants Malta Limited
- Premier Capital Plc
- Hili Logistics Limited
- Harvest Technology Plc
- Hili Ventures Limited
- HV Hospitality Limited
- CMA CGM Malta Agency

The aggregate net annual rent to date is Eur 1,022,964 (excl. VAT). There is an annual increase of 2% on the rent as a general term with an exception in some cases of a 2% increase every 5 years.

The first 4 to 7 years of the lease period are *di fermo* (Lessee's option) and with the option for renewal for a further 5 to 7 years, if not terminated. Utilities cost are invoiced to the Lessee on a per use basis, whilst ordinary maintenance is at the Lessee's expense

Methodology of Valuation

The valuation is based on an Open Market Value which provides the same outcome as Market Value, which is defined in the RICS Valuation Standards, as *'the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion'*.

The entire footprint for all floors was sub-divided into the following activities/uses:

- Warehousing and storage
- Parking spaces
- Office space
- Open terrace
- Circulation space / reception

Each use was given a value per square metre according to ongoing average market rates applicable to the locality, quality of the finishes and the facilities available. The valuation of the property uses is based on comparisons of recent sales transactions involving comparable properties in Malta, together with the experience of the undersigned in such valuations and analysis of data available on the current property market from reputable published sources.

Disclaimer

In the preparation of this report I have carried out a cursory building structural survey; I have not inspected those parts of the property that are inaccessibly covered, unexposed and such parts have been assumed to be in good condition. This report must not be interpreted as if it validates the integrity of the structure or fabric of the building.

The estimated values are deemed to be the best price at which the sale of an interest in the respective property would have been completed unconditionally for cash consideration on the date of valuation, based on the following assumptions:

- a. A willing seller;
- b. Prior to the date of valuation, there had been a reasonable period for the proper marketing of the interest, for the negotiation and agreement of the price and terms and conditions of the sale;
- c. No account is taken of any additional bid by a purchase with a special interest;
- d. Both parties to the transaction had acted knowledgeably, prudently and without compulsion;
- e. Property is not subject to any unusual or onerous restrictions, encumbrances or outgoings and a good title can be shown

The documents used for the verification are the following:

- Layout plans
- Floor uses
- Title document
- Lease agreements

These documents were supplied by Hili Properties plc. All areas used for the calculations were based on the planning permit drawings and no measured surveys were done by the undersigned.

The valuation is based on the existing use value, subject to the permitted use of the property by the planning permits.

Conclusion

In view of all the considerations mentioned beforehand, and after analysing similar properties currently available on the market, I, the undersigned, Architect and Civil Engineer estimate that the property has the following open market value:

≈ **€16,900,000 (Sixteen million and nine-hundred thousand Euro)**



Perit Joe Bugeja
M.Sc.(Lond), D.I.C., B.A.(Arch.), A. & C.E.



Site plan of the property



Elevation of the property