

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	Villa Marika, Triq is-Slielem c/w Triq il-Mielah, High Ridge, Madliena
Property Type	Fully detached bungalow
Plot Area	circa. 1250m ²
Property Tenure	Freehold
Date of Inspection	10 August 2021
Date of Valuation	08 October 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 a fully detached bungalow constructed on a villa site. The property lies on a total footprint area of 1,250 sqm, with a 2 car basement garage, external soft and hard landscaping together with a swimming pool. It has a built up area site coverage of circa 25%.

The bungalow consists of two unequal wings on either side of the entrance hall. The northern wing includes an ante room, a toilet and a main bedroom which comprises of a large double bedroom, sitting room and an ensuite. The southern wing houses a large combined sitting and dining room, a breakfast room and a kitchen. It also accommodates two bedrooms accessible from the kitchen, one of which has an ensuite, together with a washroom.

The bungalow is surrounded by landscaping all round, with views facing east whilst a swimming pool, shower room, barbeque area and an ample pool deck is situated on the West side of the property.

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 in good condition.

Structural Appraisal

The property is made up of reinforced concrete slabs spanning on load bearing masonry walls. Upon inspection, it was observed that the property is in a sound structural state. However, one must note that it's an aging structure and timely monitoring is required to ensure that all areas remain structurally sound.

Property Location and Surrounds

The location of this property is sited close onto a main road that links St. Julians area to north of Malta. The property is surrounded by other properties with similar characteristics due to it being a villa area. It lies close to all main amenities.

Planning Considerations

The property was constructed in the early 1970s, originally developed without a building permit. An enforcement notice was issued on the property in 1998. ECF/00572/98 was closed when an application to sanction the property was approved by MEPA on the 30th November 2004 with permit number PA/03761/04.

The property lies in a Residential Priority Area as per the North Harbour Local Plan Policy NHHO 02 of 2006. It defines the area as a designated zone for 2 floors and a semi basement, with a total building height potential of 13.5m as per DC15. The site can be redeveloped into two semi-detached villas, all with a semi-basement instead of the current bungalow as per current policies. The plot can also be sub-divided into two separate plots with a minimum plot size area of 500 sqm which will allow two separate detached dwellings. No planning permit for its redevelopment was applied to date and assumptions are based on current policies.

Tenure

The property was originally subject to a perpetual annual ground rent of Eur 209.64, which ground rent was revisable every fifty (50) years. The last revision was done in 2015. The ground rent was redeemed in 2016 and the land is now freehold. The property does not attract any rental income.

Valuation Methodology

Due to the nature of the property, both the open market value approach and the residual method was adopted. The former analyses its current use value whilst the latter takes into consideration its redevelopment potential into two detached or semi-detached villas, since the current development does not exploit the full potential of the site.

The Open Market Value 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 Residual method is defined in the RICS Valuation Standards as *'being based on the concept that the value of a property with development potential is derived from the value of the property after development minus the cost of undertaking that development, including a profit for the developer.'*

The valuation of the property's current use 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:

- Title document
- Lease agreement

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.

Conclusion

In consideration of the mentioned factors of the current state of the bungalow, its estimated current use value has an open market value of circa €3,200,000 (Three million and two hundred thousand Euro).

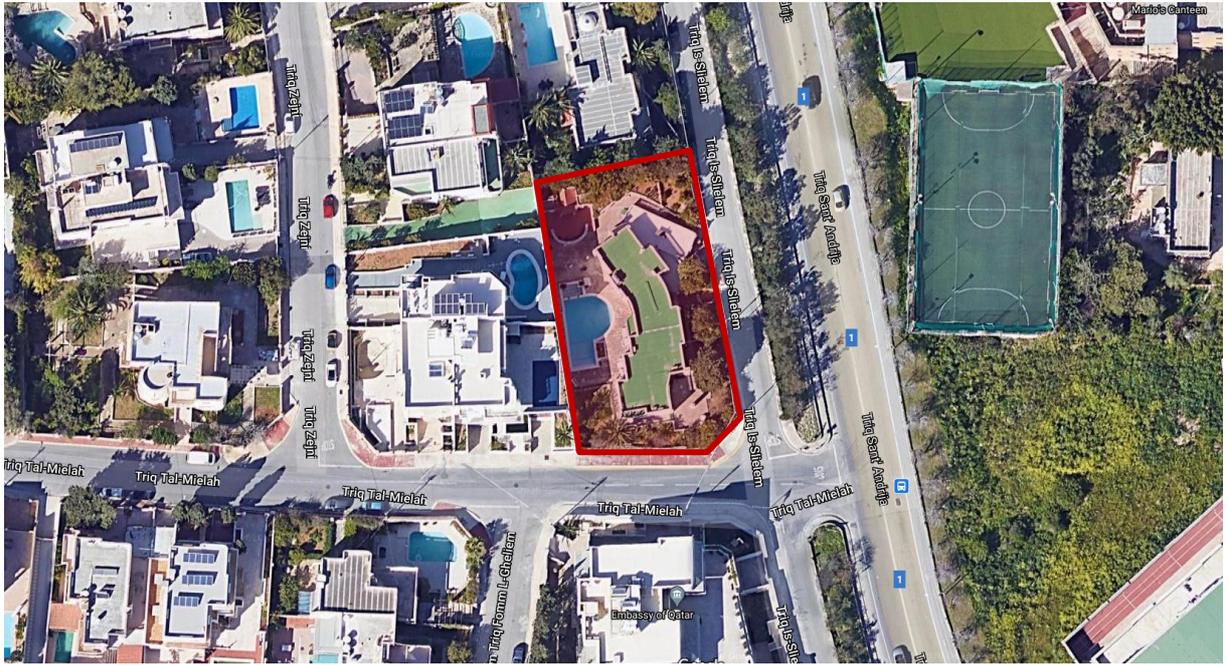
However, the present building does not exploit the development potential of the site in which the plot size allows for two separate dwellings to be developed. Hence, the main value of the property lies in its redevelopment opportunity.

In view of all the considerations mentioned beforehand and other relevant factors, I, the undersigned, Architect and Civil Engineer estimate that the property has an open market value for its redevelopment potential value:

≈ **€3,700,000 (Three million and seven-hundred thousand Euro)**



Perit Joe Bugeja
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Site plan of the property