

**Private and confidential**

The Directors  
Hili Ventures Limited  
Nineteen Twenty Three, Valletta Road  
Marsa MRS 3000  
Malta

Dear Sirs, Madam,

**Independent limited assurance report in relation to the voluntary share purchase by Hili Ventures Limited in Hili Properties p.l.c. in line with Sections 11.23 and 11.24 of the Capital Markets Rules issued by the Malta Financial Services Authority ('MFSA')****Introduction**

This report is being prepared in accordance with the terms of our agreement with Hili Ventures Limited ('Hili Ventures' or 'the Offeror') dated 22 January 2025.

Hili Ventures is in the process of submitting a voluntary offer for the acquisition of 100,892,710 ordinary shares representing 25.17% of the issued share capital (the 'Offer') of Hili Properties p.l.c. ('Hili Properties'), a company that is currently listed on the Malta Stock Exchange. As at the date of this report, Hili Ventures holds the remaining 299,999,990 ordinary shares in Hili Properties, equivalent to 74.83% of total ordinary shares in issue. In connection with the Offer, Hili Ventures has prepared a document setting out the terms of the proposed transaction (the 'Offer Document').

Hili Ventures is offering to all other shareholders of Hili Properties (the 'Target Shareholders') €0.240 per share (the 'Offer'), equivalent to a consideration of €24,214,250. As set out in the Offer Document, the bid submitted by Hili Ventures is based on a cash consideration ('the Consideration') which will be settled on the date of the transfer of shares to Hili Ventures.

We have been asked by the Directors of the Company to perform a limited assurance engagement to draw up an independent expert report in terms of the Sections 11.23 and 11.24 of the Capital Markets Rules on the Consideration in terms of the Offer. These rules require the Offeror to appoint an independent expert to draw up a report considering whether the Offer is fair and reasonable and that the Offeror has sufficient resources to meet the Consideration to be provided on full acceptance of the Offer and to pay any costs incurred in connection with the Offer. Furthermore, the report should also include information on the individual Directors' shareholdings in both Hili Properties and the Offeror and whether any dealings in securities have taken place by Directors, the Offeror, or persons acting in concert with the Offeror during the six months preceding the Offer, and how this may have affected or influenced the Consideration offered.

**Responsibilities of the directors of the Offeror**

The directors of Hili Ventures are responsible for preparing the Offer Document and all the assertions included therein. Section 7.5 of the Offer Document contains an assertion ('the Offeror's Assertion') that the Offeror has sufficient financial resources to meet the Consideration in Cash on full acceptance of the Offer and to pay any costs incurred in connection with the Offer. The

*PricewaterhouseCoopers,  
78 Mill Street, Zone 5, Central Business District, Qormi CBD 5090. Malta  
T: +(356) 2124 7000, F: +(356) 2124 4768, [www.pwc.com/mt](http://www.pwc.com/mt)*



directors are therefore responsible to ensure that there are sufficient financial resources for Hili Ventures to settle the Consideration in Cash as this becomes due for settlement.

### **Our independence and quality management**

We have complied with independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standard Board for Accountants (IESBA Code), which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281).

The firm applies the International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Our responsibilities**

Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the Offer is fair and reasonable and that the Offeror has sufficient resources to meet the Consideration to be provided on full acceptance of the Offer and to pay any costs incurred in connection with the Offer. We conducted our limited assurance engagement in accordance with International Standards on Assurance Engagements – Assurance Engagements other than Audits or reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (“ISAE 3000”).

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures and the procedures performed in response to the assessed risks.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### **Summary of the work performed**

The procedures performed in a limited assurance engagement vary in nature and timing and are less in extent than for a reasonable assurance engagement under ISAE 3000. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Guidance Note 2 to Chapter 11 of the Capital Markets Rules (the ‘Guidance Note’) states that the expert should consider whether the Offer is ‘reasonable’ or not. Generally, a takeover offer would be considered ‘fair’ and as such ‘reasonable’ if the expert’s evaluation determines that the Consideration offered is equal or greater than the value of the Securities being acquired. Consideration should also be given to matters other than the market valuation of the securities that are the subject of the Offer.



As per Guidance Note 4 and Section 11.24 of the Capital Markets Rules, the independent expert should assess and confirm 'that the Offeror has sufficient resources to meet the consideration to be provided on full acceptance of the offer and to pay any debts incurred in connection with the offer'.

In conducting our limited assurance engagement, we:

- obtained and reviewed the market price and market transactions relating to Hili Properties' shares listed on the Malta Stock Exchange. In this regard, the Offer of €0.240 exceeds the current market value of €0.193 per share, representing the last traded price of Hili Properties as per the Malta Stock Exchange, as at date of this report. The Offer also exceeds the highest traded price of €0.238 per share of Hili Properties traded on the Malta Stock Exchange in the last year, and the volume-weighted average price (VWAP) over the past six months of €0.219;
- obtained and reviewed the latest publicly available audited consolidated financial statements of Hili Properties for the financial year ended 31 December 2023, and the latest publicly available interim consolidated financial statements for the six-month period ended 30 June 2024. While the Offer is below Hili Properties' reported consolidated net asset value per share of €0.322 as at 30 June 2024, in the analysis of the fair value of the shares in Hili Properties, one must also consider the impact of the ongoing property portfolio management costs not considered in the reported fair value of the underlying properties. In this regard, we note that the net asset value per share, after adjusting for the capitalisation of property portfolio management costs is lower than the Offer price. The Offer is also consistent with the current market conditions of the commercial real estate sector since based on a comparative study involving similar companies operating locally and internationally within the commercial real estate sector, our findings indicate that most of these companies are currently trading below their book value;
- obtained an understanding of the sources of finance that the directors of Hili Ventures are planning to utilise in order to settle the Consideration in Cash as it falls due, and any related costs incurred in connection with the Offer;
- obtained and reviewed the latest publicly available statutory financial statements of Hili Ventures for the financial year ended 31 December 2023, and the unaudited management accounts as at 31 December 2024. As at 31 December 2024, Hili Ventures has a cash balance which exceeds the Consideration;
- obtained representations from the directors of Hili Ventures that they did not personally deal in securities of Hili Properties in the last six months, nor have they or the Offeror made any commitments to Hili Properties prior to making the Offer; and
- obtained representations from the directors of Hili Ventures including confirmation that there has been no significant or material adverse change in the financial position and prospects of Hili Ventures since 31 December 2024 and that there have been no significant adverse developments that could impact Hili Ventures' ability to drawdown on available funds for the proposed transaction.

### **Inherent limitations**

The scope of the engagement is to acquire limited assurance that nothing has come to our attention that the Offer is not fair and reasonable, or that the Offeror's assertion is not fairly stated, in line with Sections 11.23 and 11.24 of the Capital Markets Rules issued by the MFSA. Accordingly, the



engagement does not provide any assurance on the value of the Offer, or any other assets being transferred as part of the transaction.

The assessment made and information contained in this report is based on the information available at the time of our work and can be subject to changes. In rendering this assessment, we did not perform an audit, or a due diligence of the parties concerned, nor we sought to verify the information provided by the contributors or the sources which however we consider generally reliable.

Our report does not represent a recommendation to accept or refuse the Offer and it does not contain any assessment of the consequences that could arise from accepting or refusing the Offer.

### **Conclusion**

On the basis of the specific procedures we performed as outlined in this report, nothing has come to our attention that would indicate that the Offer is not fair and reasonable.

Furthermore, having considered the Offeror's Assertion regarding the sufficiency of financial resources to meet the consideration as included in Section 7.5 of the Offer Document and on the basis of the specific procedures we performed as outlined in this report, nothing has come to our attention that would indicate that the Offeror's Assertion is not fairly stated.

### **Restriction of distribution and use**

This report is prepared solely to comply with the requirements of Capital Markets Rules 11.23 and 11.24 and can only be used for the purpose of satisfying the said rules. It is not to be used for any other purpose, recited or referred to in any document, copied or made available (in whole or in part) to any other person without our prior written express consent. We do not accept any liability or responsibility to any third party to whom our report is shown or into whose hands it may come.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Bonavent Gauci', is written over a light blue circular stamp.

Bonavent Gauci  
Principal

*For and on behalf of*  
**PricewaterhouseCoopers**  
78, Mill Street  
Zone 5, Central Business District  
Qormi  
Malta

21 February 2025