

HILI
PROPERTIES

INITIAL PUBLIC OFFERING
HILI PROPERTIES PLC



IMPORTANT INFORMATION & DISCLAIMERS

This presentation contains information about the business of, and the shares being offered by Hili Properties plc (the “Company”). This slideshow and the information contained herein is subject to change at the Company’s sole discretion and is highly confidential and may contain legally privileged information.

The offer of shares by the Company is the subject of an application with the Malta Financial Services Authority (MFSA) and the Malta Stock Exchange (MSE). No shares shall be issued, nor shall any documents be released except on a confidential basis, without the prior approval of the MFSA and the MSE. You are deemed to have knowledge of such facts. Furthermore, any forward-looking statements, including those relating to matters which are not historical facts, and which involve projections and assumptions of future circumstances, are subject to a number of risks, uncertainties, assumptions and important factors that could cause actual risks to differ materially from the expectations of the Company’s directors. No assurance is given that future results or expectations will be achieved.

THE COMPANY

Hili Properties owns and manages strategic commercial real estate for lease in several European countries, including Estonia, Latvia, Lithuania, Malta and Romania. Its portfolio comprises dedicated business blocks and office space, grocery-anchored shopping centres, healthcare facilities, and property housing McDonald's restaurants in key commercial districts. The current portfolio value exceeds €115 million.





THE STRATEGY

Hili Properties' strategy is focused on providing attractive, risk-adjusted total returns to shareholders derived from stable yield supported by its current portfolio's long-term contracted cash flows and income growth that is embedded in its current portfolio through contractual rent escalations.

The group actively pursues acquisitions through newly identified assets, and asset value appreciation through continuous management and upkeep of its properties.

Hili Properties seeks to achieve these objectives through the performance of its current portfolio, driven by proactive portfolio management, maintaining a prudent capital structure, implementing corporate governance framework aligned with best market practices.

To execute its strategy, Hili Properties leverages on its on-ground professional management team with industry experience and a track record of value creation.



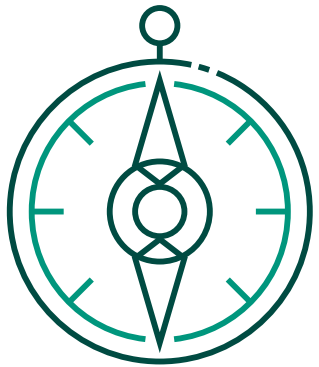
THE BUSINESS MODEL

Hili Properties is a strategic investor in commercial real estate in Europe's most thriving cities and up-and-coming locations. Driven to build value and growth through expert, effective asset management, Hili Properties is focused on realizing potential, nurturing relationships with communities, and enhancing tenant experiences.

Operating a low-risk business model that avoids property development and instead focuses on investment, Hili Properties is agile, able to grasp opportunities to invest and divest rapidly.

Hili Properties prides itself on a solid governance structure, a track record for strong returns on investment, and access to the market knowledge of its parent company and a wide business network of advisors, consultants and funding partners.

THE VALUES



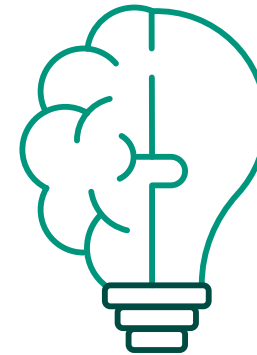
Integrity



Care



Ambition



Innovation



Impact for Good



THE VISION

A clear vision to enhance portfolio value guides Hili Properties' endeavours to identify opportunities in key cities in Europe's most exciting markets.

With extensive experience in property management, repositioning, and a deep understanding of its target locations, every asset in Hili Properties' portfolio is managed to realise its full potential to benefit a whole spectrum of stakeholders.

Our mission is to identify and recognise possibilities in real estate with a view to renovation or redevelopment to exceptional standards. We partner with trusted professionals and specialists who act decisively and ethically to deliver outcomes that become highly desirable business addresses.

Ultimately, Hili Properties aims to make positive impact on the communities in which it invests through sustainable buildings.

BOARD OF DIRECTORS



Pier Luca Demajo*
Chairman



George Kakouras



Peter Hili



Eddy Vermeir



Laragh Cassar*



David Aquilina*



Melanie Miceli Demajo
Company Secretary

*Independent Directors

SENIOR EXECUTIVE TEAM



George Kakouras
Managing Director



Daniela Pavia
Chief Financial
Officer



Aivars Barbals
Properties Project
Manager

AUDIT COMMITTEE



David Aquilina*
Chairman



Laragh Cassar*



Peter Hili

*Independent Directors

THE MILESTONES THUS FAR

2012

Hili Properties established in Oct 2012 acquires first portfolio of properties in the Baltics

2014

Hili Properties acquires «Tower Business Center» in Malta

2017

Property acquisition in Romania, investment in excess of €30 million

2013

Hili Properties acquires Hili Estates Limited and Hili Estates Holdings Co. Limited

2015

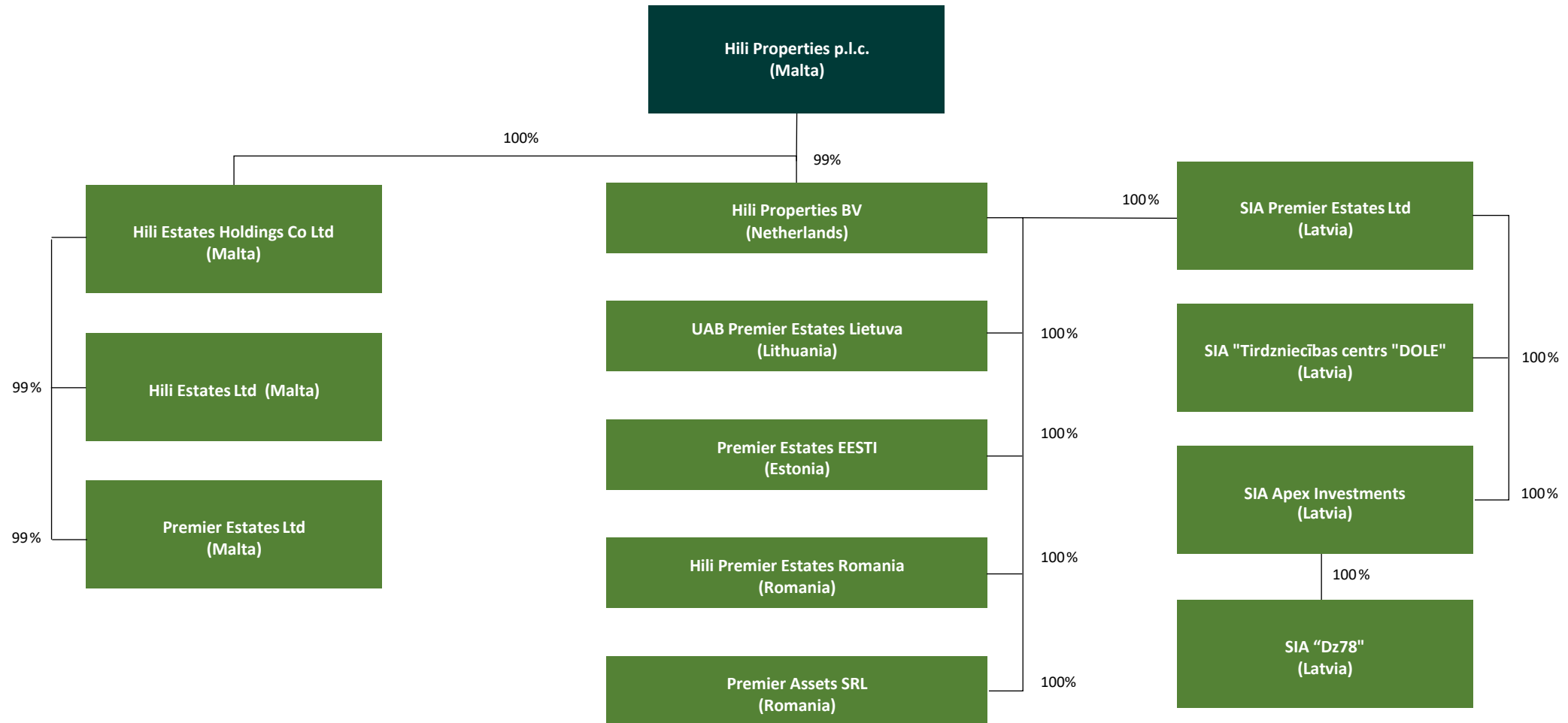
Hili Properties acquires nine retail complexes «Apex investments» and «Tukuma projekts»

Bond issue by Hili Properties of €37 million at 4.5% coupon

2018

Acquisition of a landmark shopping centre «Dole» in the Baltics

THE STRUCTURE OF HILI PROPERTIES



THE VALUE OF HILI PROPERTIES

- **9 years of experience**
Serving businesses operating from our properties, across various industries
- **Robust & resilient asset base**
Present in key commercial districts in Latvia, Lithuania, Estonia, Romania and Malta
- **A focused team of people**
Offering expertise to exceed tenant requirements
- **Investment**
Adopting a long term vision to enhance property value
- **Network**
Sourcing investment opportunities from an extensive network of relationships
- **Proactive Asset Management**
Elevating assets' status on the lease market



HILI PROPERTIES IN NUMBERS

€5.2 million

Registered profits before tax for the year ended 31st December 2020

€115.6 million

Portfolio size as at the end of August, 2021

€62.7 million

Total equity as at 31st December 2020

75,466 m²

Total rentable area

99%

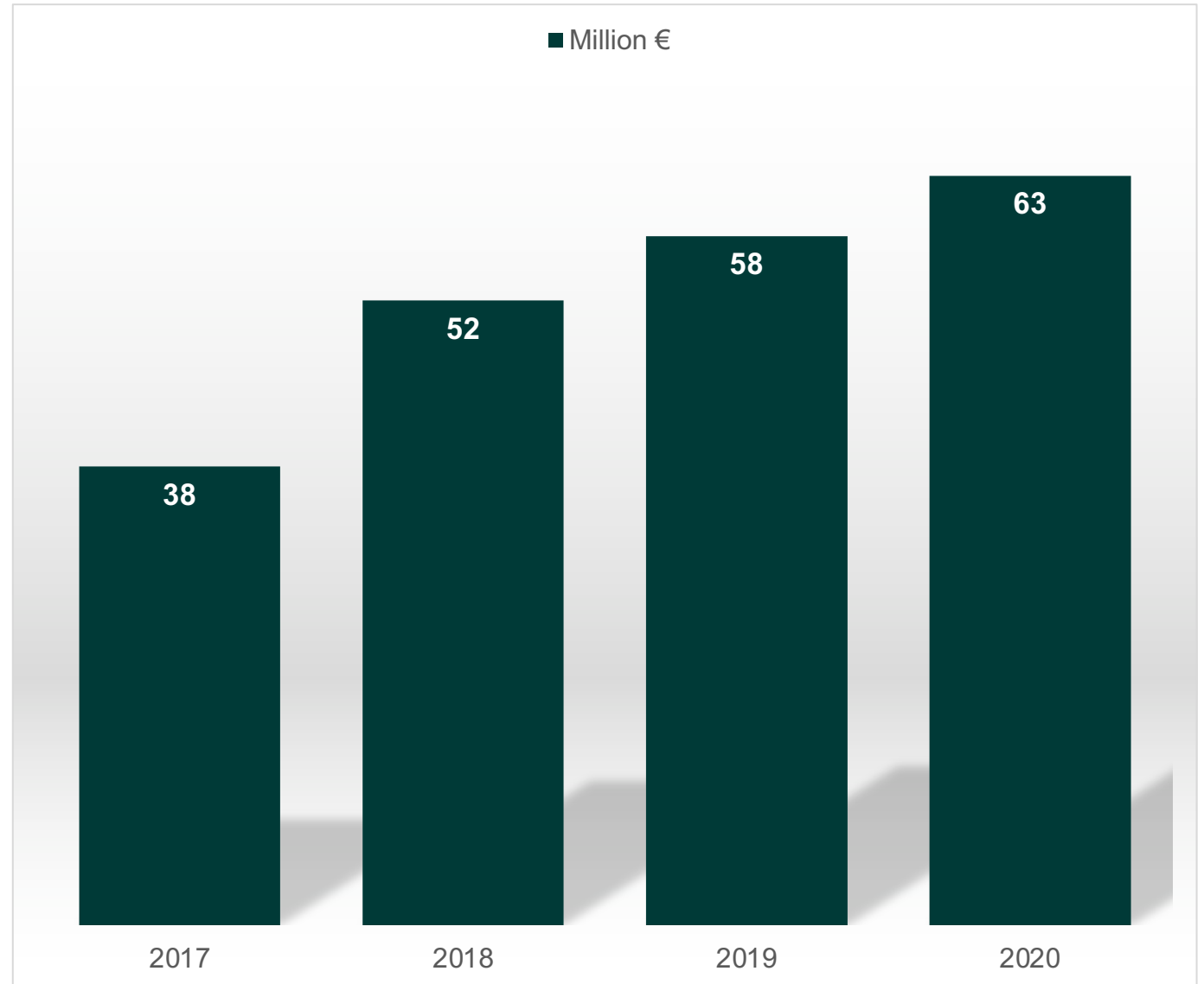
Total occupancy

8.8 years

Weighted average lease term

DELIVERING SHAREHOLDER VALUE

Net asset value of the group



OVERVIEW OF EXISTING PROPERTIES

Malta

Office buildings, office space and property housing McDonald's restaurants in key locations.



OFFICE BUILDING “NINETEEN TWENTY THREE”

Marsa

In operation 2009

Area 5,280 m²

Underground parking floors
Facilities: gym, lounge area,
dining room, games room,
outdoor terraces



OFFICE BUILDING “TRANSPORT HOUSE”

Floriana

Area 1,090 m²



OVERVIEW OF EXISTING PROPERTIES

Latvia

Shopping centres and properties housing restaurants in key locations in Latvia's capital Riga. All shopping centres accommodate supermarket brand Rimi as the anchor tenant.



RETAIL COMPLEX IN DZELZAVAS STREET

Year built 2019

Area 3,448 m²



RETAIL COMPLEX IN KREIMENU STREET

Renovated 2005

Area 952 m²



SHOPPING CENTRE “MINSKA”

Year built	1983
Reconstructed	2010
Area	4,616 m ²
(planned major renovation and development)	



SHOPPING CENTRE “DOLE”

Year built	1987
Reconstructed	2004
Area	16,830 m ²
Number of floors	3
Number of retailers	54



RETAIL COMPLEX IN VIENIBAS GATVE

Year built 2000

Area 1,285 m²



RETAIL COMPLEX IN DOMBROVSKA STREET

Year built	1983
Reconstructed	2013
Area	5,047 m ²



OVERVIEW OF EXISTING PROPERTIES

Romania

Landmark real-estate in prime location in Romania's capital.



LARGEST PRIVATE HOSPITAL “REGINA MARIA”

Bucharest

Year built 2014

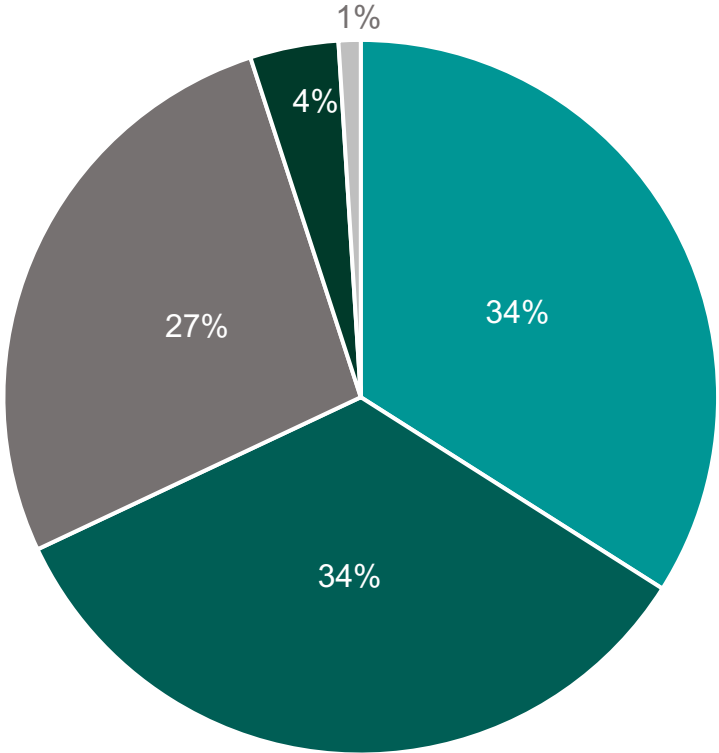
Area 18,446 m²

Number of floors 6



GEOGRAPHICAL SPLIT

Geographical Analysis of Investment Property Value



■ Latvia ■ Romania ■ Malta ■ Lithuania ■ Estonia

CATEGORY SPLIT

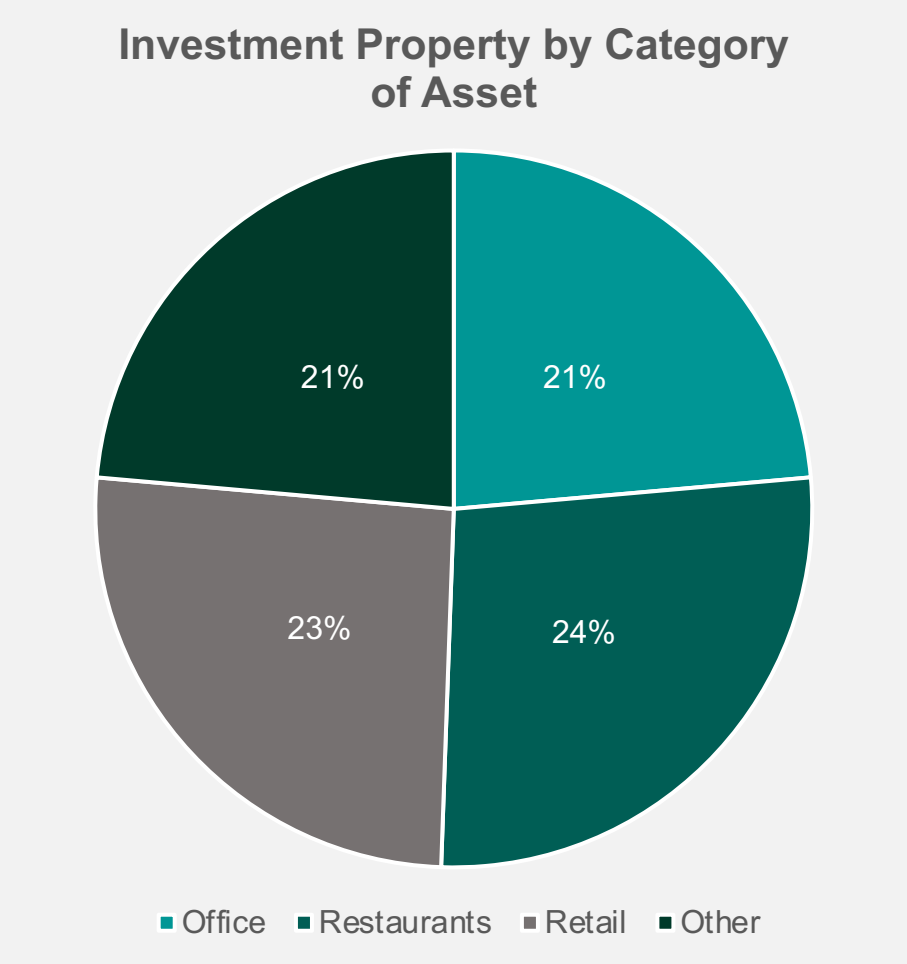
6 Shopping Centres

12 Restaurants

2 Office Buildings

1 Healthcare

1 Residential



Diversified portfolio of property in Europe
Estonia, Latvia, Lithuania, Malta, Romania

Prime located investment properties

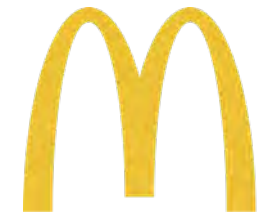
Anchor tenants, stable cashflows

Generating a gross rental yield of approximately 7%

Resilience to market fluctuations

Proactive portfolio management

MAJOR TENANTS



KEY STRATEGIES OVER THE NEXT FEW YEARS



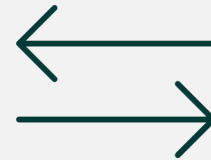
CONSOLIDATE

Stable yield, long-term contracted cash flows



GROW

Acquire attractively-located, high quality, income-producing investment properties



TRANSFORM

Capital growth through active asset management





FUTURE INVESTMENT

We are in advanced discussions to acquire one commercial property in Poland and one industrial property in Lithuania, having a combined value in excess of €38 million.

Through our extensive network of relationships we source investment opportunities and are currently negotiating the price for the acquisition of additional commercial assets.



FUTURE INVESTMENT

Commercial property located in Warsaw

HIGHLIGHTS OF THE PROPERTY:

- Strategic location, on one of the main exit arteries of Warsaw having close vicinity to residential areas and great access both by car and public transportation
- Approx. 7% yield
- Long lease duration of 9 years and additional extension options
- Strong tenant, leader in its industry
- Newly reconstructed property



FUTURE INVESTMENT

Industrial property located in Lithuania

HIGHLIGHTS OF THE PROPERTY:

- Strategic location
- Excellent access to key cargo routes
- Strong international tenant
- 20-year lease agreement with a single tenant
100% occupancy
- Approx. 6% yield
- Newly built property
- Value add/ expansion potential

THE SALES

We are in discussions with buyers to sell three of our commercial properties



**Retail complex in
Kreimeņu street**



**Retail complex in
Vienibas gatve**



**Retail complex in
Dombrovska street**

RATIONALE FOR THE TRANSACTION



Strong asset base with high potential to increase further



Optimal time to finance and solidify growth



Success driven team with industry experience and track record of property value creation



Accelerate investment, grow asset base and succeed in higher value transactions

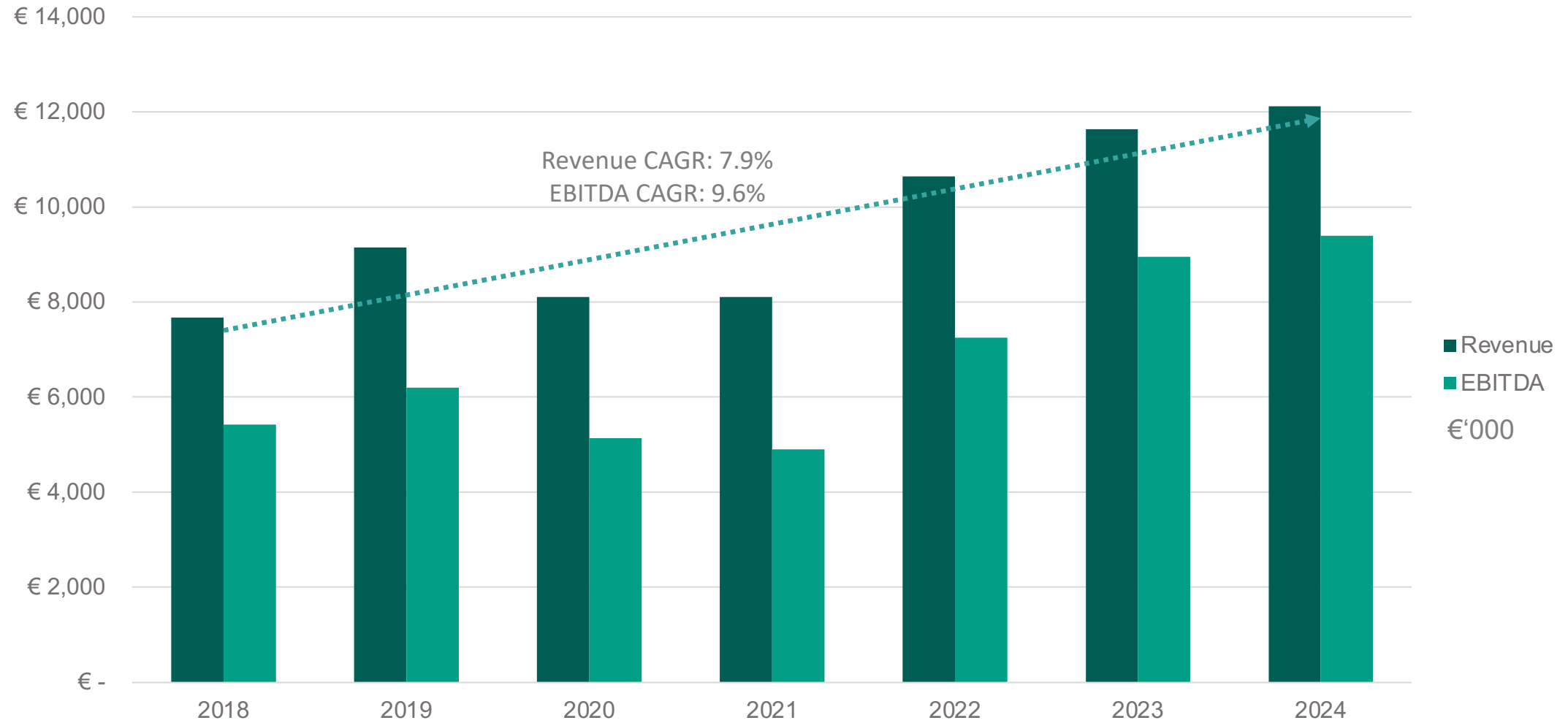
**Property value appreciation over time
Delivering shareholder returns**

FINANCIAL INFORMATION

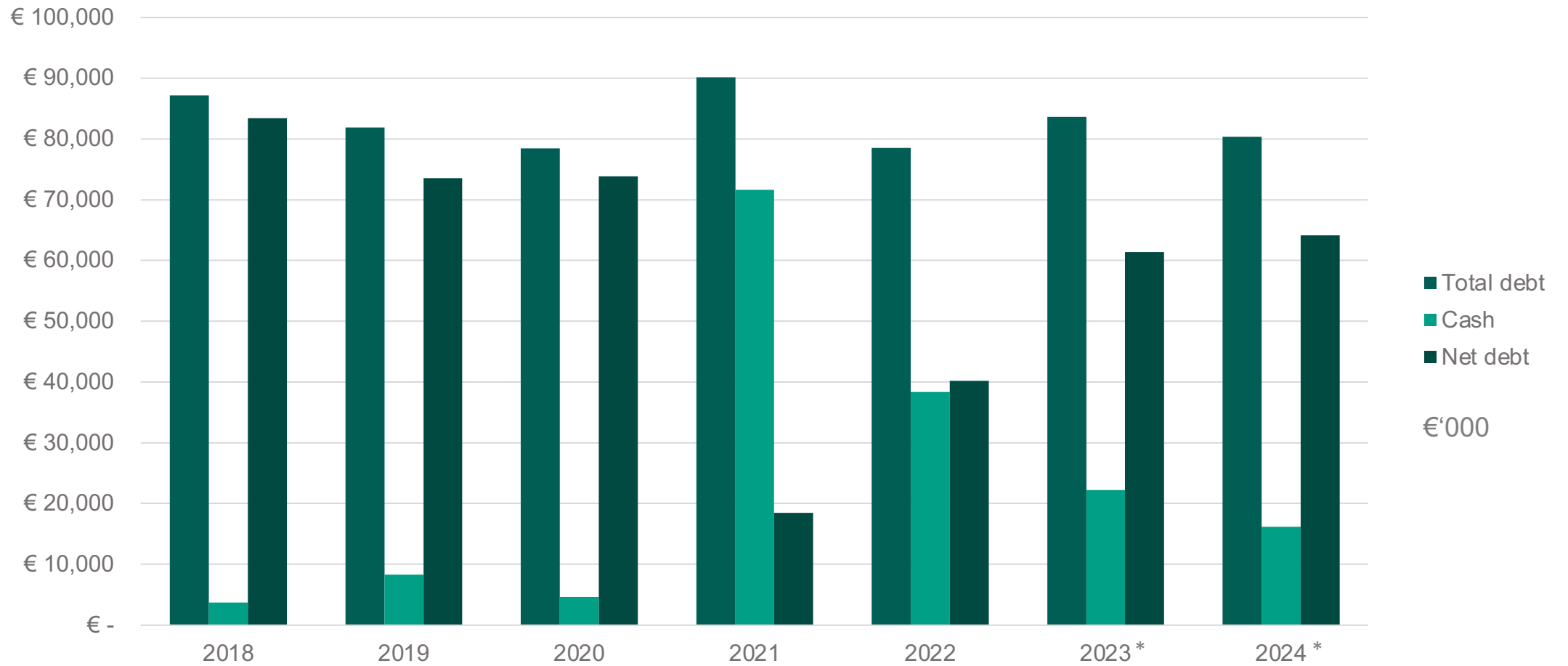
HIL PROPERTIES PLC



REVENUE & EBITDA



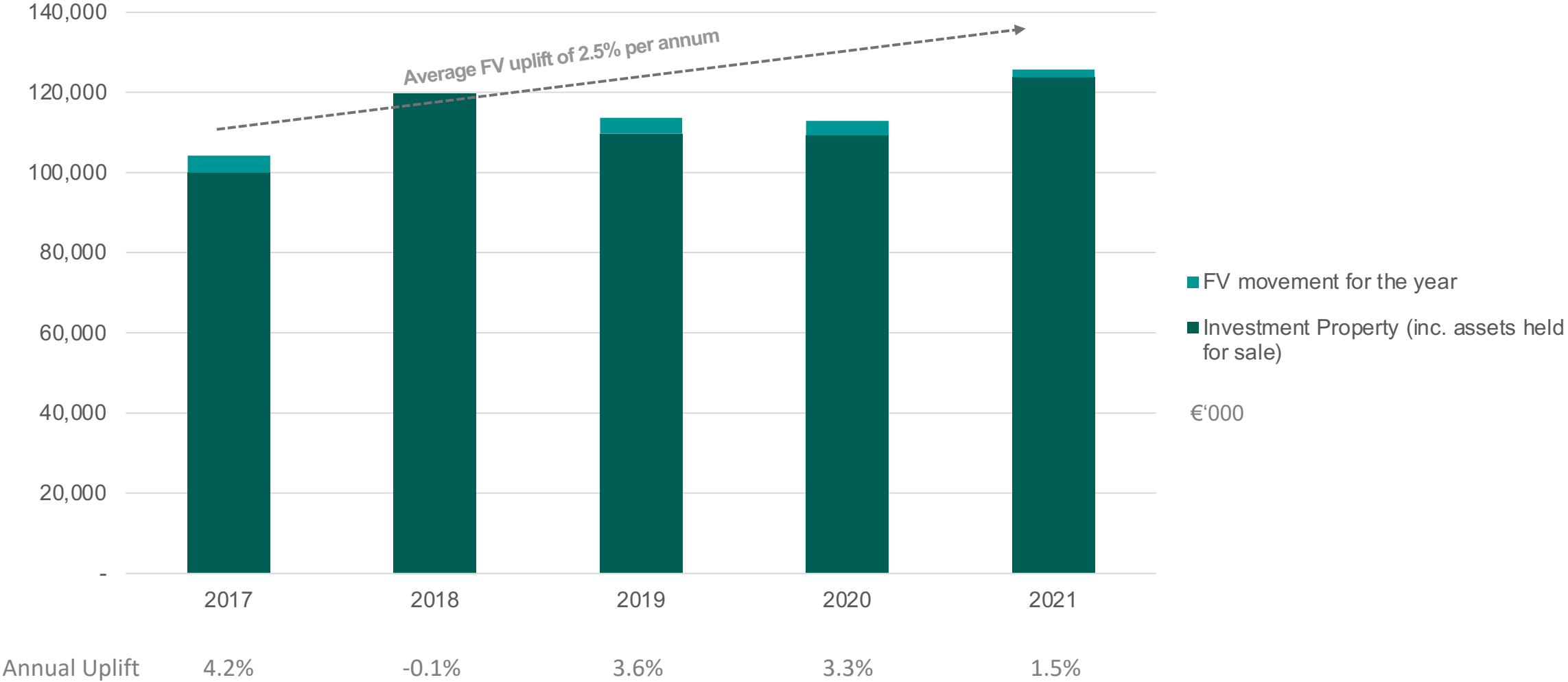
NET DEBT



Net Debt to Total Capital 62% 56% 54% 12% 24% 32% 33%

(*) Cash and cash equivalents include a €10m deposit in a 2 year term deposit as of the year 2023

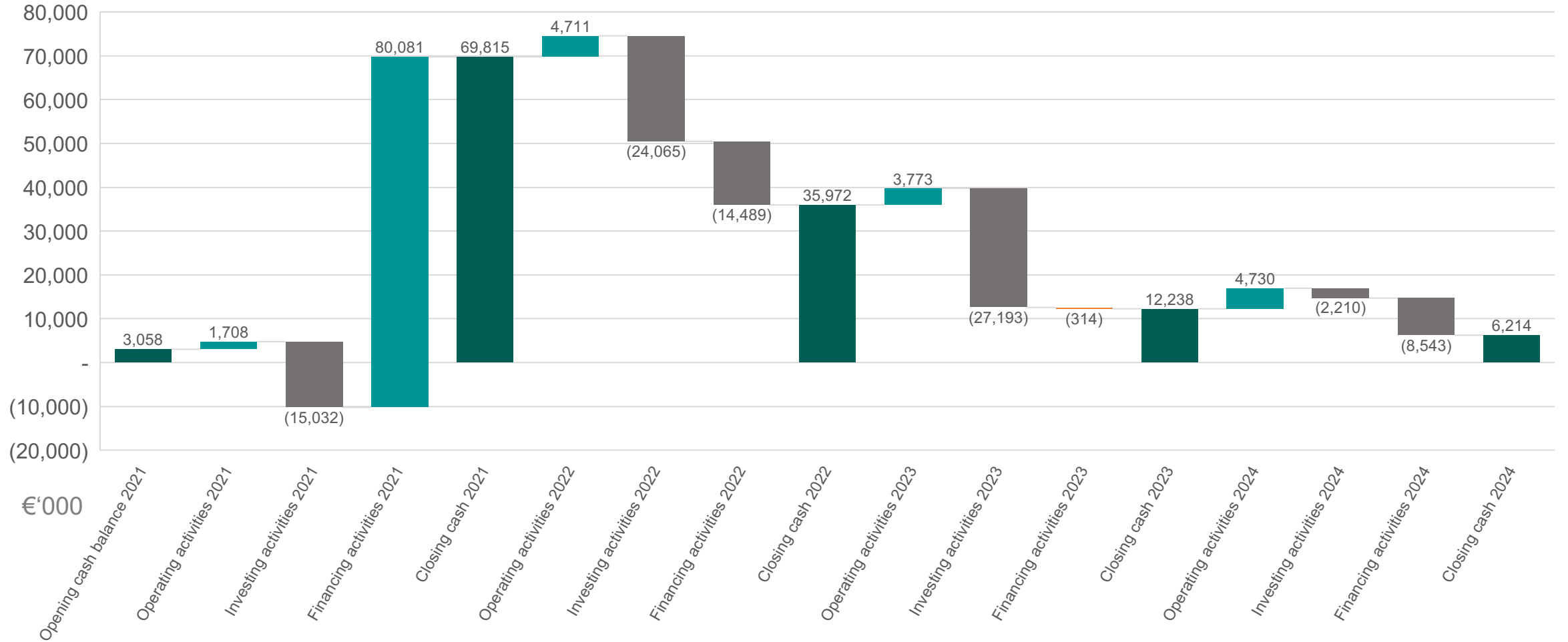
HISTORIC PROPERTY UPLIFTS



INCOME STATEMENT

	Audited 2018 €'000	Audited 2019 €'000	Audited 2020 €'000	Forecast 2021 €'000	Projected 2022 €'000	Projected 2023 €'000	Projected 2024 €'000
Revenue	7,679	9,153	8,112	8,110	10,649	11,639	12,122
EBITDA	5,429	6,199	5,139	4,899	7,252	8,955	9,398
Depreciation & Amortization	(113)	(150)	(158)	(55)	(56)	(58)	(57)
Investment Income	3,680	4,315	4,384	2,290	947	908	1,262
Investment Expenses	(2,956)	(373)	(809)	(854)	(600)	(933)	0
Net Finance Costs	(3,496)	(3,758)	(3,344)	(3,490)	(3,374)	(3,604)	(3,196)
Pre-Tax Profit	2,543	6,233	5,212	2,789	4,169	5,266	7,407

PROJECTED CASH FLOW MOVEMENTS



VALUATION
METHODOLOGIES
HILTI PROPERTIES PLC





PROPERTY VALUATION METHODOLOGY

In connection with the IPO process and equity valuation of the Company, the Company has commissioned and obtained third party valuation reports (dated August-September '21) for its entire local and foreign property portfolio.

The next table presents the respective market values established by third party valuers in the latest valuation reports and the methods used to derive this value.

A combination of Income (DCF or rent capitalisation methods) and Market (market comparables method) valuation approaches have been utilised to value the properties, depending on the nature/ use of the property.

The property valuations reports follow guidelines as per Chapter 7 of the Capital Markets Rules.

The total market value of the property portfolio amounts to €115.6 million.

PROPERTY VALUATIONS (1)

Property name	Location	Type	Market value - valuation reports (€'000)	Valuation method
Imanta Restaurant	Riga, Latvia	Restaurant (with drive through)	2,160,000	Discounted Cash Flow
Vienibas Restaurant	Riga, Latvia	Restaurant (with drive through)	2,100,000	Discounted Cash Flow
Ulmana Restaurant	Riga, Latvia	Restaurant (with drive through)	1,740,000	Discounted Cash Flow
Dainava Restaurant	Kaunas, Lithuania	Restaurant (with drive through)	2,200,000	Discounted Cash Flow
Svajone Restaurant	Vilnius, Lithuania	Restaurant (with drive through)	2,520,000	Discounted Cash Flow
Parnu Restaurant	Parnu, Estonia	Restaurant (with drive through)	1,600,000	Discounted Cash Flow
Nicgales retail	Nicgales, Latvia	Supermarket and retail centre	7,725,000	Discounted Cash Flow
Dombrovska retail	Dombrovska, Latvia	Supermarket and retail centre	5,540,000	Discounted Cash Flow
Vienibas retail	Vienibas, Latvia	Supermarket and retail centre	1,540,000	Discounted Cash Flow
Kremienu retail	Kremienu, Latvia	Supermarket and retail centre	1,190,000	Discounted Cash Flow
Dzelzevas retail	Dzelzevas, Latvia	Shopping centre	6,730,000	Discounted Cash Flow
Maskavas Retail	Riga, Latvia	Retail	10,890,000	Discounted Cash Flow
Maskavas Land	Riga, Latvia	Land	150,000	Comparables method
Nineteen-twenty three building	Luqa, Malta	Office space/ warehousing	16,900,000	Comparables method

PROPERTY VALUATIONS (2)

Property name	Location	Type	Market value - valuation reports (€)	Valuation method
Transport House	Floriana, Malta	Office space	2,500,000	Comparables method
Villa Marika	Madliena, Malta	Residential villa	3,500,000	Residual value method (property redevelopment to best use)
Sliema restaurant + offices	Sliema, Malta	Restaurant and office space	8,200,000	Comparables method
Selgros	Bucharest, Romania	Restaurant (with drive through)	2,169,000	Rent capitalisation method
Bragadiru	Bucharest, Romania	Restaurant (with drive through)	1,913,000	Rent capitalisation method
Albu	Bucharest, Romania	Restaurant (with drive through)	1,317,000	Rent capitalisation method
Santu Mare	Bucharest, Romania	Restaurant (with drive through)	1,360,000	Rent capitalisation method
Brasov-Coresi	Bucharest, Romania	Restaurant (with drive through)	1,879,000	Rent capitalisation method
Art Business Centre 7	Bucharest, Romania	Hospital and office space	29,800,000	Discounted Cash Flow
Total			115,624,000	
Other Property				
Benghajsa (*)	Birzebbuga, Malta	Land	24,500,000	Comparables method

(*) This represent a deposit payment of €24.5m on a share purchase agreement for the acquisition of a piece of commercial land in Benghajsa



ENTERPRISE VALUATION APPROACH

Valuation is based primarily on the **Cost Approach adjusted for fair (market) values** using the Adjusted Net Asset Value (“NAV”) method. This approach is of particular relevance for property management companies, in view of the asset-intensive nature of the business.

In this method, the NAV recorded in the latest available consolidated interim financials (June '21) have been adjusted with property market values established in recently obtained third party valuation reports and internal share capital changes, to get an adjusted NAV estimate as at IPO.

Property market values are the major component in this approach. A summary of the property market values established in the latest third-party valuation reports is presented in the previous slides of this presentation.

The Income Approach and The Market Approach were also considered as cross-checks to the values resulting from the primary method.

ENTERPRISE VALUATION *(Carried out by EY)*

	€'000
Net Asset Value as at 30.06.21	63,163
Net Property Value Uplifts	2,099
Deferred Tax Liability	2,976
Net Intra-group Assets	(45)
Pre-IPO Equity Injection	18,408
Adjusted Net Asset Valuation	86,603

€0.29

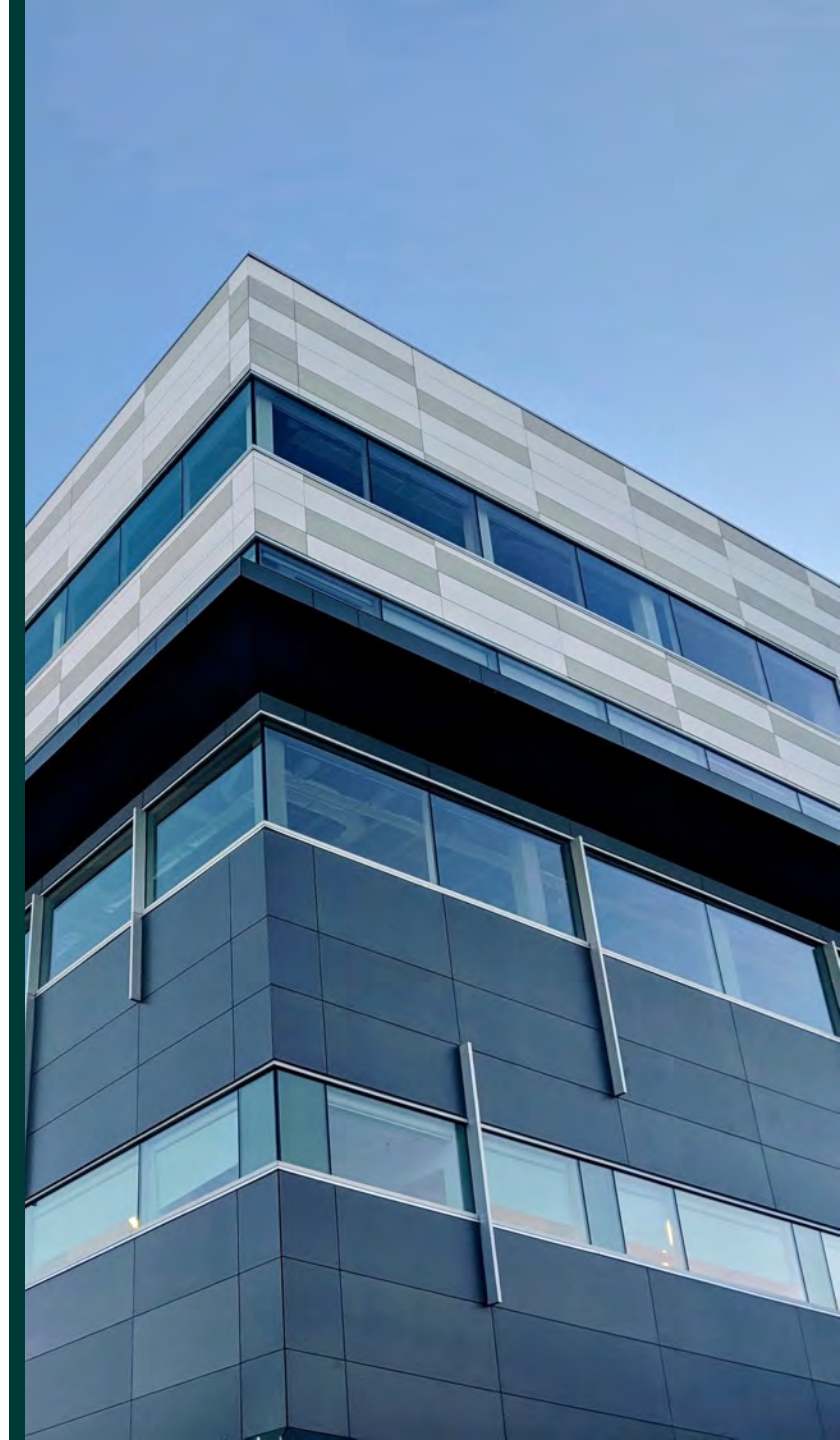
Value per share as
per Adjusted NAV

7%

Offering discount

€0.27

Offering price
per share





SHARE CAPITAL STRUCTURE

Authorised and issued share capital (pre IPO):

600,000,000 authorised and 300,000,000 issued shares

- Ordinary shares with a nominal value of €0.20 each 99.9% owned by Hili Ventures Ltd

New share offer

185,185,185 issued shares

- Ordinary shares with an offer of €0.27 each (share premium of €0.07 per share) equivalent to a valuation of €50 million

Authorised and issued share capital (post IPO):

600,000,000 authorised and 485,185,185 issued shares

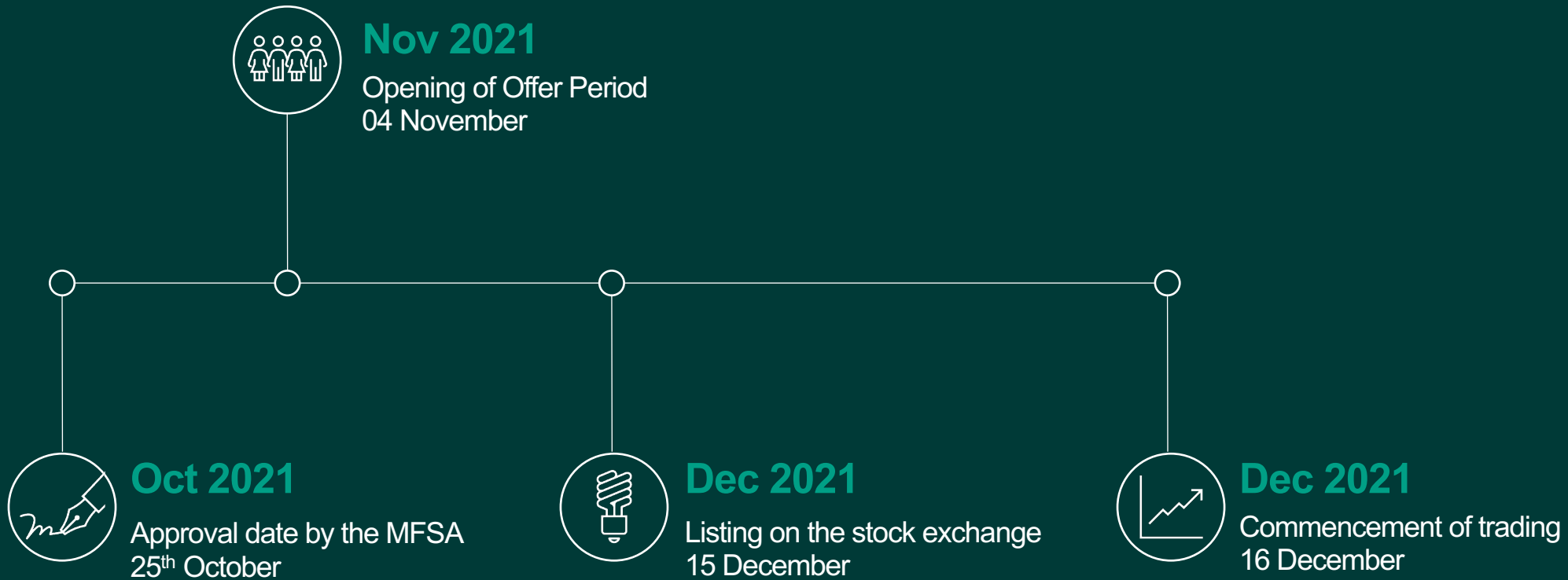
- Ordinary shares with a nominal value of €0.20 each

A photograph of a modern, multi-story building with a mix of dark grey and light beige facades. The building is illuminated from below, creating a warm glow against the dark blue twilight sky. The architecture features clean lines and large windows.

DIVIDEND POLICY

- The group is expected to generate a strong solid cash flow over the forthcoming years
- Having long term lease contracts in place, allows Hili Properties to adopt a generous dividend distribution policy
- Set to distribute a 4% net dividend based on the offering price of €0.27

EXPECTED TIMETABLE



ADVISORS

Sponsor & Co-Manager



Registrar & Co-Manager



Bank of Valletta

Legal Counsel



Financial Advisors

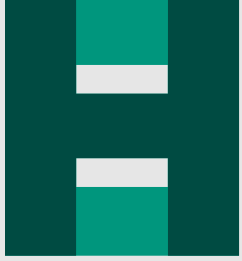


Reporting Accountants



Main Valuers





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THANK YOU