HILI
PROPERTIES

Hili Properties plc
Nineteen Twenty Three,
Valletta Road,
Marsa, MRS 3000, Malta

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COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by **Hili Properties p.l.c.** (the "**Company**") pursuant to the Capital Markets Rules issued by the Malta Financial Services Authority in accordance with the provisions of the Financial Markets Act (Chapter 345 of the Laws of Malta), as amended from time to time.

QUOTE

It is being announced that in line with the requirements of the Capital Markets Rules, the Financial Analysis Summary of the Company dated June 03, 2024, has been approved for publication and is attached herewith. It is also available for viewing on the Company's website: www.hiliproperties.com.

UNQUOTE

BY ORDER OF THE BOARD

Adrian Mercieca
Company Secretary
03 June 2024

Calamatta Cuschieri

The Directors
Hili Properties p.l.c.
Nineteen Twenty Three,
Valletta Road,
Marsa, MRS3000,
Malta

Re: Financial Analysis Summary – 2024

3 June 2024

Dear Sirs,

In accordance with your instructions, and in line with the requirements of the MFSA Listing Policies, we have compiled the Financial Analysis Summary (the "**Analysis**") set out on the following pages and which is being forwarded to you together with this letter.

The purpose of the financial analysis is that of summarising key financial data appertaining to Hili Properties p.l.c. (the "**Issuer**") as well as Harbour (APM) Investments Limited and Hili Estates Ltd (the "**Guarantors**"), as explained in part 1 of the Analysis. The data is derived from various sources, or is based on our own computations as follows:

a) Historical financial data for the three years ending 31 December 2021, 2022 and 2023 have been extracted from the audited financial statements of the Issuer and the Guarantors.

b) The forecast data for the financial year ending 31 December 2024 has been provided by management.

c) Our commentary on the Issuer and Guarantor's results and financial position is based on the explanations provided by management.

d) The ratios quoted in the Analysis have been computed by us applying the definitions set out in Part 4 of the Analysis.

e) The principal relevant market players listed in Part 3 of the document have been identified by management. Relevant financial data in respect of competitors has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies.

The Analysis is meant to assist investors in the Issuer's securities and potential investors by summarising the more important financial data of the Group. The Analysis does not contain all data that is relevant to investors or potential investors. The Analysis does not constitute an endorsement by our firm of any securities of the Issuer and should not be interpreted as a recommendation to invest in any of the Issuer's securities. We shall not accept any liability for any loss or damage arising out of the use of the Analysis. As with all investments, potential investors are encouraged to seek professional advice before investing in the Issuer's securities.

Yours sincerely,

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Patrick Mangion
Head of Capital Markets

FINANCIAL ANALYSIS SUMMARY 2024

HILI PROPERTIES

Hili Properties p.l.c.

3 June 2024

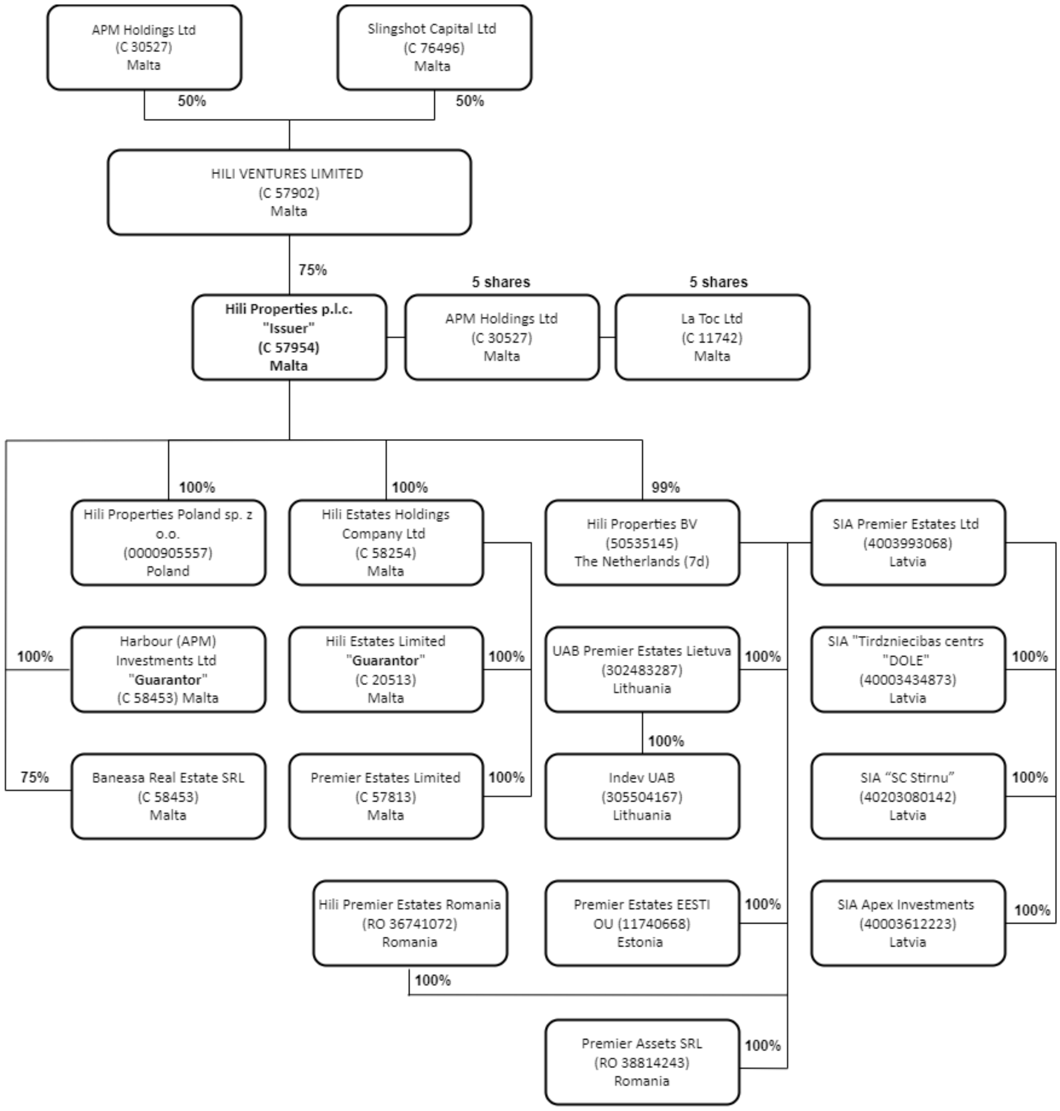
Prepared by Calamatta Cuschieri Investment Services Limited

Table of Contents

Part 1 - Information about the Group

1.1 Issuer and Group's Key Activities and Structure

The Group structure is as follows:



Hili Properties p.l.c. (the **"Issuer"** or **"Group"**) was incorporated on 23 October 2012 as a holding company and forms part of the Hili Ventures Group. The Issuer has an authorised share capital of €120,000,000 divided into 600,000,000 ordinary shares of €0.20 each. Following the newly issued shares floated on the Malta Stock Exchange ("MSE") during 2021, the issued share capital is of €80,178,540 divided into 400,892,700 ordinary shares fully paid up. The Issuer is, except for 10 ordinary shares which are held equally by APM Holdings Ltd and La Toc Ltd, a subsidiary of Hili Ventures Limited, and is the parent company of the property division of the Hili Ventures Group. The principal objective of the Issuer is to purchase or otherwise acquire, under any title whatsoever, to hold and manage, by any title, movable and immovable property or other assets, both locally and overseas.

Harbour (APM) Investments Limited ("**HIL**") was incorporated on 4 December 2012 as a private limited liability company. The main objective of HIL is to purchase or otherwise acquire, under any title whatsoever, to hold and manage, by any title, movable and immovable property or other assets, both locally and overseas. On 6 April 2022, the Issuer announced the acquisition of HIL from APM Holdings Ltd, thereby effectively adding to its property portfolio *circa* 92,000m^2 of land at Benghajsa. In this respect, HIL is now a wholly owned subsidiary of the Issuer.

Hili Estates Limited ("**HEL**") was incorporated on 30 August 1996 as a private limited liability company and forms part of the Hili Properties Group. HEL is principally involved in holding movable and immovable property and currently owns and manages one property; Nineteen Twenty Three building situated in Marsa, Malta. The property measures around 5,686m^2 of office space and warehousing facilities. Management confirmed that, as at May 2024, this property is currently fully leased to companies forming part of the Hili Ventures Group, other related parties and third parties.

HIL and HEL serve as "**Guarantors**" for the Issuer's bond currently listed on the Official List of the Malta Stock Exchange, i.e. €37,000,000 4.5% Hili Properties plc 2025. This is explained further in section 1.7 of the Analysis.

The 75% ownership of Baneasa Real Estate SRL, was acquired by the Issuer on 4 August 2022. Furthermore, on 23 December 2022, the Group entered into another share purchase agreement for the acquisition of the remaining 25% shares in Baneasa Real Estate SRL, which is expected to be finalised in August 2024. The principal activity of Baneasa Real Estate SRL is to hold and rent immovable property.

1.2 Directors and Key Employees

Board of Directors - Issuer

As at the date of this Analysis, the following persons constitute the board of directors of the Issuer:

Name	Designation
Mr. Pier Luca Demajo	Chairman and Independent Non-Executive Director
Mr. Georgios Kakouras	Executive Director
Mr. Peter Hili	Non-Executive Director
Mr. Eddy Vermeir	Non-Executive Director
Mr. David Aquilina	Independent Non-Executive Director
Dr. Laragh Cassar	Independent Non-Executive Director

The senior management team of the Group consists of:

Name	Designation
Mr. Georgios Kakouras	Managing Director
Ms. Daniela Pavia	Chief Financial Officer

The business address of all the directors is the registered office of the Issuer. Mr. Adrian Mercieca is the company secretary of the Issuer.

The board is composed of Mr. Pier Luca Demajo acting as chairman, Mr. Georgios Kakouras acting as executive director, and four non-executive directors; Mr. Peter Hili, Mr. Eddy Vermeir, Mr. David Aquilina and Dr. Laragh Cassar.

The board is responsible for the overall long-term direction of the Group, and is actively involved in overseeing the systems of control and financial reporting and that the Group communicates effectively with the market.

The board meets regularly, with a minimum of four times annually, and is currently composed of six members, three of whom are independent of the Issuer. As at the date of this Analysis, Mr. Pier Luca Demajo, Mr. David Aquilina, Dr. Laragh Cassar and Mr. Eddy Vermeir are independent non-executive directors of the Issuer.

As at the date of this Analysis, the Issuer has a total of 2 employees and, in aggregate, the Group currently has 6 employees.

Board of Directors - Guarantors

As at the date of this Analysis, the following persons constitute the board of directors of the Guarantors:

Harbour (APM) Investments Limited

Name	Designation
Mr. Georgios Kakouras	Director
Mr. Julian Caruana	Director

Hili Estates Limited

Name	Designation
Mr. Georgios Kakouras	Director
Mr. Julian Caruana	Director

1.3 Major Assets owned by the Group

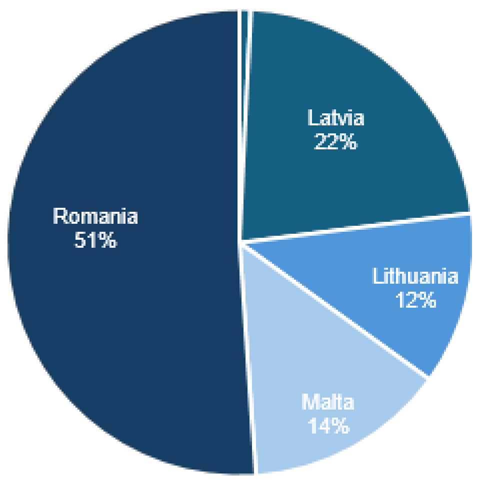
The Group's major assets comprise the following:

- **Real Estate Portfolio**

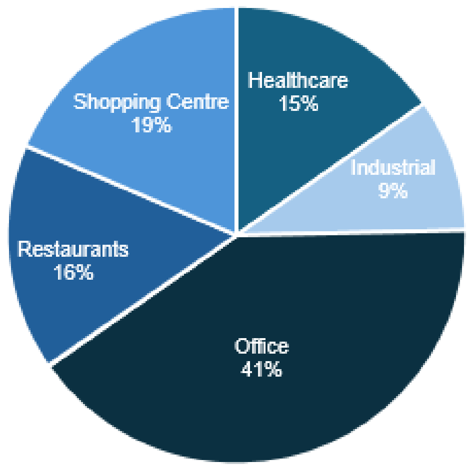
The Group owned 22 income-generating properties as of December 2023, with a total value of *circa* €202.8m accounted for as Investment Property and an additional €7.0m marked as held for sale related to the retail complex in Dzelzavas Street which has since been sold (see section 1.4.2). The Group's property portfolio comprises an aggregate rentable space of 115,820m^2, which generates an annualised rental income and other operating income of *circa* €16.2m. The group also owns a parcel of land under Harbour APM of around €26.0m, bringing the total value of investment property held by the group to €228.1m. The contracted gross rental yield is estimated at 8.3%. The Group's occupancy level, as at this date of this Analysis, is

99% with a weighted average unexpired lease term (WALT) of 8.3 years as at 31 December 2023. As noted through the graphical charts presented below, the Group's property portfolio is diversified across a number of asset types and geographical regions. The graphs do not include the retail complex in Dzelzavas Street.

FY23 Investment Property by Region



FY23 Investment Property by Category of Asset



Name of Property	Location	Description	Main Tenant	Rentable Area (m^2)	Valuation as at 31.12.2023 (€'000)	Occupancy rate (%) as at 31.12.23	WALT (in years)	Ownership
Imanta Restaurant	Riga, Latvia	Restaurant (with drive thru)	Quick service restaurant	2,709	2,578	100	7.8	Freehold
Vienibas Restaurant	Riga, Latvia	Restaurant (with drive thru)	Quick service restaurant	3,497	2,381	100	8.3	Freehold
Ulmana Restaurant	Riga, Latvia	Restaurant (with drive thru)	Quick service restaurant	2,000	2,224	100	11.4	Freehold
Dainava Restaurant	Kaunas, Lithuania	Restaurant (with drive thru)	Quick service restaurant	3,021	2,676	100	7.1	Freehold
Svajone Restaurant	Vilnius, Lithuania	Restaurant (in a building complex)	Quick service restaurant	580	2,524	100	7.4	Land is leased, building is freehold
Parnu Restaurant	Parnu, Estonia	Restaurant (with drive thru)	Quick service restaurant	1,803	1,537	100	6.4	Freehold
Rehau Industrial Buidling	Pramones str.35A, Klaipeda	Retail	Rehau	18,980	19,100	100	18.0	Land is leased, building is freehold
Supermarket and Retail Centre	Nicgales Street 2, Riga, Latvia	Retail	Rimi Latvia	2,855	6,870	100	0.8	Freehold
Shopping Centre	Stirnu Street 26, Riga, Latvia	Retail	Rimi Latvia	7,068	18,991	90	8.9	Freehold
Maskavas Street 357	Riga, Latvia	Retail	Rimi Latvia &ALB	9,223	11,850	100.0	3.0	Land - 734m2 is leased, other land and building is freehold
Maskavas Street 357	Riga, Latvia	Land		n/a	150	n/a	n/a	Freehold

Ninteen twenty-three building	Luqa, Malta	Office space/ Warehousing facilities	Hili Ventures	5,302	17,500	100	5.2	Freehold
Transport House	Floriana, Malta	Office space	Ministry of Energy	910	2,525	100.0	2.6	Freehold
Villa Marika	Madliena, Malta	Private residence	n/a	n/a		n/a	n/a	Freehold
Restaurant and overlying office Sliema	Sliema, Malta	Restaurant and office space	Quick service restaurant	1,055	8,300	51	4.7	Freehold
Selgros Restaurant	Bucharest, Romania	Restaurant (with drive thru)	Quick service restaurant	1,499	2,840	100	14.8	Freehold
Bragadiru Restaurant	Bucharest, Romania	Restaurant (with drive thru)	Quick service restaurant	2,700	2,625	100	14.9	Freehold
Alba Iulia	Bucharest, Romania	Restaurant (with drive thru)	Quick service restaurant	1,184	1,318	100	15.8	Freehold
Santu Mare	Bucharest, Romania	Restaurant (with drive thru)	Quick service restaurant	1,346	1,401	100	15.8	Freehold
Coresi Brasov Restaurant	Bucharest, Romania	Restaurant (with drive thru)	Quick service restaurant	2,070	2,126	100	17.3	Freehold
Art Business Centre 7	Bucharest, Romania	Hospital and Office space	Delta Health Care and Delta Health Trade	23,773	30,900	100	10.7	Freehold
Miro offices	Bucharest, Romania	Office space	Miro	24,245	39,820	100	5.7	Freehold

An overview of each property is set out below:

i. Imanta Restaurant, Riga, Latvia

The Imanta property consists of a plot of land and a building constructed thereon. The site is located in Kurzemes Prospekts 3, Imanta.

ii. Vienibas Restaurant, Riga, Latvia

The Vienibas property consists of a plot of land and a building constructed thereon. The site is located at 115A Vienibas Avenue, which is situated outside the centre of Riga.

iii. Ulmana Restaurant, Riga, Latvia

The Ulmana property consists of a plot of land and a building constructed thereon. The site is located at 88, Karla Ulmana Street, which is situated outside the centre of Riga.

iv. Dainava Restaurant, Kaunas, Lithuania

The Dainava property consists of a plot of land, a building structure constructed thereon, and an ancillary building that operates as a car park. The site is in Pramones Ave. 8B, Kaunas.

v. Svajone Restaurant, Vilnius, Latvia

The Svajone property is constructed on a stateowned land plot and is located at 15, Gedimino Avenue, a favourable and prestigious location in the centre of Vilnius in V. Kurika's square.

vi. Parnu Restaurant, Estonia

The Parnu property consists of a plot of land and a building constructed thereon. The property is located at 74, Tallinna Maante, Parnu.

vii. Rehau Industrial Building, Lithuania

The property is constructed on a 50,000m^2 plot and is located in a Free Economic Zone area in Klaipėda.

viii. Wholesale & retail trade building, Nicgales Street, Riga, Latvia

The property is constructed on a 16,785m^2 plot. The property is currently used as a retail and shopping centre.

ix. SIA SC Stirnu

During Q1 2022, the Group secured the acquisition of a shopping centre in Riga, Latvia for €20m. The property is situated in one of Riga's most densely populated residential areas. The shopping centre has been operational for fifteen years and has the benefit of an anchor tenant as well as other successful retail operators.

x. Dole, Retail Centre, Maskavas Street 357, Riga, Latvia

The property is a four-storey building having 8,000m^2 of gross intended leasable area and is occupied by more than 60 tenants.

xi. Nineteen Twenty Three, Valletta Road, Luqa, Malta

The property, built on a plot area of 2,585m^2, is developed mainly as an office block with part of the premises at ground and intermediate levels used as a warehouse/storage area. The property is 100% leased out, mainly to a number of subsidiary companies forming part of the Hili Ventures Group.

xii. Transport House, Triq San Frangisk, Floriana, Malta

The property is located in a central area in Floriana and comprises of a three-storey building, a receded penthouse, and two interconnected apartments on the first and second floors, all for use as office space.

xiii. Villa Marika, High Ridge, Madliena

The property consists of a fully-detached bungalow located in a prime location in High Ridge, Madliena with a superficial area of *circa* 1,250m^2.

The property has been earmarked as held for sale at the end of December 2022, and is expected to be sold by the end of 2024.

xiv. Restaurant and overlying office, Sliema, Malta

The property in Sliema is leased as a restaurant at ground and mezzanine levels, and the first floor is completed as office space and rented out to a third party. The premises form part of a development block overlooking two streets, namely The Strand, Sliema at the waterfront and Sqaq il-Fawwara, Sliema at the back of the property.

xv. Selgros Restaurant, Bucharest, Romania

The Berceni Selgros restaurant commenced operations on 21 November 2018. It is a drive-thru restaurant located in a busy area in the 4th district of Bucharest.

xvi. Bragadiru, Bucharest, Romania

The Bragadiru restaurant is a drive-thru restaurant located on a busy road in a town called Bragadiru, which is 10km from Bucharest.

xvii. Alba Iulia Restaurant, Alba, Romania

The Alba Iulia restaurant is a drive-thru restaurant located near the city centre of Alba Iulia, in the premises of Kaufland parking area, in the central part of the country, in Alba County.

xviii. Satu Mare Restaurant, Satu Mare, Romania

The Satu Mare restaurant is a drive-thru restaurant located near the city centre of Satu Mare in the northern part of the country, in Satu Mare County.

xix. Coresi Brasov Restaurant

The Coresi Brasov Restaurant is a drive-thru restaurant located in the north-eastern part of Brasov, in the Tractorul neighbourhood.

xx. ART Business Centre, Bucharest, Romania

The property is located in the affluent Nordului neighbourhood in northern Bucharest. The nine-storey property has a footprint of 3,400m^2 and comprises *circa* 24,000m^2 of gross leasable area, of which *circa* 5,000m^2 is storage space. The three underground floors accommodate 407 parking spaces. The property is fully leased out and its anchor tenant is Ponderas Academic Hospital which was taken over by the Regina Maria Private Healthcare Network, Romania's largest private health care network.

xxi. MIRO offices

In August 2022, the Group acquired a newly built Class A mixed-use property developed in the Baneasa area, with approx. 24,000m^2 of leasable area spread out over 5 levels and with a 1,700m^2 outdoor plaza. The acquisition of the remaining shares in Baneasa SRL is expected to be concluded by August, 2024.

- **Harbour (APM) Investments Limited**

Apart from the above mentioned properties and as further explained in section 1.1 of this Analysis, the Group also owns *circa* 92,000m^2 of land in Bengħajsa, Malta. This property comprises a number of sites at Bengħajsa and is flanked by the Freeport and its service road to the Northeast, by Ħal Far Road to the Northwest, by the new LPG depot & Fort Bengħajsa to the South and by agricultural fields, Bengħajsa Village and Ħal Far Industrial Estate beyond to the South. The sites are reserved for industrial use.

Within the land, two sites have been developed into a 2.4 MwP solar farm as per Planning Authority permit PA10665/17 and have been operational since 7 April 2020. The solar farm covers a larger area of land partly owned by two other third parties. This land is being leased to a third party up until 31 March 2045 to develop and operate a solar farm.

The sites at Benghajsa are predominantly located within a 'Reserve Site' area in accordance to the respective Marsaxlokk Bay Local Plan. The strategy for this zone is outlined in the respective local plan issued in 1995. Apart from the more recent solar farm permit noted above, an LPG terminal has already been developed within the said 'Reserved Area' duly covered by Planning Authority permit PA 867/09.

1.4 Operational Developments

1.4.1 Strategy

The principal objective of the Issuer is to act as the property holding vehicle of the Hili Ventures Group. In this respect, the Issuer's strategic objective is the acquisition, management, and disposal of diversified low-risk real-estate assets, to provide stable returns to shareholders through long-term contracted cash flows and asset appreciation.

The issuer's properties are based in key cities in Europe. Focus is to provide exceptional property management and customer service, to its tenants operating from its properties. This way the issuer builds and enhances its reputation as a trustworthy and reliable commercial real estate owner in the industry.

Aiming to contribute to a more sustainable future the Issuer is enhancing its ESG efforts, implementing new green technologies and initiatives in its properties such as electric vehicle charging stations, recycling stations, solar panel installations and granting facilities to non-profit organisation for supporting good causes.

The Issuer believes that its Board of Directors, in addition to the support of external advisors, property experts and Hili Ventures group resources, has sufficient and appropriate knowledge and competence to capitalise on the opportunities presented by both the current and forward-looking market conditions.

Based on its long-standing experience within the industry, the intention of the Issuer is to source its investment and divestment opportunities mainly through the Group's extensive network of relationships, which includes the corporate and private landlords, brokers, domestic banks and others. The Board of Directors expects to create both sustainable income and strong capital returns for the Group.

The investment or divestment decisions carried out by the Board of Directors in relation to investment property acquisitions or disposals are based on a number of property characteristics, which are deemed to be aligned to the aforementioned strategic goals of the Group.

It is crucial to point out that, in carrying out investment decisions, the Board of Directors concentrate on assets priced at equal or at a discount to fair value or assets with active asset management opportunities. Strategies in use include asset repositioning, rental extension or rental optimisation.

Where appropriate, the intention of the Board of Directors is to implement improvements to the Group's property portfolio through proactive asset management techniques which include:

- Renegotiating or surrendering leases;
- Improving lease terms duration and tenant profile;
- Carrying out structural improvements to the buildings when and where considered appropriate;
- Improving layouts and space efficiency of specific assets;
- Ensuring an appropriate mix and well-structured tenant mix within certain properties;
- Maintaining dialogue with tenants to assess their requirements;
- Taking advantage of planning opportunities where appropriate; and
- Repositioning the portfolio through sales of assets.

Upon implementing the aforementioned business strategies, the Issuer utilises prudent levels of leverage in order to enhance equity returns over the long-term. Nevertheless, the Group may possibly modify the leverage policy from time to time in light of then current economic conditions, the relative costs of debt and equity capital, the fair value of the Group's assets, growth and acquisition opportunities or other factors it deems appropriate.

In view of the Group's current property portfolio available for rent which presently reflects an overall average occupancy rate of 99% of property for rent, the Board of Directors aims to maintain the same high level of occupancy rates for future investment properties. The average occupancy rate excludes the property under Harbour APM Investments and Villa Marika.

1.4.2 Properties sold

No properties were sold in FY23, however in February 2024 the Group announced that it concluded the sale of the retail complex in Dzelzavas Street, Riga, Latvia. The consideration paid for the property amounted to the fair value of the asset, being €7.0m. The disposal of this property is in line with Hili Properties' strategy to optimise its portfolio and achieve greater capital efficiency, ensuring positive returns for its shareholders and investors.

1.4.3 Properties held for sale

As at 31 December 2023, property held for sale amounted to *circa* €10.7m and included Villa Marika, Malta (€3.7m) and the shopping centre in Dzelzavas Street, amounting to 7m. As mentioned in section 1.4.2 above the property in Dzelzavas Street was eventually sold in February 2024.

1.4.4 Acquisitions

No additions have been made to the Groups property portfolio in FY23.

1.5 Macroeconomic environment

1.5.1 Future Outlook

The conflict and humanitarian crises in the Ukraine and the Middle East persist and this brings instability in the current economic climate. The directors consider the going concern assumption, in the preparation of these financial statements, as appropriate as at the date of authorisation and believes that no material uncertainty that may cast significant doubt about the Holding Company's and the Group's ability to continue as a going concern exists as at that date.

1.5.2 Macroeconomic changes

Commercial real estate currently faces challenges with high interest rates that result in increased financing costs and affect value of the investment properties held by the group.

1.5.3 Assumptions undertaken in the projections utilised for the purpose of this document

The 2024 projections were based on the contractual rental agreements that the Group currently has in place with its tenants, specifically in relation to the properties discussed throughout the Analysis. Management explained that these projections were based on the actual 2023 financial performance of the Group and on the Group's knowledge and understanding of the potential implications brought about by the aforementioned conflict which might possibly arise in the remaining months of the current financial year. In this respect, such projections also cater for the current and persistent inflationary pressures which the Group is facing, namely in terms of higher utility expenses and higher interest rates

1.6 Related Party Securities

Hili Properties p.l.c. is a member of the Hili Ventures Group. Within the same group, 1923 Investments p.l.c., Premier Capital p.l.c., Hili Finance Company p.l.c. and Harvest Technology p.l.c. have the following listed securities. The below table also includes Hili Properties p.l.c.'s current listed securities.

Security	ISIN	Amount
4.5% Hili Properties plc 2025	MT0000941204	€37,000,000
Hili Properties p.l.c. Ord €0.20	MT0000940107	400,892,700 Shares
5.1% 1923 Investments plc Unsecured € 2024	MT0000841206	€36,000,000
3.75% Premier Capital plc Unsecured € 2026	MT0000511213	€65,000,000
3.85% Hili Finance Company plc 2028	MT0001891200	€40,000,000
3.8% Hili Finance Company plc 2029	MT0001891218	€80,000,000
3.8% Hili Finance Company plc 2029	MT0001891226	€50,000,000
Harvest Technology p.l.c. Ord €0.50	MT0002370105	22,780,636 Shares

1.7 Bond Guarantee

As per bond prospectus dated 18 September 2015, the Group's bond amounting to €37m is jointly and severally guaranteed by HIL and HEL. The Guarantors undertook that as long as the bond remains outstanding, the Guarantors shall collectively ensure that their aggregate net asset value will amount to not less than €37m at each financial reporting date. As at 31 December 2023, the aggregate net assets of both Guarantors together amounted to €40.4m (2022: €40.1m) and therefore covers the bonds in issue.

Part 2 - Historical Performance and Forecasts

The financial information below (section 2.1 to 2.3) is extracted from the audited consolidated financial statements of Hili Properties p.l.c. for the financial years ended 31 December 2021, 2022 and 2023. The projected financial information for the year ending 31 December 2024 has been provided by the Group's management.

The said projected financial information relates to events in the future and are based on assumptions which the Group believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

2.1 Issuer's Income Statement

Hili Properties p.l.c. Statement of Comprehensive Income for the year ended 31 December	2021A	2022A	2023A	2024F
	€'000s	€'000s	€'000s	€'000s
Revenue	8,451	12,526	16,268	15,722
Net operating expenses	(3,546)	(4,079)	(4,139)	(3,787)
EBITDA	**4,905**	**8,447**	**12,129**	**11,935**
Depreciation and amortisation	(47)	(48)	(61)	(52)
EBIT	**4,858**	**8,399**	**12,068**	**11,883**
Net investment income	2,124	3,042	2,457	368
Net finance costs	(3,223)	(4,643)	(6,931)	(6,766)
Profit before tax	**3,759**	**6,798**	**7,594**	**5,485**
Income tax	(590)	(826)	(1,167)	(2,216)
Profit after tax	**3,169**	**5,972**	**6,427**	**3,269**
Other comprehensive income				
Exchange differences - foreign operations	(26)	16	132	-
Total Comprehensive income	**3,143**	**5,988**	**6,559**	**3,269**

EBITDA Derivation	2021A	2022A	2023A	2024F
	€'000s	€'000s	€'000s	€'000s
EBITDA has been calculated as follows:				
Operating profit (EBIT)	4,858	8,399	12,068	11,883
Adjustments:				
Depreciation and amortisation	47	48	61	52
EBITDA	**4,905**	**8,447**	**12,129**	**11,935**

Ratio Analysis	2021A	2022A	2023F	2024F
Profitability				
Growth in Revenue (YoY Revenue Growth)	4.2%	48.2%	29.9%	-3.4%
EBITDA Margin (EBITDA / Revenue)	58.0%	67.4%	74.6%	75.9%
Operating (EBIT) Margin (EBIT / Revenue)	57.5%	67.1%	74.2%	75.6%
Net Margin (Profit for the year / Revenue)	37.5%	47.7%	39.5%	20.8%
Return on Common Equity (Net Income / Average Equity)	3.7%	5.1%	5.1%	2.7%
Return on Assets (Net Income / Average Assets)	1.8%	2.6%	2.5%	1.3%

Following the substantial acquisitions made by the Issuer in FY22, management shifted its focus towards managing the newly acquired assets and portfolio optimisation. The full year inclusion of the revenues generated by the assets acquired in 2022 have led to another record performance for the Group with revenues increasing 29.9% and reaching €16.3m. Management is forecasting FY24 revenues to be slightly lower at €15.7m, provided that within the upcoming year, no revenues will be generated from the shopping centre disposed of in early 2024.

The Group's net operating expenditure during FY23 amounted to *circa* €4.1m, similar to the FY22 amount. Moving forward, management is forecasting net operating expenses to decrease to around €3.8m in line with the lower revenue projection and effective cost management.

The Group reported an EBIDTA of €12.1m in FY23 (FY22: €8.5m), with this projected to remain stable at €11.9m in FY24. This led to EBITDA and EBIT of 74.6% and 74.2% respectively.

Net investment income amounted to €2.5m during FY23 and mainly relates to net increases in fair value gains on the properties located in Malta, Romania and the Baltic Countries net of any decreases in fair value of investment properties. Investment income is expected to be minimal during FY24 at €0.4m whereby management is taking a prudent approach not assuming any significant changes in the fair value of its properties.

The Group incurred a higher level of finance costs during FY23, amounting to €6.9m. The increase in finance costs is attributable partly to the full year interest costs incurred on the properties acquired in 2022, and also due to higher interest rates charged by banks across the Baltics, Romania and Malta. Where possible, the group has taken measures to counteract the higher interest rates through derivative financial instruments targeting a stable EURIBOR and through loan restructure.

Interest costs in FY24 are expected to remain at the same levels as those in FY23.

Tax incurred by the Group during FY23 amounted to €1.2m with management forecasting this to reach €2.2m in FY24 due to dividends being distributed from the Baltics, down to Malta.

The Group reported a profit after tax of around €6.4m during FY23 (FY22: €6.0m). In FY23, the Group benefited from a slight movement in exchange differences from foreign operations of €132k.

Moving into FY24 the Issuer is forecasting a profit after tax of €3.3m mainly due to the increased tax payments and lower investment income.

2.1.1 Variance Analysis

Hili Properties p.l.c. Statement of Comprehensive Income for the year ended 31 December	Dec-23 Forecast	Dec-23 Audited	Variance
	€'000s	€'000s	€'000s
Revenue	14,507	16,268	1,761
Net operating expenses	(3,826)	(4,139)	(313)
EBITDA	**10,681**	**12,129**	**1,448**
Depreciation and amortisation	(74)	(61)	13
EBIT	**10,607**	**12,068**	**1,461**
Net investment income	755	2,457	1,702
Net finance costs	(5,334)	(6,931)	(1,597)
Profit before tax	**6,028**	**7,594**	**1,566**
Income tax	(1,014)	(1,167)	(153)
Profit after tax	**5,014**	**6,427**	**1,413**
Other comprehensive income			
Exchange differences - foreign operations	-	131	131
Total Comprehensive income	**5,014**	**6,558**	**1,544**

When compared to the forecasts made in last year's analysis the Group exceeded revenue expectations by €1.8m. The higher revenues achieved by the group are attributable to revenues generated from the Art Business Centre which is a subsidiary that was planned to be disposed of in FY23, but was retained. The other noticeable variances are related to a positive variance in net investment income due to increased uplifts from the Romanian segment and a negative variance attributable to higher net finance costs. The higher interest rates recorded are also related to the Art Business Centre, whereby the loan related to the property was retained as opposed to being paid off in full.

This led to a profit after tax of €6.4m compared to the €5.0m initially forecasted. Total comprehensive income amounted to €6.6m, implying an overall improvement of €1.5m over previous expectations due to a slight positive movement in the exchange differences of foreign operations.

2.2 Issuer's Statement of Financial Position

Hili Properties p.l.c. Statement of Financial Position for the year ended 31 December	2021A	2022A	2023A	2024F
	€'000s	€'000s	€'000s	€'000s
Assets				
Non-current assets				
Goodwill and other intangibles	16	16	16	16
Property, plant and equipment	75	110	121	58
Investment properties	124,626	232,298	228,816	160,669
Property held for sale	11,970	3,700	3,700	-
Other financial assets	24,500	-	-	-
Loans and receivables	1,225	547	547	547
Other non-current assets	2,341	5,712	4,707	4,345
Total non-current assets	**164,753**	**242,383**	**237,907**	**165,635**
Current assets				
Property held for sale	-	-	7,000	62,649
Loans and other receivables	3,089	28	1,043	303
Other assets	3,661	2,976	3,232	13,294
Cash and cash equivalents	37,193	10,983	6,398	1,344
Total current assets	**43,943**	**13,987**	**17,673**	**77,590**
Total assets	**208,696**	**256,370**	**255,580**	**243,225**
Equity				
Called up share capital	80,179	80,179	80,179	80,179
Other reserves	7,090	7,125	7,210	7,213
Retained earnings	23,612	28,935	30,206	28,716
Non-controlling interests	-	8,691	9,550	-
Total equity	**110,881**	**124,930**	**127,145**	**116,108**
Liabilities				
Non-current liabilities				
Borrowings and bonds	84,413	103,634	107,862	50,920
Other financial liabilities	573	2,227	1,820	1,860
Deferred tax & other non-current liabilities	3,497	5,904	6,013	5,052
Total non-current liabilities	**88,483**	**111,765**	**115,695**	**57,832**
Current liabilities				
Bank loans	4,796	14,834	7,916	28,155
Debt securities in issue	-	-	-	36,939
Other financial liabilities	722	37	38	50
Other current liabilities	3,814	4,804	4,785	4,141
Total current liabilities	**9,332**	**19,675**	**12,740**	**69,285**

Total liabilities	**97,815**	**131,440**	**128,435**	**127,117**
Total equity and liabilities	**208,696**	**256,370**	**255,580**	**243,225**

Ratio Analysis	2021A	2022A	2023F	2024F
Financial Strength				
Gearing 1 (Net Debt / Net Debt and Total Equity)	32.5%	46.8%	46.7%	50.1%
Gearing 2 (Total Liabilities / Total Assets)	46.9%	51.3%	50.3%	52.3%
Gearing 2 (Net Debt / Total Equity)	48.1%	87.8%	87.5%	100.4%
Net Debt / EBITDA	10.9x	13.0x	9.2x	6.7x
Current Ratio (Current Assets / Current Liabilities)	4.7x	0.7x	1.4x	1.1x
Interest Coverage level 1 (EBITDA / Cash interest paid)	1.5x	2.0x	1.8x	1.8x
Interest Coverage level 2 (EBITDA / Finance costs)	1.5x	1.8x	1.7x	1.8x

As per FY23 results, the Group's total assets amounted to €255.6m (FY22: €256.4m) and primarily consisted of investment properties, which on aggregate amounted to *circa* 89.5% of total assets. In FY23, the movement in investment property is attributable mainly to the reclassification of the shopping centre in Dzelzavas Street, from investment property, to property held for sale.

The Group's total non-current assets are also composed of property held for sale, which as at FY23 amounted to €3.7m and relate to the Villa Marika property. The group also has €4.7m worth of other non-current assets, which relate to deferred tax assets, trade and other receivables, right of use assets and restricted cash. The Group's non-current assets are expected to decrease to €165.9m during FY24, mainly because of further reclassifications of investment property to held for sale. These eventual disposals are in line with the Groups business development strategy as also outlined in the prospectus to the share issue.

The Group's current assets, which are mainly composed of property held for sale, other assets and cash and cash equivalents, increased to €17.7m during FY23 (FY22: €14.0m). This increase is due to the aforementioned reclassification to properties held for sale. Overall, the Group is anticipating total assets to amount to €243.2m during FY24.

The Group's total equity increased to €127.1m during the year mainly due to the higher retained earnings. This is expected to decrease to €116.1m in FY24 as the Group buys the remaining shareholding in Baneasa and the non-controlling interest is removed from the Group's balance sheet.

Other than equity, the Group is financed through bank loans and bonds, which, as at FY23, amounted to €115.8m (FY22: €118.4). The Group's bank borrowings are secured by general hypothecs, pledges and guarantees provided by Group companies. The bonds constitute unsecured obligations of the Company and rank equally without priority or preference with all other present and future unsecured and unsubordinated obligations of the Issuer. Moving into FY24, the Group's total borrowings and bonds are expected to remain stable at *circa* €116.0m. Total liabilities during FY24 are projected to decrease to €127.1m.

When it comes to financial strength ratios, the Group currently has a Gearing 1 ratio of 46.7% with this expected to increase slightly in FY24 due to the lower equity base. Both interest coverage ratios are expected to remain strong.

2.2.1 Variance Analysis

Hili Properties p.l.c. Statement of Financial Position for the year ended 31 December	Dec-23 Forecast	Dec-23 Audited	Variance
	€'000s	€'000s	€'000s
Assets			
Non-current assets			
Goodwill and other intangibles	16	16	-
Property, plant and equipment	190	121	(69)
Investment properties	205,890	228,816	22,926
Property held for sale	-	3,700	3,700
Loans and receivables	547	547	-
Other non-current assets	1,261	4,707	3,446
Total non-current assets	**207,904**	**237,907**	**30,003**
Current assets			
Property held for sale	-	7,000	7,000
Loans and other receivables	175	1,043	868
Other assets	5,246	3,232	(2,014)
Cash and cash equivalents	14,307	6,398	(7,909)
Total current assets	**19,728**	**17,673**	**(2,055)**
Total assets	**227,632**	**255,580**	**27,948**
Equity			
Called up share capital	80,179	80,179	-
Other reserves	7,125	7,210	85
Retained earnings	29,020	30,206	1,186
Non-controlling interests	9,294	9,550	256
Total equity	**125,618**	**127,145**	**1,527**
Liabilities			
Non-current liabilities			
Borrowings and bonds	90,405	107,862	17,457
Other financial liabilities	2,028	1,820	(208)
Deferred tax & other non-current liabilities	5,052	6,013	961
Total non-current liabilities	**97,485**	**115,695**	**18,210**
Current liabilities			
Bank loans	1,920	7,915	5,995
Other financial liabilities	50	38	(12)
Other current liabilities	2,559	4,787	2,228
Total current liabilities	**4,529**	**12,740**	**8,211**
Total liabilities	**102,014**	**128,435**	**26,421**
Total equity and liabilities	**227,632**	**255,580**	**27,949**

The main variances arising within the Group's non-current assets during FY23 relate to investment property, property held for sale and other non-current assets. Within investment property, the Art Business Centre was expected to be disposed of in FY23 but ended up being retained whilst the shopping centre in Dzelzavas Street was reclassified to held for sale. Similarly, the Villa Marika property expected to be sold in FY23, still remains on the Group's balance sheet as held for sale under non-current assets. Lastly, the variance in other non-current assets is related to reclassification between non-current and current assets. When it comes to current assets the 2 main variances are the reclassification of the shopping centre mentioned previously along with a lower-than-expected cash position due to the Villa Marika property sale not yet being realised. The Group's equity was more or less in line with the projections set out in last year's Analysis. For non-current liabilities, the biggest movement came from borrowings and bonds due to the fact that a €16.0m loan which was forecasted to be repaid following the disposal of the Art Business Centre (which did not occur) was not repaid. Finally, the main variance in the Group's current liabilities comes in the form of an additional €6.0m in bank loans, due to a reclassification from non-current to current liabilities.

2.3 Issuer's Statement of Cash Flows

Hili Properties p.l.c. Cash Flows Statement for the year ended 31 December	2021A	2022A	2023A	2024F
	€'000s	**€'000s**	**€'000s**	**€'000s**
Cash flows from operating activities	5,457	13,147	10,726	11,393
Interest paid	(3,316)	(4,300)	(6,730)	(6,647)
Income tax paid	(965)	(404)	(735)	(2,592)
Net cash flows generated from operating activities	**1,176**	**8,443**	**3,261**	**2,154**
Net cash flows generated from/(used in) investing activities	**(20,080)**	**(27,003)**	**(1,777)**	**(2,907)**
Net cash flows generated from / (used in) financing activities	**53,064**	**(7,666)**	**(6,201)**	**(4,301)**
Movement in cash and cash equivalents	**34,160**	**(26,226)**	**(4,717)**	**(5,054)**
Cash and cash equivalents at start of year	3,059	37,193	10,983	6,398
Foreign exchange adjustment	(26)	16	132	-
Cash and cash equivalents at end of year	**37,193**	**10,983**	**6,398**	**1,344**

Ratio Analysis	2021A	2022A	2023F	2023F
Cash Flow				
Free Cash Flow (Net cash from operations + Interest - Capex)	€3,689	€12,243	€8,930	€7,741

Following the positive performance registered in FY23, the Group reported a net cash generated from operating activities of €3.3m (FY22: €8.4m). Net cash generated from operating activities is projected to decrease slightly to around €2.2m during FY24, mainly due to higher taxes expected to be incurred in 2024

With respect to investing activities, net cash outflow in FY23 amounted to *circa* €1.8m and mainly relates to a €1.1m addition to investment property and a €1.0m advancement to the parent company. Moving forward, net cash used in investing activities is expected to increase to circa €2.9m.

Net cash used in financing activities amounted to around €6.2m during FY23 (FY22: €7.7m). This is mainly attributable to the repayment of bank loans, which amounted to €4.3m and dividends paid of €4.3m.

The free cash flow takes into account the Group's ongoing improvements to the current asset bases, which form part of the Group's overall capital expenditure. Free cash flow in FY23 amounted to €8.9m and is forecasted to be €7.7m in FY24.

2.3.1 Variance Analysis

Hili Properties p.l.c. Statement of Cash Flows for the year ended 31 December	Dec-23	Dec-23	Variance
	Forecast	Audited	
	€'000s	€'000s	€'000s
Cash flows from operating activities	10,588	10,726	138
Interest paid	(5,021)	(6,730)	(1,709)
Income tax paid	(551)	(735)	(184)
Net cash flows generated from operating activities	**5,016**	**3,261**	**(1,755)**
Net cash flows generated from/(used in) investing activities	**13,575**	**(1,777)**	**(15,352)**
		-	
Net cash flows generated from / (used in) financing activities	**(15,283)**	**(6,201)**	**9,082**
		-	
Movement in cash and cash equivalents	**3,308**	**(4,717)**	**(8,025)**
Cash and cash equivalents at start of year	10,983	10,983	-
Foreign exchange adjustment	16	132	116
Cash and cash equivalents at end of year	**14,307**	**6,398**	**(7,909)**

Net cash flows from operating activities realised in FY23 were lower by €1.8m as compared to the forecasted operating cash of circa €5.0m as originally forecasted. The decrease in actual cash flows from operating activities is triggered by the retention of assets assumed to be sold in 2023, aswell as higher interest rates on the current loans.

The main variance concerning investing activities was that the proceeds from the disposal of the Art Business Centre and the Villa Marika property were not realised which led to an outflow of €1.8m compared to an expected inflow of €13.6m.

Turning to financing activities, the outflows realised in F23 did not include the early repayment of bank loans which were originally forecasted for 2023.

2.4 Harbour (APM) Investments Ltd

The following financial information is extracted from the audited financial statements of Harbour (APM) Investments Ltd ("**HIL**") for the financial years ended 31 December 2021 to 2023. The projected financial information for the year ending 31 December 2024 has been provided by Group management. The projected financial information detailed below relates to events in the future and are based on assumptions which the Group believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

Income Statement	2021A	2022A	2023A	2024F
	€'000s	€'000s	€'000s	€'000s
Rental Income	25	35	35	35
Administrative expenses	(21)	(67)	(19)	(26)
Finance and other income	61	36	51	4
Finance costs	(2)	-	(30)	-
Investment income / (loss)	-	(7)	-	-
Profit before tax	**63**	**(3)**	**37**	**13**
Taxation	(28)	(22)	(19)	(9)
Profit after tax	**35**	**(25)**	**18**	**4**

Statement of Financial Position	2021A	2022A	2023A	2024F
	€'000s	€'000s	€'000s	€'000s
Assets				
Non-current assets				
Investment property	25,757	25,750	26,000	26,000
Loans and other receivables	-	1,283	88	108
Total non-current assets	**25,757**	**27,033**	**26,088**	**26,108**
Current assets				
Loans and other receivables	1,274	26	-	-
Other receivables	4	1	2	-
Current tax assets	-	-	9	13
Cash and cash equivalents	198	204	66	61
Total current assets	**1,476**	**231**	**77**	**74**
Total assets	**27,233**	**27,264**	**26,165**	**26,181**
Equity				
Equity and reserves	24,447	24,422	24,053	24,057
Total equity	**24,447**	**24,422**	**24,053**	**24,057**
Liabilities				
Non-current liabilities				
Bank borrowings and other financial liabilities	288	690	-	-
Deferred tax liabilities	2,060	2,060	2,080	2,100
Total non-current liabilities	**2,348**	**2,750**	**2,080**	**2,100**

Current liabilities				
Other payables	438	92	32	25
Bank loans	-	-	-	
Total current liabilities	**438**	**92**	**32**	**25**
Total liabilities	**2,786**	**2,842**	**2,112**	**2,125**
Total equity and liabilities	**27,233**	**27,264**	**26,165**	**26,182**

Cash Flows Statement	2021A	2022A	2023A	2024F
	€'000s	**€'000s**	**€'000s**	**€'000s**
Net cash flows generated from operating activities	**55**	**5**	**4**	**4**
Net cash flows generated from/(used in) investing activities	**939**	**-**	**-**	**-**
Net cash flows generated from / (used in) financing activities	**(796)**	**1**	**(142)**	**(9)**
Movement in cash and cash equivalents	**198**	**6**	**(138)**	**(5)**
Cash and cash equivalents at start of year		198	204	66
Cash and cash equivalents at end of year	**198**	**204**	**204**	**61**

Ratio Analysis	2021A	2022A	2023A	2024F
Financial Strength				
Gearing 1 (Net Debt / Net Debt and Total Equity)	0.4%	2.0%	-0.3%	-0.3%
Gearing 2 (Total Liabilities / Total Assets)	10.2%	10.4%	8.1%	8.1%

HIL owns land at Bengħajsa, Malta which, as at 31 December 2023, was valued at €26.0m. As noted in section 1 of the Analysis, in FY22, the Group finalised the acquisition of the shares of HIL, thereby effectively adding to its portfolio circa 92,000m2 at Bengħajsa. In line with previous projections, the FY23 results incorporate minimal rental income concerning a portion of the land which is currently being leased out to a third party. No other significant activities occurred during FY23 and no material movements are forecasted for FY24.

2.5 Hili Estates Limited

The following financial information is extracted from the audited financial statements of Hili Estates Limited ("**HEL**") for the financial years ended 31 December 2021 to 2023. The projected financial information for the year ending 31 December 2024 has been provided by Group management. The projected financial information detailed below relates to events in the future and are based on assumptions which the Group believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

Income Statement	**2021A**	**2022A**	**2023A**	**2024F**
	€'000s	**€'000s**	**€'000s**	**€'000s**
Revenue	1,031	1,151	1,037	1,036
Net operating expenses	(79)	(130)	(100)	(91)
EBITDA	**952**	**1,021**	**937**	**945**
Depreciation and amortisation	(1)	-	-	
EBIT	**951**	**1,021**	**937**	**945**
Net investment income	-	115	308	152
Net finance costs	175	20	(201)	(116)
Profit before tax	**1,126**	**1,156**	**1,044**	**981**
Income tax	(355)	(382)	(344)	(324)
Profit after tax	**771**	**774**	**700**	**657**

Statement of Financial Position	**2021A**	**2022A**	**2023A**	**2024F**
	€'000s	**€'000s**	**€'000s**	**€'000s**
Assets				
Non-current assets				
Investment properties	16,900	17,100	17,500	17,652
Property, plant and equipment	-	-	-	
Right of use of assets	-	-	-	
Loans and other receivables	8,800	10,052	4,562	4,561
Total non-current assets	**25,700**	**27,152**	**22,062**	**22,213**
Current assets				
Loans and other receivables	5,215	5,845	1,925	1,575
Cash and cash equivalents	1,476	204	25	165
Current tax asset			64	64
Total current assets	**6,691**	**6,049**	**2,014**	**1,740**
Total assets	**32,391**	**33,201**	**24,076**	**24,017**
Equity				
Equity and reserves	14,909	15,683	16,384	17,058
Total equity	**14,909**	**15,683**	**16,384**	**17,058**

Liabilities				
Non-current liabilities				
Bank Borrowings and loans	6,846	6,067	5,356	4,597
Deferred tax & other non-current liabilities	6,159	10,003	1,438	1,452
Total non-current liabilities	**13,005**	**16,070**	**6,794**	**6,049**
Current liabilities				
Bank overdraft and loans	247	955	765	802
Other financial liabilities	3,625	-	-	
Other payables	605	493	133	108
Total current liabilities	**4,477**	**1,448**	**898**	**910**
Total liabilities	**17,482**	**17,518**	**7,692**	**6,959**
Total equity and liabilities	**32,391**	**33,201**	**24,076**	**24,017**

Cash Flows Statement	2021A	2022A	2023A	2024F
	€'000s	€'000s	€'000s	€'000s
Cash flows from operating activities	889	1,303	1,285	1,317
Interest paid	(230)	(293)	(459)	(349)
Income tax paid	(477)	(236)	(545)	(345)
Net cash flows generated from operating activities	**181**	**774**	**281**	**624**
Net cash flows generated from/(used in) investing activities	**(3,515)**	**303**	**899**	**624**
Net cash flows generated from / (used in) financing activities	**4,690**	**(2,349)**	**(1,360)**	**(1,107)**
Movement in cash and cash equivalents	**1,357**	**(1,272)**	**(180)**	**140**
Cash and cash equivalents at start of year	119	1,476	204	24
Cash and cash equivalents at end of year	**1,476**	**204**	**24**	**164**

Ratio Analysis	2021A	2022A	2023A	2024F
Financial Strength				
Gearing 1 (Net Debt / Net Debt and Total Equity)	27.4%	30.3%	27.1%	23.5%
Gearing 2 (Total Liabilities / Total Assets)	54.0%	52.8%	31.9%	29.0%

During the year under review, HEL was principally engaged in the management of the Nineteen-twenty-three building in Marsa, Malta. Rental income generated in FY23 amounted to €1.0m which is slightly lower than they FY22 figure. Operating expenditure also came in lower during FY23 when compared to FY22, and this led to an EBITDA of €0.9m (FY22: €1.0m). HIL's profit after tax is expected to amount to €0.7m in FY24. During FY22, the company's investment property increased by €0.4m to €17.5m and is forecasted to increase by another €0.1m in FY24. Total bank borrowings and loans during FY23 amounted to circa €6.1m. Total borrowings are expected to taper down to €5.4m, predominantly due to bank loan repayments expected to take place during FY24.

Part 3 - Key Market and Competitor Data

3.1 European Economic Forecast [1]

The EU economy staged a comeback at the start of the year, following a prolonged period of stagnation. Though the growth rate of 0.3% estimated for the first quarter of 2024 is still below estimated potential, it exceeded expectations. Activity in the euro area expanded at the same pace, marking the end of the mild recession experienced in the second half of last year. Meanwhile, inflation across the EU cooled further in the first quarter.

This Spring Forecast projects GDP growth in 2024 at 1.0% in the EU and 0.8% in the euro area. This is a slight uptick from the Winter 2024 interim Forecast for the EU, but unchanged for the euro area. EU GDP growth is forecast to improve to 1.6% in 2025, a downward revision of 0.1 pps. from winter. In the euro area, GDP growth in 2025 is projected to be slightly lower, at 1.4% - also marginally revised down. Importantly, almost all Member States are expected to return to growth in 2024. With economic expansion in the southern rim of the EU still outpacing growth in north and western Europe, economic convergence within the EU is set to progress further.

Economic activity broadly stagnated in 2023. Private consumption only grew by 0.4%. Despite robust employment and wage growth, labour incomes barely outpaced inflation. Moreover, households put aside a larger share of their disposable incomes than in 2022, as high interest rates kept the opportunity cost of consumption elevated, while high uncertainty, the erosion of the real value of wealth by inflation and the fall in real estate prices sustained precautionary savings. Investment grew by 1.5% in 2023, but largely driven by a sizeable carry-over from 2022.

Especially towards the end of the year, weakness in investment was widespread across Member States and asset types, with a pronounced downsizing of the interest-rate-sensitive construction sector. External demand did not provide much support either, weighed down by a sharp slowdown in global merchandise trade. Still, with domestic demand stagnating, imports contracted more than exports. Meanwhile, HICP inflation has continued declining. From a peak of 10.6% in October 2022, inflation in the euro area is estimated to have reached 2.4% in April 2024. Inflation in the EU followed a similar path, with the March reading coming in at 2.6%. Rapid fall in retail energy prices throughout 2023 was the main driver of the inflation decline, but underlying inflationary pressures started easing too in the second half of 2023, amidst the weak growth momentum.

Expectations for imminent and decisive rate cuts across the world have been pared back in recent weeks, as underlying inflationary pressures - especially in the US – have proved more persistent than previously expected. In the euro area, where the European Central Bank last hiked its policy interest rates in September 2023, markets now expect a more gradual pace of policy rate cuts than in winter. Euribor-3 months futures suggest that euro area short-term nominal interest rates will decrease from 4% to 3.2% by the end of the year and to 2.6% by the end of 2025.

3.2 Malta Economic Outlook[2]

According to the Bank's latest forecasts, Malta's gross domestic product (GDP) is expected to grow by 4.4% in 2024. Growth is then expected to edge down to 3.6% in 2025, and to 3.3% by 2026. This implies an upward revision in 2024, when compared to the Bank's previous projections, while for 2025 and 2026 the outlook is unchanged. The upward revision is mainly on account of positive revisions in private consumption and net exports in the latest national accounts data release.

While in 2023, growth is expected to have been primarily driven by net exports, domestic demand is envisaged to be the main driver of growth in 2024. Private consumption growth continues at a brisk pace and private investment, is expected to recover slowly. Net exports are also projected to contribute positively, driven mainly by services exports. Growth in 2025 and 2026 is also expected to be led by domestic demand.

Employment growth is set to moderate in the projection horizon, while wages are expected to pick-up in 2024, in view of the high inflation in the recent past, and a tight labour market.

[1] European Economic Forecast – Spring 2023

[2] Central Bank of Malta – Central Bank’s Forecast 2022-2025

Annual inflation based on the Harmonised Index of Consumer Prices is projected to ease from 5.6% in 2023, to 2.9% in 2024, before reaching 1.9% by 2026. It is thus foreseen to remain above the Eurosystem price stability objective this year due to lingering indirect effects through the response of wages to recent increases in input costs and profit margins. However, compared to previous projections, inflation has been revised down by 0.1 percentage point throughout the forecast period, in line with recent data outturns.

The general government deficit-to-GDP ratio is set to decline throughout the projection horizon. The general government debt-to-GDP ratio is set to increase, and to reach 54.3% by 2026. When compared with the previous projection round, the projected deficit and debt ratios were both revised downwards.

On balance, risks to economic activity are tilted to the downside in 2024, as the ongoing geopolitical tensions could weigh on trade. In particular, disruptions to shipping around the Suez Canal could give rise to some supply bottlenecks or longer waiting times, apart from possible higher costs. Risks are more balanced in the following years.

Risks to inflation are also balanced. Upside risks relate mainly to ongoing geopolitical tensions especially disruptions to trade in the Red Sea, as well as the potential impact of Fit-for-55 measures and extreme weather events. On the other hand, downside risks relate to a stronger pass-through from monetary tightening to domestic financial and real economic conditions, as well as the impact from the Government's measure to curb prices of selected food products in the short term.

On the fiscal side, risks are tilted to the downside from 2024 (deficit-increasing). These mainly reflect the possibility of higher-than-expected outlays on energy support measures, in the event that commodity prices are higher than envisaged. They also reflect the likelihood of additional expenditure on pensions and public sector wages. These risks are partly offset by the likelihood of a pick-up in the pace of fiscal consolidation in the outer years of the forecast horizon.

3.3 Baltic Real Estate Retail Market[3]

The real estate landscape in the Baltic States during 2023 witnessed mixed trends across various sectors, characterized by subdued investment volumes and fluctuating demand dynamics. This report offers an in-depth analysis of key developments in the region's real estate market, highlighting notable trends, challenges, and projections for the upcoming period.

In 2023, the total investment volume in the Baltic States remained below the EUR 1 billion mark, amounting to EUR 925 million, marking the lowest result since 2015. Lithuania maintained its position as the investment leader for the eighth consecutive year, while both Estonia and Latvia experienced investment volumes below the expected yearly level. The higher interest rate environment exerted pressure on investment activity, leading to a decrease in the total number of transactions. Notably, the office segment emerged as the top choice for investors, with significant deals concentrated towards the year-end.

The office segment, particularly in Lithuania, remained the primary driver of investment activity, attracting 45% of the total investment volume in 2023. Notable acquisitions, such as the Technopolis campus in Vilnius and the Rimi Baltic Distribution Centre, underscored investor interest in prime office assets. Despite ongoing development activity, finding qualified anchor tenants remained crucial for initiating construction work. Market conditions favored tenants, with rising vacancy rates and a trend towards hybrid work arrangements influencing leasing decisions.

Industrial development in the Baltic States remained active, driven by speculative developers and build-to-suit projects by key players such as VGP. Demand for industrial premises, particularly within Riga or its vicinity, remained steady, with logistics and automotive sectors leading tenant segments. Looking ahead to 2024, the industrial segment is expected to witness stable demand, with an influx of both build-to-suit and speculative space projects.

The retail sector faced challenges related to inflation, declining purchasing power, and energy costs throughout 2023. Refurbishment and diversification of tenant mix emerged as key strategies for landlords and investors to

[3]https://www.colliers.com/en-lv/research/colliers-2023-baltic-real-estate-market-overview

navigate market conditions. Notable demand generators included outlets, sport-fashion, and discount retailers, although market saturation and competition intensified. The outlook for 2024 suggests a shift towards smaller retail park developments and increased activity in smaller cities.

Looking forward, the real estate market in the Baltic States is expected to witness moderate growth and stabilization in 2024. Improved financing conditions and declining interest rates are poised to encourage heightened activity among developers. Major office and industrial projects, such as Horizontai and Tech Zity Lelija, are set to expand, contributing to the region's commercial space stock. Additionally, a trend towards mixed-use projects and green certification is expected to reshape the market landscape.

3.4 Romanian Real Estate Retail Market[4]

In 2023, Romania experienced robust economic growth, marked by a consistent upward trajectory in its national GDP and a concurrent decrease in the Consumer Price Index (CPI). This trend of expansion underscores a year of notable economic advancement for the nation, reflecting a resilient and evolving market landscape. Investment activities during this period remained discerning, with a notable focus on high-quality assets such as Mitiska REIM's retail park portfolio, which was acquired by M Core in a landmark deal representing 44% of the year's total investment volume. This transaction stands as the largest deal in recent history within the realm of properties with retail applications, signaling a strategic alignment with quality-driven investment strategies.

Furthermore, the office sector in Bucharest witnessed record-breaking leasing activity, with nearly half a million square meters of space leased. This surge in demand resulted in an expansion of modern office stock, which stood at 3.41 million square meters by the end of 2023, following the addition of 110,000 leasable square meters encompassing five new buildings. Notably, this new supply was predominantly welcomed by key sub-markets including the Center, Center-West, and North-West regions, highlighting a decentralized growth pattern within the city.

Meanwhile, Romania's industrial sector saw significant milestones as the industrial stock surpassed the 7.0 million square meter threshold, accompanied by a remarkable volume of leased areas, with leasing activity trailing only 11% lower than the record-setting year of 2022. This sustained activity underscores the resilience and attractiveness of Romania's industrial market, positioning it as a key player within the broader European industrial landscape.

In the realm of retail, Romania experienced a notable surge in new supply, nearly tripling from the previous year and surpassing benchmarks set in 2019, a pivotal year for the retail market. With the addition of approximately 251,000 square meters of new supply in 2023, the modern retail stock in Romania reached 4.34 million square meters by year-end, signaling a robust expansion and diversification within the retail sector.

Moreover, the land market witnessed considerable activity, with over 100 hectares of development land plots sold nationwide, primarily earmarked for residential, mixed-use, and retail purposes. This significant land transaction volume underscores a growing appetite for development opportunities across various sectors, further bolstering Romania's position as an emerging market ripe with potential for investment and growth.

3.5 Malta Real Estate Retail Market

The strong economic growth sustained by the Maltese economy in recent years has contributed to a rise in the employment rate and the influx of foreign workers within the Maltese workforce. This has contributed to an increase in the demand for rental of office and commercial space in Malta. To address such growing demand, the supply of office and commercial space in Malta has considerably increased over the last couple of years. Of note, there are several traditional business areas in Malta. For instance, Sliema attracts many international brands and companies. Likewise, Valletta, being Malta's capital city, is considered as the hub for law firms and many long-established family businesses.

Other traditional commercial areas include the likes of St. Julian's, which is popular for its sea-view offices, and Floriana, which attracts businesses that want to be located in the vicinity of Valletta. In furtherance, there are also top-quality commercial developments within in the proximity of the airport and in other residential areas such as Naxxar,

[4] https://www.cbre.ro/en/research-and-reports/Romania-Real-Estate-Market-Outlook-2023

Mosta, Mellieha and in parts of the south of Malta. The variety of commercial and office space in Malta cater for every type of business, from start-ups to established global organisations. In this regard, numerous business centres have recently been developed, with new centres in the pipeline.

Data specifically related to commercial property in Malta is limited, thus making it more challenging to identify the exact state of this sector. Nevertheless, it is evident that Malta has, over recent years, completely evolved and has attracted a numerous amount of foreign companies related to sectors within the financial services, gaming and IT. It is therefore apparent that the demand for good commercial property has drastically increased, whereby Malta's property sector has been dominated by a situation of demand seemingly excessing supply. The latter has resulted into the majority of high-quality commercial developments being fully let.

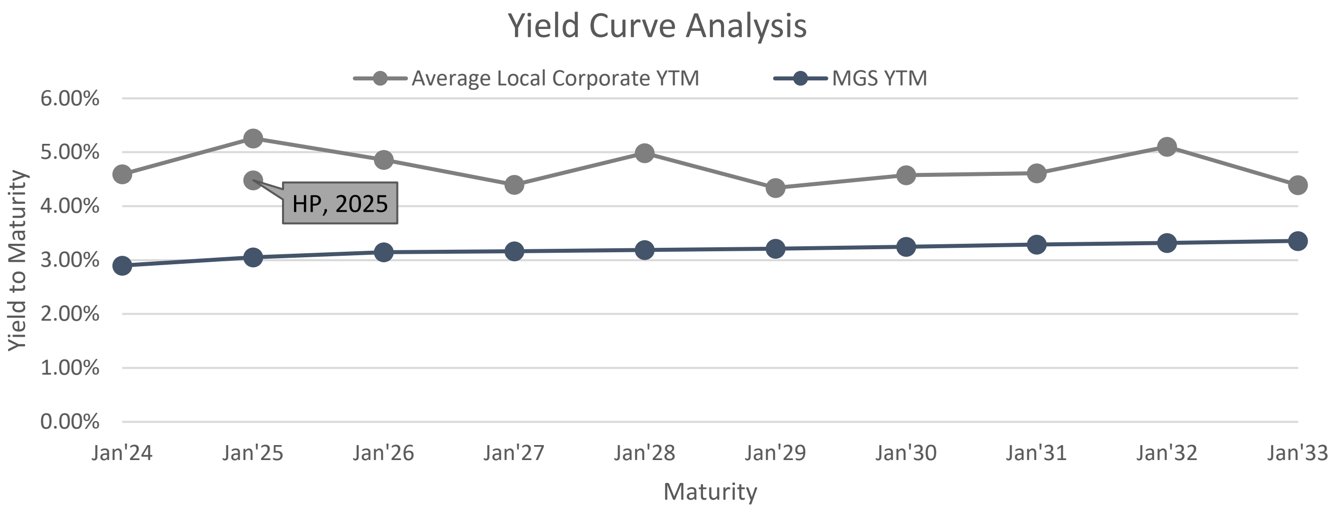
3.6 Comparative Analysis

The purpose of the table below compares the debt issuance of the Issuer to other debt instruments. Additionally, we believe there is no direct comparable company related to the Issuer and, as such, we included a variety of securities with different maturities. More importantly, we have included different securities with similar maturity as the debt securities of the Issuer. One must note that, given the material differences in profiles and industries, the risks associated with the Issuer's business and that of other issuers is therefore different

Security	Nom Value	Yield to Maturity	Interest coverage (EBITDA)	Total Assets	Total Equity	Total Liabilities / Total Assets	Net Debt / Net Debt and Total Equity	Net Debt / EBITDA	Current Ratio	Return on Common Equity	Net Margin	Revenue Growth (YoY)
	€000's	(%)	(times)	(€'millions)	(€'millions)	(%)	(%)	(times)	(times)	(%)	(%)	(%)
4.25% Best Deal Properties Holding plc Secured € 2024	1,267	4.17%	90.9x	34.3	8.9	74.1%	69.2%	5.8x	3.2x	12.5%	7.7%	4.6%
4.5% Hili Properties plc Unsecured € 2025	37,000	4.48%	1.8x	255.6	127.1	50.3%	46.2%	9.0x	1.4x	5.1%	39.5%	32.8%
5.25% Central Business Centres plc Unsecured € 2025 S2T1	2,974	5.25%	1.1x	65.7	23.8	63.7%	59.2%	24.9x	0.7x	0.2%	2.2%	-1.8%
4% MIDI plc Secured € 2026	50,000	4.43%	(.5)x	236.3	74.7	68.4%	40.8%	(46.9)x	3.2x	-1.7%	-37.3%	19.2%
4.4% Central Business Centres plc Unsecured € 2027 S1/17 T1	6,000	4.40%	1.1x	65.7	23.8	63.7%	59.2%	24.9x	0.7x	0.2%	2.2%	-1.8%
3.75% Tumas Investments plc Unsecured € 2027	25,000	4.09%	7.2x	240.7	146.9	39.0%	22.5%	2.1x	1.8x	6.6%	18.1%	20.0%
4% Exalco Finance plc Secured € 2028	15,000	4.00%	4.4x	77.8	52.9	32.1%	21.1%	3.9x	0.7x	4.0%	40.9%	3.5%
4% Central Business Centres plc Unsecured € 2027-2033	21,000	4.65%	1.1x	65.7	23.8	63.7%	59.2%	24.9x	0.7x	0.2%	2.2%	-1.8%
	Average	4.43%										

Source: Latest available audited financial statements

Last closing price as at 15/05/2024
*Average figures do not capture the financial analysis of the Issuer



The above graph illustrates the average yearly yield of all local issuers as well as the corresponding yield of MGSs (Yaxis) vs the maturity of both Issuers and MGSs (X-axis), in their respective maturity bucket, to which the spread premiums can be noted. The graph also illustrates on a stand-alone basis, the yield of Hili Properties plc bond. As at 16 May 2024, the average spread over the Malta Government Stock (MGS) for corporates with maturity range of 1 to 9 years (2024-2033) was 129 basis points. The current Hili Properties bond is trading at a YTM of 4.48%, translating into a spread of 143 basis points over the corresponding MGS. This means that this bond is trading at a premium of 14 basis points in comparison to the market.

Part 4 - Glossary and Definitions

Income Statement	
Revenue	Total revenue generated by the Group/Company from its principal business activities during the financial year.
Costs	Costs are expenses incurred by the Group/Company in the production of its revenue.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. It reflects the Group's/Company's earnings purely from operations.
EBIT (Operating Profit)	EBIT is an abbreviation for earnings before interest and tax.
Depreciation and Amortisation	An accounting charge to compensate for the decrease in the monetary value of an asset over time and the eventual cost to replace the asset once fully depreciated.
Net Finance Costs	The interest accrued on debt obligations less any interest earned on cash bank balances and from intra-group companies on any loan advances.
Profit After Taxation	The profit made by the Group/Company during the financial year net of any income taxes incurred.

Profitability Ratios	
Growth in Revenue (YoY)	This represents the growth in revenue when compared with previous financial year.
Gross Profit Margin	Gross profit as a percentage of total revenue.
EBITDA Margin	EBITDA as a percentage of total revenue.
Operating (EBIT) Margin	Operating margin is the EBIT as a percentage of total revenue.
Net Margin	Net income expressed as a percentage of total revenue.
Return on Common Equity	Return on common equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing the net income by the average common equity (average equity of two years financial performance).
Return on Assets	Return on assets (ROA) is computed by dividing net income by average total assets (average assets of two years financial performance).

Cash Flow Statement	
Cash Flow from Operating Activities (CFO)	Cash generated from the principal revenue producing activities of the Group/Company less any interest incurred on debt.
Cash Flow from Investing Activities	Cash generated from the activities dealing with the acquisition and disposal of long-term assets and other investments of the Group/Company.
Cash Flow from Financing Activities	Cash generated from the activities that result in change in share capital and borrowings of the Group/Company.
Capex	Represents the capital expenditure incurred by the Group/Company in a financial year.
Free Cash Flows (FCF)	The amount of cash the Group/Company has after it has met its financial obligations. It is calculated by taking Cash Flow from Operating Activities less the Capex of the same financial year.

Balance Sheet	
Total Assets	What the Group/Company owns which can de further classified into Non-Current Assets and Current Assets.
Non-Current Assets	Assets, full value of which will not be realised within the forthcoming accounting year
Current Assets	Assets which are realisable within one year from the statement of financial position date.
Inventory	Inventory is the term for the goods available for sale and raw materials used to produce goods available for sale.

Cash and Cash Equivalents	Cash and cash equivalents are Group/Company assets that are either cash or can be converted into cash immediately.
Total Equity	Total Equity is calculated as total assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.
Total Liabilities	What the Group/Company owes which can de further classified into Non-Current Liabilities and Current Liabilities.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Current Liabilities	Obligations which are due within one financial year.
Total Debt	All interest-bearing debt obligations inclusive of long and short-term debt.
Net Debt	Total debt of a Group/Company less any cash and cash equivalents.

Financial Strength Ratios	
Current Ratio	The Current ratio (also known as the Liquidity Ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares current assets to current liabilities.
Quick Ratio (Acid Test Ratio)	The quick ratio measures a Group's/Company's ability to meet its short-term obligations with its most liquid assets. It compares current assets (less inventory) to current liabilities.
Interest Coverage Ratio	The interest coverage ratio is calculated by dividing EBITDA of one period by cash interest paid of the same period.
Gearing Ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance total assets.
Gearing Ratio Level 1	Is calculated by dividing Net Debt by Net Debt and Total Equity.
Gearing Ratio Level 2	Is calculated by dividing Total Liabilities by Total Assets.
Gearing Ratio Level 3	Is calculated by dividing Net Debt by Total Equity.
Net Debt / EBITDA	The Net Debt / EBITDA ratio measures the ability of the Group/Company to refinance its debt by looking at the EBITDA.

Other Definitions	
Yield to Maturity (YTM)	YTM is the rate of return expected on a bond which is held till maturity. It is essentially the internal rate of return on a bond and it equates the present value of bond future cash flows to its current market price.