

Our Ref: PD/BS/37676

29th June 2022



The Board of Directors
IBI Group Holding Limited
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18 Bonham Strand West
Hong Kong

Property Consultants and
Chartered Valuation Surveyors

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**RE: ADELAIDE CHAMBERS, PETER STREET, DUBLIN 8
(VALUATION – 15TH April 2022)**

Dear Sirs,

INSTRUCTIONS, PURPOSE AND VALUATION DATE

We refer to your instructions to Bannon to assess the 'Market Value' of an office building (majority part of) known as Adelaide Chambers located at Peter Street, Dublin 8, Ireland (the "Property") which has been acquired by IBI International Investments Limited, a subsidiary of IBI Group Holdings Limited. We confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the Market Value of the Property as of 15th April 2022 (the "Valuation Date") for acquisition purposes.

VALUATION STANDARDS

This valuation has been prepared in accordance with the appropriate sections of the current edition of the RICS Valuation - Global Standards 2022 (January 2022 Edition), commonly referred to as 'The Red Book' and published by the RICS and Society of Chartered Surveyors in the Republic of Ireland (SCSI).

Our valuation also complies with International Valuation Standards (IVS) where appropriate.

VALUATION BASIS

Our valuation has been undertaken on the basis of Market Value.

'Market Value' (MV) is defined under Valuation Technical and Performance Standards (VPS) 4 of RICS Valuation Global Standards (January 2022 Edition) as follows:

'The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.'

VALUATION ASSUMPTIONS

In carrying out our valuation we have made standard general assumptions which include, inter alia, the following:

- Unencumbered effective freehold to the entire of the property, free of any encumbrances. Title has been assumed to be good and marketable.
- The property is fully compliant with planning, building and fire regulations and that there are no enforcement proceedings in existence or pending.
- We have made assumptions, as appropriate, in respect of building condition and there being no environmental or contaminative issues on-site.

For the purpose of this valuation, we have assumed that all local authority taxes and charges attached to the property (e.g., Commercial Rates, Development Contributions, Property Tax, Vacant Site Levy etc.) are discharged in full as at the date of valuation.

No allowance has been made for any expense in the event of a hypothetical disposal, or for any taxation (including VAT) which might arise in the event of any such disposal. We have disregarded any VAT implications in arriving at our valuation.

Our valuation relates to the property asset and excludes any company structure that may be involved in any ownership of the property.

VALUATION METHODOLOGY

In forming our opinion as to the market value of the Property we have utilised the investment method of valuation (i.e., rent and yield approach). This involves valuing the term incomes, allowing for voids and then valuing the reversion into perpetuity.

The basis of the adoption of the rent and yield approach for valuing the Property is that the Property will primarily be used for generating rental income from the existing tenancies. Since most of the units in the Property have been leased to tenants for terms of approximately 10 years, and it is expected that stable rental income will be generated during such tenancies, we are of the view that the rent and yield approach is an appropriate valuation method for the Property.

Our assessment of the Estimated Rental Value (ERV) for the Property is based upon our own experience of the office market together with the relevant comparison evidence set out in our Report & Valuation with particular regard to the recent evidence from within the Property.

The recent evidence from within the Property, considered by the Valuer for the assessment of the ERV of the Property, is as follows:

- Property: Adelaide Chambers, Peter Street Dublin 8, Ireland**
Letting: Lease renewal of Third Floor (West Wing)
Tenant: Sebela Ireland Limited
Area: 2,742 sq. ft. and five car spaces
Rent: €139,450 per annum (€44.47 per sq. ft. and €3,500 per car space)
Rent free period: Six months
Lease term: 10 years (with five-year break option) from 11 November 2021
- Property: Adelaide Chambers, Peter Street Dublin 8, Ireland**
Letting: Supplemental lease agreement for Lower Ground Floor and Part First Floor (West Wing)
Tenant: Decawave Limited (Qorvo)
Area: Lower Ground Floor: 3,500 sq. ft.
Part First Floor: 2,700 sq. ft.; and Seven car spaces
(The floor areas stated herein are based on the supplemental lease documents)
Rent: €286,000 per annum (Lower Ground Floor: €40.00 per sq. ft.
Part First Floor: €45.00 per sq. ft.; and €3,500 per car space)
Rent free period: Eight months
Lease term: Co-terminus with existing lease from 25 May 2021 to 31 July 2029 (with break option from 31 July 2026)

CURRENCY

Unless otherwise stated, all monetary figures within this Report & Valuation are reported in Euros (€).

SITE INSPECTION

An inspection of the Property was undertaken by Paul Doyle BSc, MSCSI, MRICS (Managing Director) and Ben Semple MA BBS MSCSI MRICS (Divisional Director) on 4th April 2022 in the company of Mr. Ross Fogarty (Knight Frank – Agent for the seller).

We have specifically relied upon the measurement survey as provided for the purpose of the International Property Measurement Standard (IPMS) / Net Internal Area (NIA) floor areas.

We were not instructed to undertake any structural surveys, tests for services, or arrange for any investigations to be carried out to determine whether any deleterious materials have been used in the construction of the Property or subsequent additions.

Our valuation has been undertaken on the assumption that the Property is in good structural repair and condition, contains no deleterious materials and the services function satisfactorily.

We would comment generally that the overall property appears to be in good condition with parts having undergone significant levels of refurbishment in recent years.

We have assumed that all mains' services are connected to the property and furthermore that all services operate satisfactorily including water, foul drainage and electricity.

INFORMATION SOURCES

We have relied upon information provided to us by the client in respect of the development which included:

- Knight Frank Investment sales brochure (2022) (Publicly Available online)
- Hollis Building Survey Report and Building Measurement Survey (Provided by the selling agency - Knight Frank)
- 2022 Service Charge Budget and Apportionment (Supplied by the selling agency and current management agents - Knight Frank)
- Occupational Leases and Side Letters (Provided by the selling agency - Knight Frank)
- Title Folio Extracts (Provided by the selling agency - Knight Frank)
- Long Leasehold to Republic of Croatia Embassy (Provided by the selling agency - Knight Frank)

TITLE INVESTIGATION

We have been provided with Folio extracts in respect of the Property confirming that the Property has the benefit of Freehold Title (Fee Farm Grant) ("Freehold Title"), which is assumed to be free of any rights-of-way, encumbrances or restrictions that may otherwise have an impact on value.

For the purposes of our Report & Valuation we have assumed that Title is good and marketable.

Our valuation relates to our interpretation of the Property, based on information provided to us by the addressee, and as set out on the Folio map extracts below (for identification purposes only).

For the avoidance of doubt our Valuation excludes that part of the building being the Third Floor East Wing that was disposed of the Embassy of the Republic of Croatia by way of a 500-year long leasehold interest from the 1st day of October 2002 (130462L).

We have prepared a full report and valuation which is provided separately. In the interim our valuation certificate is attached hereto.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Paul Doyle', written over a white rectangular background.

**Paul Doyle BSc MCSI MRICS
RICS Registered Valuer
Managing Director
For BANNON**

A handwritten signature in black ink, appearing to read 'Ben Semple', written over a white rectangular background.

**Ben Semple MA BBS MCSI MRICS
RICS Registered Valuer
Divisional Director
For BANNON**

VALUATION CERTIFICATE

Property interest going to be acquired and held by IBI International Investments Limited for investment purposes.

Property	Description & Tenure	Particulars of Occupancy	Market Value as of 15 th April 2022 (€ Euro)
<p>Adelaide Chambers, Peter Street, Dublin 8, Ireland (the "Property" or "Adelaide Chambers").</p> <p>Note - Part of the third floor is specifically excluded.</p>	<p>The Property is located at the western edge of Dublin's South City Centre between Bride Street and Aungier Street.</p> <p>Adelaide Chambers comprises the office element of the overall Adelaide Square development, the remainder of which comprises residential accommodation.</p> <p>It is situated on Peter Street which comprises a narrow link road with Bride Street at its western end and Whitefriar Street to the east. The Property is located on the north side of Peter Street at its junction with Whitefriar Street. Adelaide Square, the residential element of the scheme is located to the rear (north) and to the east of Adelaide Chambers.</p> <p>The Property comprises a four storey over basement, converted period building that was originally the Adelaide Hospital constructed in the 18th century. It has since been converted into office use following a scheme of modernisation and refurbishment in the early 2000's which included the addition of a modern extension to its eastern wing.</p> <p>The building extends to a total gross internal floor area (GIA) of approximately 2,927.5 sq. m. (31,510 sq. ft.) and a net internal area of approximately 1,787.3 sq. m. (19,239 sq. ft.) which equates to a gross to net ratio in the order of c. 61%.</p>	<p>Adelaide Chambers is occupied under 3 no. separate lease agreements, with only one section (part of the second floor) being vacant. It has an advised total contracted rent as at the valuation date of €785,320 per annum.</p> <p>In addition to the above 3 no. tenants, the Third Floor (East Wing) is occupied by the Embassy of the Republic of Croatia under a long leasehold (500 years) from 1st October 2002. In essence it is effectively owner-occupied. This agreement is subject to the payment of a peppercorn rent (€20 p.a.), with the Embassy being responsible for their due proportion of the building service charge. <u>This does not form part of the Property and is excluded for the purposes of this Report and Valuation.</u></p> <p>Adelaide Chambers has a WAULT of c. 4.11 years and an average Term Certain for the Leased accommodation in the order of 3.2 years.</p> <p>The most imminent lease expiry is in respect of the Health Service Executive (Part Second Floor) which expires by effluxion of time as of the 19th September 2022 (0.47 years).</p>	<p style="text-align: center;">€13,350,000</p> <p style="text-align: center;">(Thirteen Million Three Hundred and Fifty Thousand Euro)</p>

	<p>The corridor area on the second floor (the “Corridor Area”) is a common area. As part of the second floor is currently vacant (the “Vacant Part” which includes the Corridor Area), the Corridor Area was not included in the NIA and hence was not included in the valuation report. However, if the Vacant Part is subsequently occupied by a tenant, the Corridor Area would be reintroduced to the NIA and this would increase the total NIA to 1,824.2 sq. m. (19,636 sq. ft.).</p> <p>We have been provided with Folio extracts in respect of the Property confirming that the Property has the benefit of Freehold Title, assumed to be free of any rights-of-way, encumbrances or restrictions that may otherwise have an impact on value.</p> <p>For the purposes of our Report & Valuation we have assumed that Title is good and marketable.</p>		
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Note: Should the lease in respect of Health Service Executive (Part Second Floor) be renewed or a new tenant can be identified in place of Health Service Executive, this should indicatively increase the Market Value to at least €13,500,000.

Notes:

1. The Property was inspected by Paul Doyle BSc, MSCSI, MRICS (Managing Director) and Ben Semple MA BBS MSCSI MRICS (Divisional Director – Professional Services) - Bannon on 4th April 2022.
2. This certificate was prepared by Paul Doyle BSc, MSCSI, MRICS and Ben Semple MA BBS MSCSI MRICS both of whom are RICS Registered Valuers.
3. Paul Doyle (“Mr. Doyle”) has over 25 years’ experience in the Irish commercial property market. His main areas of specialty are valuations, development land agency and consulting, landlord & tenant, and general consultancy in Ireland. Mr. Doyle, as a managing director, has a varied client base including banks, religious institutions, a variety of retailers (motor, grocery and drapery), large investors and developers. His current role involves carrying out valuations for developers, financial institutions, religious organizations, investors and owner-occupiers in Ireland.

Ben Semple (“Mr. Semple”) has over 20 years’ experience in various disciplines of commercial property most particularly in relation to valuations, retail development and professional services in Ireland. Mr. Semple is involved in providing professional advice to a wide variety of clients in relation to valuations and rent reviews as well as being involved in commercial development consultancy in Ireland as a divisional director. His current role involves undertaking valuations on behalf of financial institutions and various other property owners or occupiers in Ireland.

4. The title for the Property known as Adelaide Chambers, located on Peter Street, Dublin 8, Ireland is comprised in Folio DN23844F with Folio extracts in respect of the Property confirming that the Property has the benefit of Freehold Title, assumed to be free of any rights-of-way, encumbrances or restrictions that may otherwise have an impact on value.

For the avoidance of doubt our Valuation excludes that part of the building being the Third Floor East Wing that was disposed of the Embassy of the Republic of Croatia by way of a 500 year long leasehold interest from the 1st day of October 2002 (130462L)

5. The details of the current tenancy schedule are summarized as below:

Floor	Tenant	Lease Start	Lease Expiry	Annual Passing Rent (€ Euro)
Lower Ground (Entire); Ground (Entire) & First Floor (Entire) & 15 car spaces	Decawave Limited	01/08/2019	31/07/2029 Rent Review (RRW): 01/08/2024 Break: 31/07/2026	€578,870
Second Floor (Part) & 11 car spaces	Vacant	N/A	N/A	N/A
Second Floor (Part)	Health Service Executive (HSE)	20/09/2012	19/09/2022	€67,000
Third Floor (Entire) & 5 car spaces	Sebela Ireland Limited	07/11/2021	06/11/2031 RRW: 07/11/2026 Break: 06/11/2026	€139,450
Total				€785,320

6. The Property falls within an area zoned ‘Z5 – City Centre’ in the Dublin City Development Plan 2016-2022 which provides:

‘To consolidate and facilitate the development of the central area, and to identify, reinforce, strengthen and protect its civic design character and dignity.’

The New Draft Dublin City Development Plan 2022 – 2028 is currently being finalized, to come into effect from January 2023 with the subject land use zoning remaining unchanged.

Due to its historic nature, the front façade of the original building comprises a protected structure and as such Adelaide Chambers is recorded on the Dublin City Council Record of Protected Structures (Ref. No. 6706).

7. The valuation of the Property was determined by the following formula:
$$(A + B - C) - D^* - E$$
- A. (i) the current passing rent per annum based on the existing tenancy agreements (ii) multiplied by the remaining term of such tenancy agreements between the date of the valuation and the expiry, the date of rent review or the date of break option, whichever is earlier, (iii) adjusted the amount by adopting the capitalisation rate of 6.00%#.
 - B. A reversionary value based on the estimated rental value and capitalised on a fully leased basis and adjusted the amount by adopting the reversionary yield of 6.00%#. It is then discounted (deferred) to allow for the appropriate time period.
 - C. A 12-month rental void at the first of a break or expiry event (comprising letting and rent free) with a 9-month service charge void during the assumed letting period at expiry of all tenancy agreements. It is then discounted (deferred) to allow for the appropriate time period.
 - D. The estimated refurbishment cost to be undertaken for the vacant spaces (if applicable).
 - E. Standard acquisition costs of 9.96% (including 7.50% stamp duty).

* Only applicable to vacant spaces

The capitalisation rate and reversionary yield were calculated based on the professional judgment and internal market data of the valuer

Note: This Valuation Certificate is subject to the contents, caveats and General Assumptions as set out in our Full Report and Valuation.

Note: Third Floor (East Wing) of the Property with an approximate floor area of 1,835 sq. ft. is occupied by the Embassy of the Republic of Croatia under a long leasehold (500 years) from 1st October 2002. In essence it is effectively owner-occupied. Therefore, the Third Floor (East Wing) was excluded in our valuation and does not form part of the Property. As such, the Third Floor (East Wing) is unable to be purchased by the Purchaser.

General Valuation Considerations

We have made the following general assumptions and valuation considerations in the preparation of our valuation:

- **Contamination**

We have assumed that there are no environmental issues at the Property and furthermore that no contaminative or potentially contaminative uses have ever been carried out at the Property.

We have not carried out any investigation into past or present uses, either of the Property or any neighbouring properties, to establish whether there is any potential for contamination to the Property from these uses and have therefore assumed that none exists. However, should it be established subsequently that contamination, seepage or pollution exists at the Property or on any neighbouring property, or that the Property has been or is being put to a contaminative use this might reduce our reported values.

- **Ground Stability**

We have not carried out or commissioned a site investigation or geophysical survey and we can give no assurance that the grounds have sufficient load bearing strength to support either existing structures or any other structure which may be erected in the future. In addition, we cannot provide any assurance that there are no underground mineral or other workings beneath the site or in its vicinity.

- **Services**

We have not been provided with information relating to services at the Property and for the purpose of our valuation we have assumed that all existing services are operating satisfactorily. We have made no allowance for replacement or repair of services.

All mains' services are assumed to be connected to the Property and operating satisfactorily.

- **Ground Conditions**

We have not been provided with any information in respect of ground conditions nor have we carried out any investigations into these or the servicing of the site. We have further assumed that the site can be developed without incurring any abnormal costs in respect of foundations.

We have assumed that the ground conditions are satisfactory for a traditional method of construction and further that there are no contaminating or other deleterious materials present which may prevent a development of the site in a traditional method or at normal cost levels. We have further assumed that the undeveloped section of the site is capable of being serviced at a reasonable cost and that there would be no exorbitant or excessive off-site costs relating to matters such as drainage.

- **Fire Safety Compliance**

We have no authority to comment on compliance with fire safety regulations. For the purpose of our valuation, we have assumed that the Property will be fully compliant with fire safety legislation.

- **B.E.R Certification**

We are advised that the Property is recorded on the Register of Protected Structures and as such is exempt from the requirement to have a Building Energy Rating 'BER' Certificate.

- **Structural**

We have not been provided with any reports on repair and condition in respect of the Property. We were not instructed, nor have we authority, to undertake any structural surveys, tests for services, or arrange for any investigations to be carried out to determine whether any deleterious materials have been used in the construction of any of the existing buildings or subsequent additions. Notwithstanding that the scope of our inspection was limited; as is standard practise we did not inspect those parts of the Property which are covered, unexposed or inaccessible.

We have not arranged for any investigation to be carried out to determine whether or not any deleterious materials have been used in the construction of the Property, or have since been incorporated and we are, therefore, unable to report that the Property is free from risk in this regard. Having regard to this we have assumed, for the purpose of our valuation, that such investigation would not disclose the presence of any such material to any significant extent.

Having regard to all the above and for the purpose of our valuation the Property is assumed to be in good structural repair and condition and that its construction does not contain any deleterious materials.

Furthermore, we have assumed that the Property is fully compliant with current building regulations.

- **Building Enforcement**

We have assumed that there are no enforcement proceedings in existence or pending in respect of the Property and have assumed that any existing buildings are fully compliant with current building regulations.

- **Flooding**

We are not authorised to, and cannot comment upon, the likelihood of flooding within the subject area and its effect or otherwise on the Property. We have therefore assumed that the Property is free of any flooding risk.

- **Town Planning**

We have not carried out detailed planning searches with Dublin City Council and have assumed, for the purpose of our report that the Property, in its existing use, is authorised for the purpose of the Local Government Planning and Development Acts 1963 to 2002 as amended. We have further assumed that there are no statutory notices affecting the Property.

- **Title**

Despite the absence of confirmation or commentary on title, we have been provided with Folio extracts in respect of the Property confirming that the Property has the benefit of Freehold Title. We have assumed an unencumbered effective freehold title to the entire property, free of any rights of-way, encumbrances or restrictions that may otherwise have an impact on value.

Title is assumed to be good and marketable.

Our valuation relates to our interpretation of the Property, based on information provided to us by the addressee, and which we have approximately outlined on an Ordnance Survey extract within our report (for identification purposes only). We recommend that matters pertaining to title and boundaries should be clarified by your legal advisors.

MARKET VALUE (MV) DEFINITION

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

The definition of market value shall be applied in accordance with the following conceptual framework as contained within International Valuation Standards 2013, prepared by the International Valuation Standards Council.

- 30(a) “the estimated amount”** refers to a price expressed in terms of money payable for the asset in an arm's length market transaction. *Market value* is the most probable price reasonably obtainable in the market on the *valuation date* in keeping with the *market value* definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of *special value*”
- 30(b) “an asset should exchange”** refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the *valuation date*;
- 30(c) “on the valuation date”** requires that the value is time-specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the *valuation date*, not those at any other date;
- 30(d) “between a willing buyer”** refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute “the market”;
- 30(e) “and a willing seller”** is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;
- 30(f) “in an arm's length transaction”** is one between parties who do not have a particular or special relationship, e.g. parent and subsidiary companies or landlord and tenant that may make the price level uncharacteristic of the market or inflated because of an element of *special value*. The *market value* transaction is presumed to be between unrelated parties, each acting independently;
- 30(g) “after proper marketing”** means that the asset would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the *market value* definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only

criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the *valuation date*;

- 30(h) “where the parties had each acted knowledgeably, prudently”** presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the *valuation date*. Each is further presumed to use that knowledge prudently to seek the price that is most favourable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the *valuation date*, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;
- 30(i) “and without compulsion”** establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.
- 31.** The concept of *market value* presumes a price negotiated in an open and competitive market where the participants are acting freely. The market for an asset could be an international market or a local market. The market could consist of numerous buyers and sellers, or could be one characterised by a limited number of market participants. The market in which the asset is exposed for sale is the one in which the asset being exchanged is normally exchanged.
- 32.** The *market value* of an asset will reflect its highest and best use. The highest and best use is the use of an asset that maximises its potential and that is possible, legally permissible and financially feasible. The highest and best use may be for continuation of an asset’s existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid.
- 33.** The highest and best use of an asset valued on a stand-alone basis may be different from its *highest and best use* as part of a group, when its contribution to the overall value of the group must be considered.
- 34.** The determination of the highest and best use involves consideration of the following:
- (a)** to establish whether a use is possible, regard will be had to what would be considered reasonable by market participants,
 - (b)** to reflect the requirement to be legally permissible, any legal restrictions on the use of the asset, e.g. zoning designations, needs to be taken into account,
 - (c)** the requirement that the use be financially feasible takes into account whether an alternative use that is physically possible and legally permissible will generate sufficient return to a typical market participant, after taking into account the costs of conversion to that use, over and above the return on the existing use.