



永利行評值顧問有限公司  
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Corporate Valuation & Advisory

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Room 1010, 10/F, Star House,  
Tsimshatsui, Hong Kong

19 August 2019

**The Board of Directors**

**Melco Leisure and Entertainment Group Limited**

37/F,  
The Centrium  
60 Wyndham Street,  
Central,  
Hong Kong

Dear Sir/Madam,

**INSTRUCTIONS**

We refer to your instruction for us to value the property interest (“the Property”) owned by Aberdeen Restaurant Enterprises Limited (the “Company”) located in Hong Kong. The valuation and the related valuation report is prepared for the purpose of the proposed privatization of the Company by Melco Leisure and Entertainment Group Limited by way of a scheme of arrangement and the valuation report will be published in the Scheme Documents in relation thereto. We confirm that we have carried out property inspection, made relevant enquiries 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 at 31 May 2019 (the “Valuation Date”).

This letter which forms part of our valuation report explains the basis and methodology of valuation, clarifying assumptions, valuation considerations, title investigations and limiting conditions of this valuation.



## **BASIS OF VALUATION**

The valuation is our opinion of the market value ("Market Value") which we would define as intended to mean 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 wherein the parties had each acted knowledgeably prudently and without compulsion.

Market Value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase and without offset for any associated taxes or potential taxes.

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market 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, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

## **VALUATION METHODOLOGY**

We have valued the Property interest by using the Direct Comparison Approach by making reference to the comparable market transactions/asking cases as available. Comparable properties of similar size, scale, nature, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market value.

## **VALUATION CONSIDERATIONS**

In valuing the property interest, we have complied with the requirements set out in Rule 11 of the Codes on Takeovers and Mergers issued by the Hong Kong Securities and Futures Commission, and the HKIS Valuation Standards (2017 Edition) published by the Hong Kong Institute of Surveyors..

## **VALUATION ASSUMPTIONS**

Our valuation has been made on the assumption that the owner sells the Property in the market in their existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of the Property. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the Property and no forced sale situation in any manner is assumed in our valuation.

No allowance has been made in our valuation for any charges, mortgages or amount owing on any Property nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.



Unless otherwise stated, we have assumed that the Property has been constructed, occupied and used in full compliance with, and without contravention of all Ordinances. We have further assumed that, for any use of the Property upon which this report is based, all required licenses, permit, certificated, and authorizations have been obtained.

We have not carried out detailed on-site measurements to verify the correctness of the areas in respect of the Property but have assumed that the areas shown on the documents and/or official plans are correct. All documents have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

Other special assumptions of the Property, if any, have been stated in the footnote of the Property Particulars and Opinion of Value.

#### **TITLE INVESTIGATION**

We have been shown copies of various documents relating to the Property and have caused searches to be made at the Hong Kong Land Registry and made relevant enquiries. However, we have not searched the original documents to verify the ownership or to ascertain any amendment. All documents have been used for reference only.

We have not been provided with any legal opinion regarding to the titles to the property interests.

#### **POTENTIAL TAX LIABILITIES**

According to our established practice, in the course of our valuation, we have neither verified nor taken into account such tax liability. For the purpose of compliance with Rule 11.3 of the Code on Takeovers and Mergers and as advised by the Company, except for applicable stamp duties, the potential gain arising from disposal of the Property in Hong Kong shall be capital in nature and not subject to any taxation.

The likelihood of such potential tax liability (which would arise upon a future disposal of the Property) being crystallised is remote, as the Company has no current intention or plan to dispose of its interests in the Property pending the outcome of the legal proceedings relating to the deposit previously paid by a third party buyer which failed to complete its agreement to purchase the Property. The court hearing in respect of those legal proceedings is expected to take place in mid to late 2020. Further information relating to such legal proceedings is set forth in Note 18 (Trade and Other Payables) to AREL's audited consolidated financial statements set forth in Appendix I to the Scheme Document, and on page 93 in the paragraph headed "6. Litigation" in Appendix III to the Scheme Document.

#### **LIMITING CONDITIONS**

We have conducted on-site inspections to the Property on 28th November 2018 and 27th May 2019 by our staff Mr. Dennis Wong (BSc in Real Estate).

None of the services have been tested by us and we are, therefore, unable to report on their present conditions. We have no duty to verify that no deleterious or hazardous materials or techniques have been used in the construction of or making addition or alteration to the Property. We have assumed that utility services, such as electricity, water, etc., are available and free from defect.

Moreover, we have not carried out any site investigation to determine the suitability of the ground conditions or the services for any property development erected or to be erected thereon. Nor did we undertake archaeological, ecological or environmental surveys for the Property. Our valuation is prepared on the assumptions that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. Should it be discovered that contamination, subsidence or other latent defects exists in the Property or on adjoining or neighboring land or that the Property had been or are being put to contaminated use, we reserve right to revise our opinion of value.

We have not carried out an on-site land survey and we are therefore unable to report on the exact site area and boundaries of the Property. All these information in this valuation report are in approximation and we have relied on the information provided by Land Registry and Lands Department.

Our valuation has been made on the basis that there is no substantial change in the physical conditions of the Property between the Valuation Date and the date of our inspection.

We have relied very considerable extent on the information provided by the Company and have accepted advices given to us on such matters, in particular, but not limited to tenure, planning approvals, statutory notices, easements, particulars of occupancy, size and floor areas and all other relevant matters in the identification of the Property. The plans including but not limited to location plan, site plan, lot index plan, outline zoning plan, building plan if any, in the report are included to assist the reader to identify the Property for reference only and we assume no responsibility for their accuracy.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also been advised by the Company that no material fact has been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

We do not accept a liability for any interpretation which we have placed on such information which is more properly the sphere of the legal advisers of the Company. Neither have we verified the correctness of any information supplied to us concerning the Property.

For the purpose of compliance with Rule 11.5(c) of the Code on Takeovers and Mergers, we have given and not withdrawn its written consent to the publication of valuation report.

## DECLARATION

We hereby certify, to the best of our knowledge and belief, that:

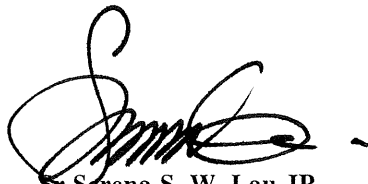
We are external valuer, independent from the Company and the property owners, their subsidiaries and their jointly controlled entities (collectively, the “Group”) and their respective directors and controlling shareholder and that we do not have any direct or indirect material interests in the securities or assets of the Group, its connected persons, or any associate of the Group and we have no bias with respect to the parties involved.

## REMARKS

We have valued the property interest in Hong Kong Dollars (HKD).

We enclose herewith the “Property Particulars and Opinion of Value”.

Yours faithfully  
For and on behalf of  
**RHL Appraisal Limited**



**Sr Serena S. W. Lau JP**  
*FHKIS, AAPI, MCIREA, MRICS, RPS(GP), MBA(HKU)*  
*Managing Director*



**Sr Jessie X. Chen**  
*MRICS, MSc (Real Estate), BEcon*  
*Senior Associate Director*

**PROPERTY PARTICULARS AND OPINION OF VALUE**

<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Market Value as at 31 May 2019</b> <i>HKD</i>
Car Parking Space Nos. 1-74 on Lower Basement, Nos. 1-74 on Basement, Nos. 1-9 on Ground Floor, Nos. 1-65 on 1st Floor, Nos. 1-71 on 2nd Floor, Nos. 1-71 on 3rd Floor, Nos. 1-71 on 4th Floor & Nos. 1-74 on 5th Floor, Jumbo Court, No. 3 Welfare Road, Hong Kong	The subject building, Jumbo Court, is a 22-storey composite building comprising an 8-level car park podium (including two basement floors) and a shop on the ground floor upon which a 14-storey residential building was erected in about 1979.	As advised by the Comany, all car parking spaces under the property are subject to tenancy as at the Valuation Date.	310,000,000  (Hong Kong Dollars Three Hundred and Ten Million Only)



509/2200 share of and in the Remaining Portion of Aberdeen Inland Lot No. 368

The Property comprises a total of 509 car parking spaces on the lower basement, basement, ground to fifth floors of an 8-level car park podiums.

According to the approved building plans, the number of the parking spaces of each floor are as follows:

Floors	No. of Car Parking Spaces
Lower Basement Floor	74
Basement Floor	74
Ground Floor	9
1 <sup>st</sup> Floor	65
2 <sup>nd</sup> Floor	71
3 <sup>rd</sup> Floor	71
4 <sup>th</sup> Floor	71
5 <sup>th</sup> Floor	74
<hr/> Total	<hr/> 509

The property is held under a Condition of Sale No. 10813 for a term of 75 years renewable for 75 years commencing from 17th October 1975.

Notes:

1. The registered owner of the Property is Aberdeen Restaurant Enterprises Limited vide Condition of Sale No. 10813 dated 17th October 1975.
2. According to the information from the Land Registry, the Property is subject to the followings:
  - i. Memorandum together with amended Carport Layout Plan vide memorial no. UB1573102 dated 29th August 1978.
  - ii. Deed of Mutual Covenant vide memorial no. UB1848374 dated 15th February 1980.
  - iii. Mortgage in favour of DAH SING BANK, LIMITED vide memorial no. 10112403090091 dated 25th October 2010.
  - iv. Rental Assignment in favour of Dah Sing Bank, Limited vide memorial no. 10112403090104 dated 25th October 2010.
  - v. Deeds Pending Registration - Certified Copy Defence and Counterclaim in favour of Aberdeen Restaurant Enterprises Limited (Plaintiff), Gain Premium Holdings Limited (Defendant) vide memorial no. 17103000170011 dated 18th October 2017. (Registration Withheld)
3. According to the Conditions of Sale No. 10813 of Aberdeen Inland Lot No. 368, it stipulated that:
  - i. *Special Condition (10)(a)... shall not erect or cause or permit or suffer to be erected ... other than a multi-storey car parking...which shall contain a ground floor designed and used for the purpose specified in Special Condition No.(11)(b)... and adequate space for the parking of not less than 500 motor vehicles...*
  - ii. *Special Condition (11)(a)... multi-storey car parking shall not be used for any purpose other than for the parking of not less than 500 motor vehicles... Not less than 80% of the total number of parking spaces ... shall be available for in use at all times for the parking of private cars or goods vehicles not exceeding an unladen weight of 40 hundredweight...*
  - iii. *Special Condition (11)(b)... Except with the prior written consent of the Director of Public Works, the ground floor of the said multi-storey car park shall not be used for any purpose other than for the parking of minibuses...*
  - iv. *Special Condition (13) ... may set aside one floor in the building.... exclusively for the parking of motor vehicles belonging to the residents...*
  - v. *Special Condition (15) ... shall not assign, mortgage, charge, demise, or otherwise dispose of any of the parking spaces required by Special Condition No. (10)(a) hereof except as a whole without having obtained the prior written consent of the Director of Public Works.*
4. The subject building, Jumbo Court, is situated on the northern side of Welfare Road near the junction with Nam Long Shan Road in Wong Chuk Hang of Hong Kong Island. Development in the vicinity comprises private residential developments and industrial buildings built between the 1960s and 1990s intermingled with Government, Institution and Community ("GIC"), recreational and amenities facilities, namely TWGHs Jockey Club Rehabilitation Complex and Pao Tse Kong Swimming Pool Complex. Basic shopping facilities and local community are available in the vicinity while comprehensive shopping and entertainment facilities are conveniently available in the hub area of Aberdeen within a short driving distance from the Property.
5. According to the Approved Aberdeen & Ap Lei Chau Outline Zoning Plan No. S/H15/33 dated 21st August 2018, the Property is designated as "Residential (Group A)".

