



Property Valuation Report

Address: Agora Retail Centre, Mdina Road, Zebbug

Date of Inspection: 07th August 2023

Date: 31st December 2023

Ref: CVL-569

1.0. Engagement information

I, the undersigned, was engaged by Mr. James Zammit for and on behalf of J. Zammit Estates Ltd bearing company registration number C52422, to produce a valuation report for the property at the above-mentioned address for the inclusion thereof within the prospectus to be published in connection with a Bond issue.

The undersigned is unaware, at this time, of any conflict of interest pertinent to this valuation report in terms of RICS guidelines and/or TEGOVA code of conduct, and further declares that this report and related work can be done impartially.

This report has been prepared in accordance with Chapter 7 of the Capital Markets Rules issued by the Malta Financial Services Authority.

This property was previously a showroom at ground floor, an events centre at first floor, and three basement garages situated on a corner site facing the main road. It has retained its commercial use and all floors have been rented for showroom and retail purposes. The property can be observed on the Planning Authority's 1998 aerial image. Therefore, the structure is older than 20 years.

This report will estimate the open market value for the property in its existing state.

2.0. Sources of information

Information referred to in this report has been gathered from the following sources as referred to specifically in relevant sections:

- Planning Authority permit application submissions with reference PA/5505/09 and PA/01306/15.
- Estate agency website listings, such as Remax, Frank Salt, and Alliance, to gather information on similar properties that have a similar size and condition; that are located in the same locality; and have similar surroundings.
- Property price index rates from NSO

3.0. General description of property

The property comprises retail areas in all above ground levels and has three basement levels for parking and storage. It is located in an area with similar commercial and light industry uses.

The property has an overall plot size of 817m², with gross floor areas and net usable areas, per level, as listed below.

Level	Gross Floor Area (m ²)	Net Usable Area
-3	300	300
-2	727	727
-1	780.53	728
0	816.36	787
1	883.67	850
2	200	180
Total	3707.56	3,572

A site plan marking the property, permit information, and the local plans are attached in Appendix B.

4.0. Interior layout description

The layouts are based on open plan areas with a structural column grids and common vertical circulation cores, that include lifts, placed at the perimeter of the property.

Photos are attached in appendix A and plan layouts in Appendix B.

5.0. Exterior description

The façade of this property is finished in a glazed curtain wall that wraps around the property.

6.0. Interior & condition of finishes

After the property was acquired by J Zammit Estates Ltd in February 2022, full refurbishing works have been taking place including the removal of non-load bearing walls to create a more open plan ambience, replacement of ceramic floor tiles with light coloured gres tiles, plastering painting, sanitary facilities and other related finishing works plus replacement of water and electrical connections.

The ceilings have been left open to give the property an industrial look.

The basement levels were also given a full refurbishment.

The owner is currently finishing the property with dividing gypsum walls, installation of ACs on the ground floor level and finishing works on the first floor. The property is projected to be fully completed by the fourth quarter 2023.

7.0. Services

This property is serviced with water and electricity mains supply and drainage connection. Air-conditioning systems are being replaced/installed to cover all the retail areas. The

property also has a passenger lift and a goods lift, which have also been recently refurbished.

8.0. Structural considerations

None noted from a visual inspection.

9.0. Planning situation (PA)

This property lies within an area designated as an area of containment mainly for industrial and commercial activities.

The approved permits are the following that vary from the excavation of the basement store to the changes to the façade:

- PA/02599/01 - Excavation of basement store;
- PA/07265/03 - Changes to façade;
- PA/05505/09 - Changes to facade as already approved by permit PA/7265/03; and
- PA/01306/15 (Expiry Date: 01/07/2023) - Renewal of PA/05505/09 - Changes to facade as already approved by permit PA7265/03.

10.0. Main Terms of Tenants Leases or sub-leases

The property has been fully leased between four tenants, three tenants have a 10 year lease starting from the last quarter of 2023 and another is already utilising the property under a six month lease ending November 2023. Discussions are currently in their final stages for this tenant to renew the lease which is expiring in November for 10 years.

The 10 years are composed of 5 years *di fermo* and 5 years *di rispetto*. During the *di fermo* period, the tenant cannot terminate the lease. Sixty days prior to the expiry of the *di fermo* period, the tenant needs to deliver notice if it wishes to terminate the lease. If such notice is not provided, then the *di rispetto* period is automatically applied. During the *di rispetto* period, the tenant has the right to terminate the lease at the end of each anniversary of the *di rispetto* commencement date.

The tenants are responsible for ordinary repairs and maintenance. Tenants are unable to sub-let without the landlord's approval.

Net annual rent of this property for the first year is €311,400. Lease agreements have inbuilt annual rent increases of 3%.

There are no Agora Group entities as tenants within this property.

11.0. Registered mortgages and privileges and other charges, real rights thereon, emphyteutical concessions, easements and other burdens

The property is subject to the following hypothecs:

H/6161/2022	General Hypothec on all the property of J Zammit Estates (principal debtor) together with a Special Hypothec and Special Privilege for €3,000,000 in favour of Bank of Valletta plc in warranty of the loan of €3,000,000 granted for the acquisition of this property by virtue of the deed in the records of Notary Mario Bugeja dated 15 th February 2022.
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12.0. Open Market value

The market value is defined as;

'The estimated amount for which a property should exchange on the date of valuation 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.'

This valuation was done based on the comparative method and the income method. The comparative method was used for properties of this kind to obtain a rate per square metre of similar commercial properties. Comparable market rental values were also used and were capitalised using a 5% yield to achieve the open market value, thereby using the income method. The average rate obtained from the study allows for rental costs to be included and is being assumed as the net potential rental income.

The current yield is 6.4% on the whole block. Based on the current demand for commercial properties, which is currently subdued and may remain so for the foreseeable future, and based on likely changes to Malta's tax system, brought about by changes in international taxation policies, a yield of 5% on the square metre rate of €120 is considered reasonable for the commercial elements of the property.

The comparison is based on other commercial properties in the area. The whole property is already rented out so it can be deduced that the current demand is good.

From a comparative assessment, the average market value per square metre for similar properties varies between €1,500 to €2,900. The average was found to be €2,320. Using rental rate for this area of €120 per square metre per annum and capitalising this at 5.0% gives us a rate of approximately €2,400 per square metre. A rate of €2,380 is being adopted for the commercial areas and is considered reasonable. Lower rates were applied to the basements and garage areas of €600 per square metre. This was compared to the value based on the number of car spaces at a value of €19,800 each.

Based on the above calculations and taking into account all factors affecting the value of the property, including size, location and costs of works, the open market value is estimated at €5,600,000 (Five million Six Hundred Thousand Euro).

13.0. Declarations by the undersigned valuer

- The underlying valuer is an independent professional, and this valuation exercise is free of any interests from anyone including the employer and his/her directors.
- There are no further matters known to the valuer that are relevant for the purpose of this valuation.

- This valuation follows standards and general guidelines issued by the Royal Institute of Chartered Surveyors (RICS) and the IVS (international valuation standards), and is in accordance with the local KTP Valuation Standards (2012), which are aligned with the TEGoVA European Valuation Standards.
- The property is being valued in its entirety and is freehold as reported by the client. The tenure or the title of ownership has not been investigated as this was not within the scope of this valuation, given that such checks are being carried out by the Legal and Financial specialists handling the bond issue. Such investigations do not fall within the competence of the undersigned and any considerations regarding title have been reported to the undersigned by the client. Any comments regarding title are being made in order to make the client aware of any potential issues that could affect the value or the marketability of the property. The undersigned accepts no liability in this regard.
- For the purposes of this valuation, based on a general visual inspection and checks of existing permits, there are no material contraventions that can have a significant bearing on the value of the property. Minor deviations from the permit are excluded based on the assumption that these can easily be rectified and at a minimal cost.

Yours sincerely,



Mark Arrigo

B.E. & A. (Hons), M.Sc.(Surrey), Perit.

We have carried out a cursory building structural survey; we have not inspected those parts of the property that are covered, unexposed or inaccessible and such parts have been assumed to be in a good repair and condition. We cannot express any opinion about the condition of the uninspected parts and this report must not be interpreted as if it validates the integrity of the structure or fabric of the building.

Neither the whole nor any part of this Valuation Report nor any reference thereto may be included in any published document, circular or statement nor published in any way without the valuer's written approval of the form and context in which it may appear.

This report is confidential to you and your professional advisers and is for the sole purpose stated above. We can accept no liability if it is relied upon by anyone else, whether for the stated purpose or any other.

Appendix A

Photos



Photo 1 – Site view



Photo 2 – Side view



Photo 3 – First floor



Photo 4 – Ground floor



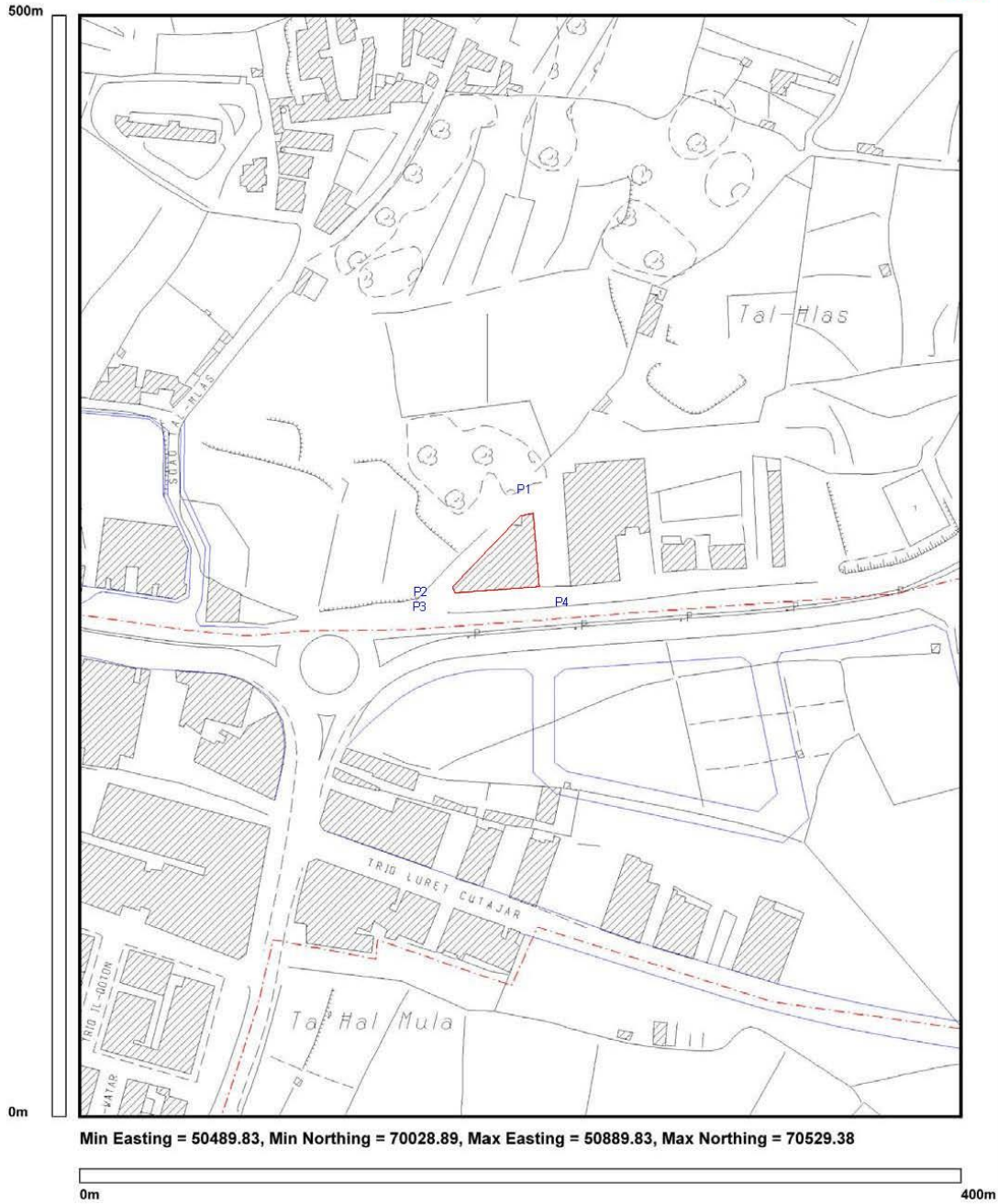
Photo 5 - Garage

Appendix B

Site Location

Local plans

Permit Information



MEPA - www.mepa.org.mt

St. Francis Ravelin
Floriana FRN 1230, Malta
PO Box 200, Marsa MRS 1000, Malta
Tel: +356 2290 0000 Fax: +356 22902295

Site Plan, Scale 1:2500
Printed on: **Monday, March 02, 2015**

Not to be used for interpretation or scaling of scheme alignments
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SOUTH MALTA LOCAL PLAN


 L-Awtorità ta' Malta Dwar l-Ambjent u l-Planjar
 Malta Environment & Planning Authority

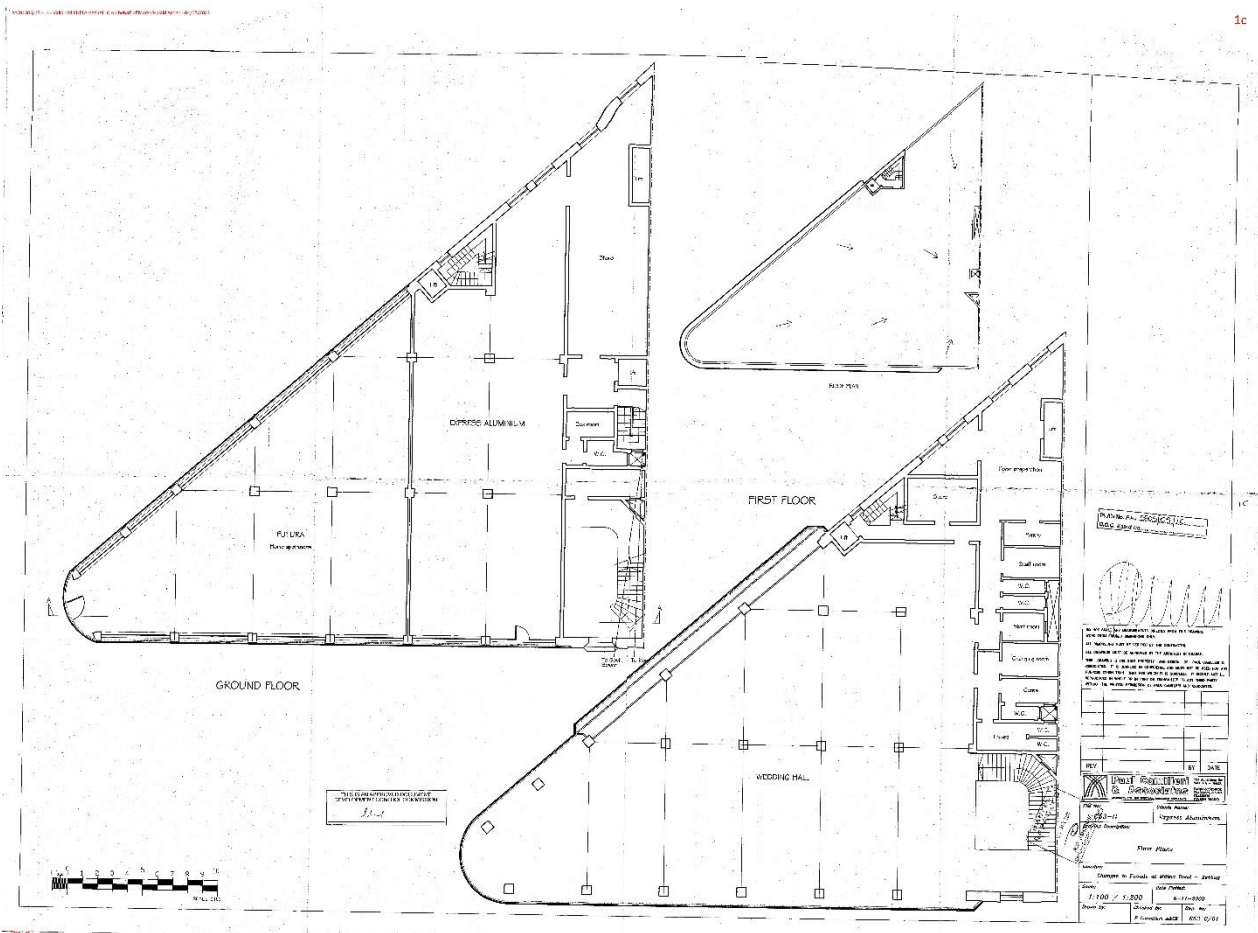
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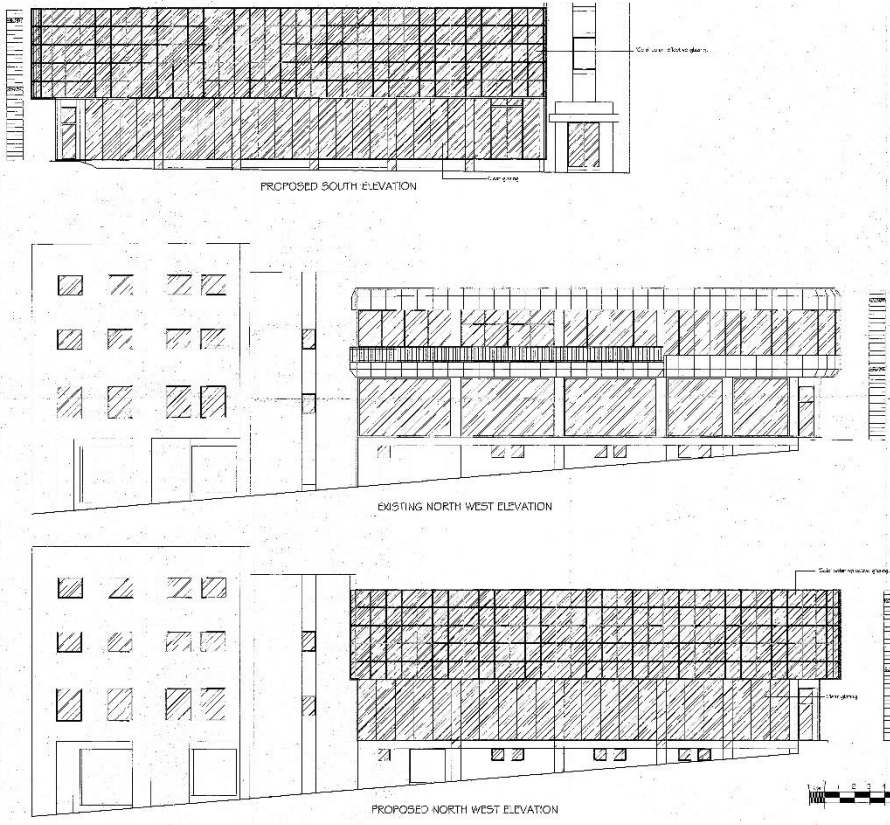
Area of Containment
 (Industrial/ Commercial)

Areas of Containment
(Industrial/ Commercial)

Scale: 1:3000	Date: July 2006	Map: AC 2
INDICATIVE ONLY Not to be used for measurement or direct interpretation. Maps to be used in conjunction with Policy Document.		
State Maps - 1:5000 Survey Sheets Copyright Mapping Unit, Malta Environment & Planning Authority		

Area of containment map





Plan No. 553/03/12
D.C.C. Ref. No. 553/03/12

[Signature]

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DEVELOPMENT CONTROL COMMISSION

REV. BY DATE

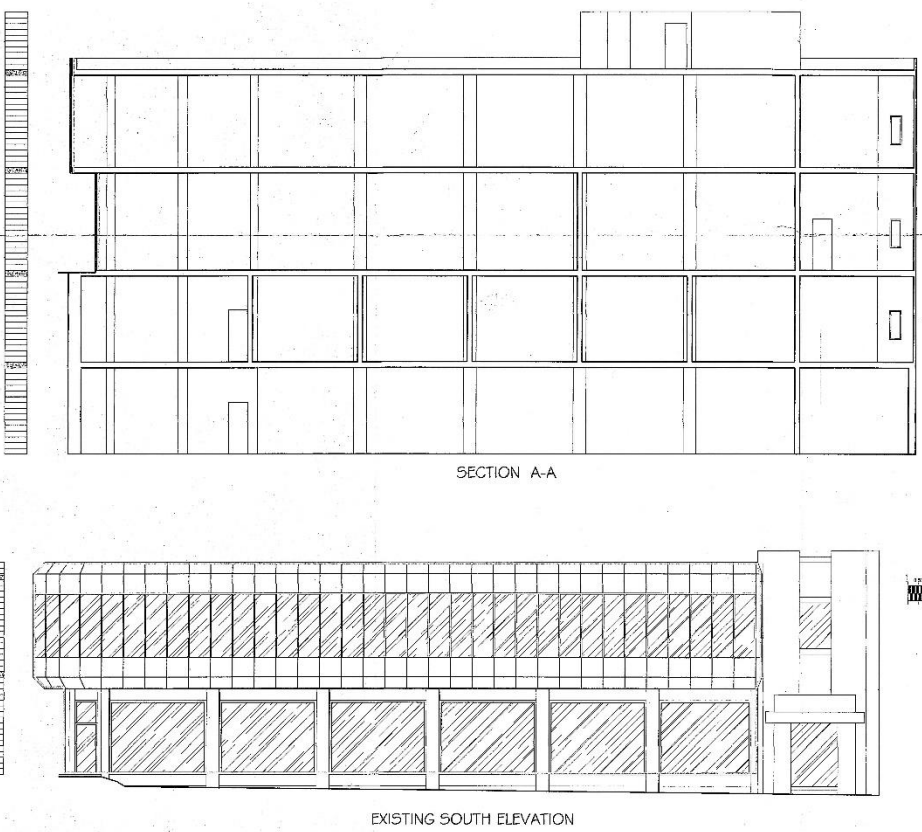
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DEVELOPMENT CONTROL COMMISSION

Plan No. 553/03/12
D.C.C. Ref. No. 553/03/12

[Signature]

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Scale

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100 P. 100

Plan No. 553/03/12
D.C.C. Ref. No. 553/03/12

653-C
Express Aluminium

Existing Elevations & Roof Plan

Location: Changes to Facade at Malma Road - Zebbug

Scale: 1:100 Date Plotted: 6-11-2009

Drawn by: P. Camilleri A&CE Checked by: Dep. Mgr: 653 G/DS

Appendix C

Calculations

Table 1 – Value Calculation						
		Area	Area Factor	Resulting Area	Resulting market value rate	Market Value
Level -4	Garages	0	1	0	€ 600.00	-
Level -3	Garages	300	1	300	€ 700.00	€ 210,000.00
Level -2	Garages	727	1	727	€ 700.00	€ 508,900.00
Level -1	Garages	728	1	728	€ 700.00	€ 509,600.00
Level 0	Internal	787	1	787	€ 2,400.00	€ 1,888,800.00
	External	0	0.01	0	€ 2,400.00	€ -
Level 1	Internal	850	1	850	€ 2,400.00	€ 2,040,000.00
	External	0.00	1	0	€ 2,400.00	€ -
Level 2	Internal	180	1	180	€ 2,400.00	€ 432,000.00
	External	0.00	0.35	0	€ 2,400.00	€ -
						€ 5,589,300.00

Table 2: Comparative Study			
Sale			
Description	Area	Sale price	Rate/m ²
1	100	160000	€ 1,600.00
2	120	350000	€ 2,916.67
3	1050	2975000	€ 2,833.33
4	23.5	60000	€ 2,553.19
5	300	426000	€ 1,420.00
6	135	350000	€ 2,592.59
			€ 2,319.30

Table 3: Capitalisation Calculation			
Rent	Area	Yield	Value
120	1	5%	€ 2,400.00