



Property Valuation Report

Address: Daikin, Notabile Residence, Triq L-Imdina, Attard, Malta

Date of Inspection: 11th 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 is a showroom on the main road in Attard and an underlying level of parking spaces. It is being used as a commercial property. This property was built between 2018 and 2020.

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/06755/17.
- 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

This property is a ground floor office in Attard that is made up of a large open space that can be laid out flexibly. The gross floor areas and net usable areas, per level, are listed below.

Level	Gross Floor Area (m ²)	Net Usable Area (m ²)
-1	488.32	490
0	407.19	388
0 (External)		5
Total	895.51	883

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

4.0. Interior layout description

The layout is an open space that has been divided into a reception, retail area, lounge area, offices, kitchen and a storage facility at the back of the property.

Level -1 has 8 car spaces, the common area and the ramps.

Plans of level -1 and Level 0 are attached in Appendix B.

5.0. Exterior description

The façade of this property is finished in a grey plaster and the aperture is fully glazed.

6.0. Interior & condition of finishes

Floors of this property are finished in a grey gres tile and walls and ceilings are plastered and painted white. Some ceilings are in a painted gypsum soffit with concealed light fittings. Garage is painted with floors left in concrete.

All finishes appeared to be in a good condition from this visual inspection.

7.0. Services

This property is serviced with water and electricity mains supply, drainage connection and air-conditioning systems throughout.

8.0. Structural considerations

No structural defects were noted from a visual inspection.

9.0. Planning situation (PA)

This property lies within an area designated as a residential area on the Attard policy map. This area allows for terraced residential use and flatted dwellings.

This property was built through permit PA/01571/16 (expiry date: 22/06/2024) - *Renewal to PA845/08 (proposed basement and semi basement as parking spaces, and garages, proposed commercial outlets at semi-basement and ground floor level, apartments at 1st/2nd and penthouse level)*. This was later amended through PA/06755/17 (expiry date: 31/10/2023) - *Amended Application to PA 1571/16 including: construction of three floors of basement garages, ground floor car showroom and overlying apartments, three apartments per floor from first to third floor (nine apartments in total) and two penthouses at reseeded floor levels.*

No planning contraventions or enforcements presently exist on this property.

10.0. Main Terms of Tenants Leases or sub-leases

The property has been fully leased to third parties with effect from April 2021 for a period of 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 €51,000. 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/22972/2019	General Hypothec on all the property of J Zammit Estates (principal debtor) together with a Special Hypothec for €3,800,000 in favour of MeDirect Bank (Malta) plc in warranty of the loan of €3,800,000 granted for general property development business requirements by virtue of the deed in the records of Notary Mario Bugeja dated 30 th October 2019.
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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 4.1%. However, based on the current demand for commercial properties, which is currently subdued when compared to the previous 10 years, 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 higher yield of 5% is being used in the capitalisation calculation and is considered reasonable.

From a comparative assessment, the average market value per square metre for similar commercial properties varies between €1,800 to €2,900. The average was found to be €2,600. Using rental rate for this area of €150 per square metre per annum and capitalising this at 5% gives us a rate of €3,000 per square metre. An average rate of €2,750 was used in this case. Car spaces are being valued at €38,000 per space in this location.

Based on the above calculations and taking into account all factors affecting the value of the property, including size, location and finishes, the open market value is estimated at €1,383,000 (One million Three hundred and Eighty-Three 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 - Facade

Appendix B

Site Location

Local plans

Permit Information

Plans



Min Easting 49073.88, Min Northing 71742.96, Max Easting 49473.88, Max Northing 72242.96

0m 400m

MEPA - www.mepa.org.mt

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Site Plan, Scale 1:2500
Printed on: Thursday, December 17, 2015

Not to be used for interpretation or scaling of scheme alignments
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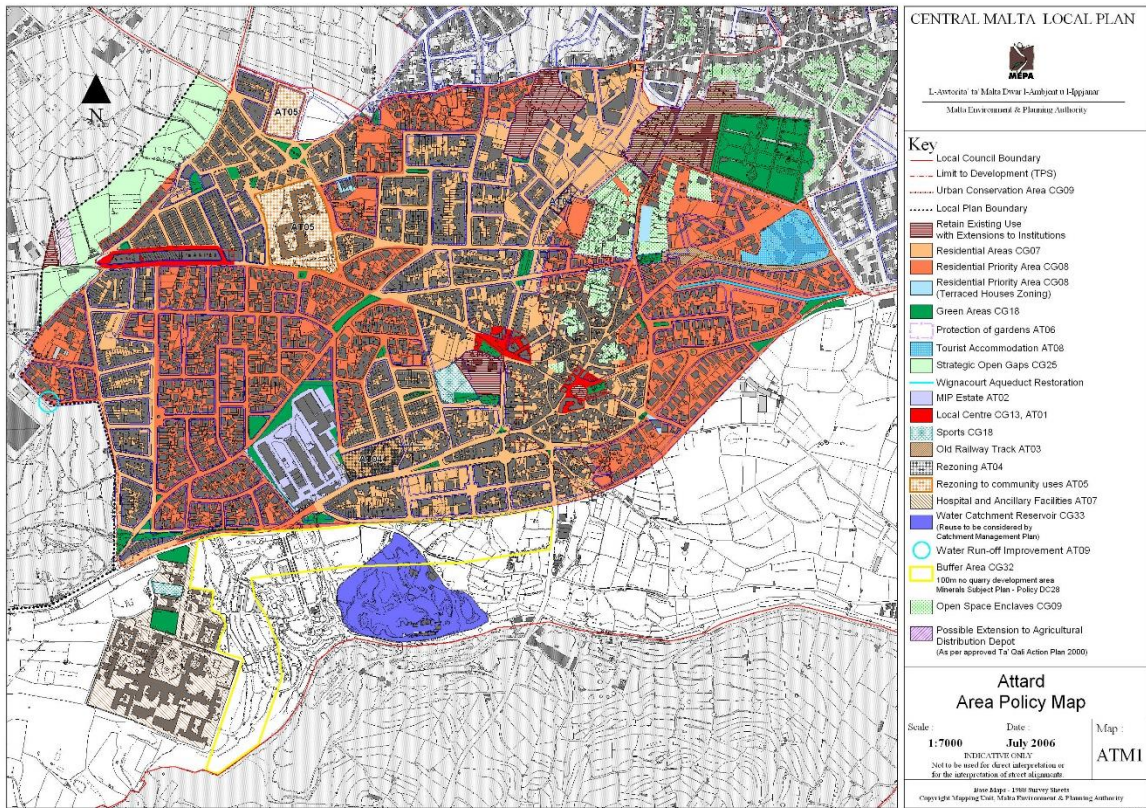


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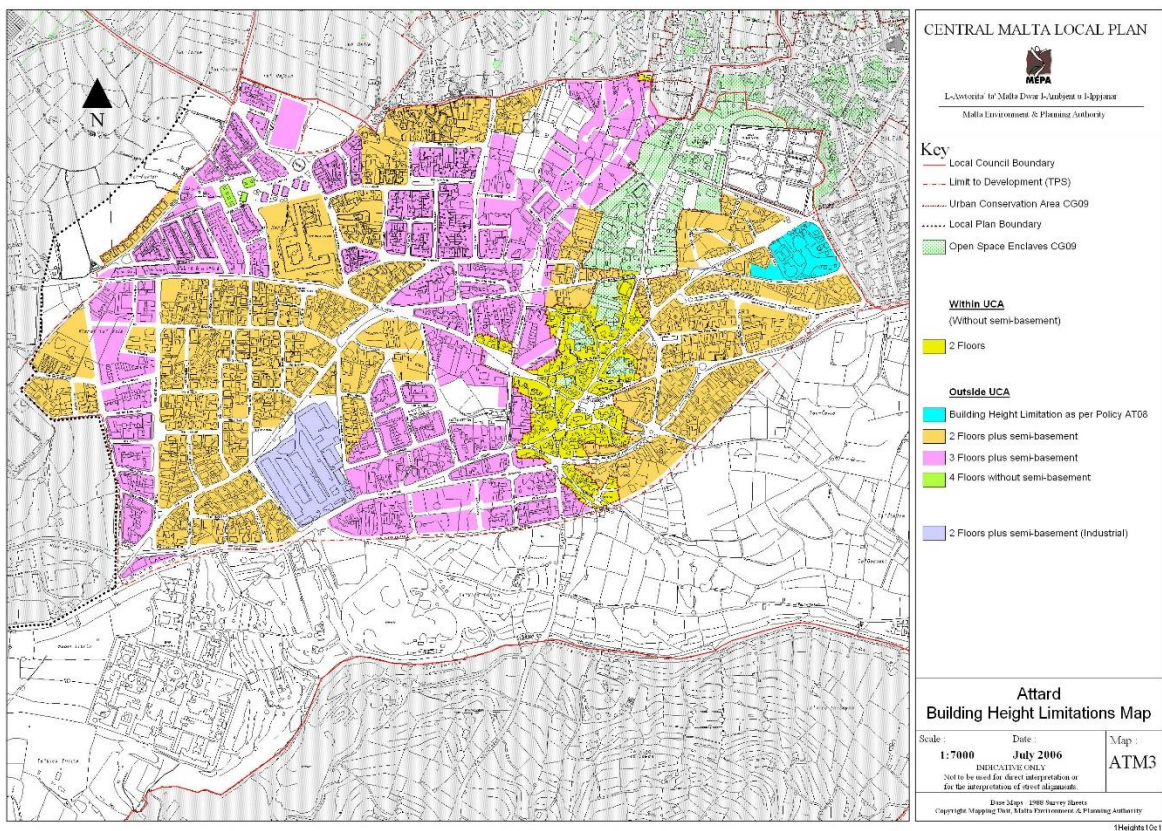
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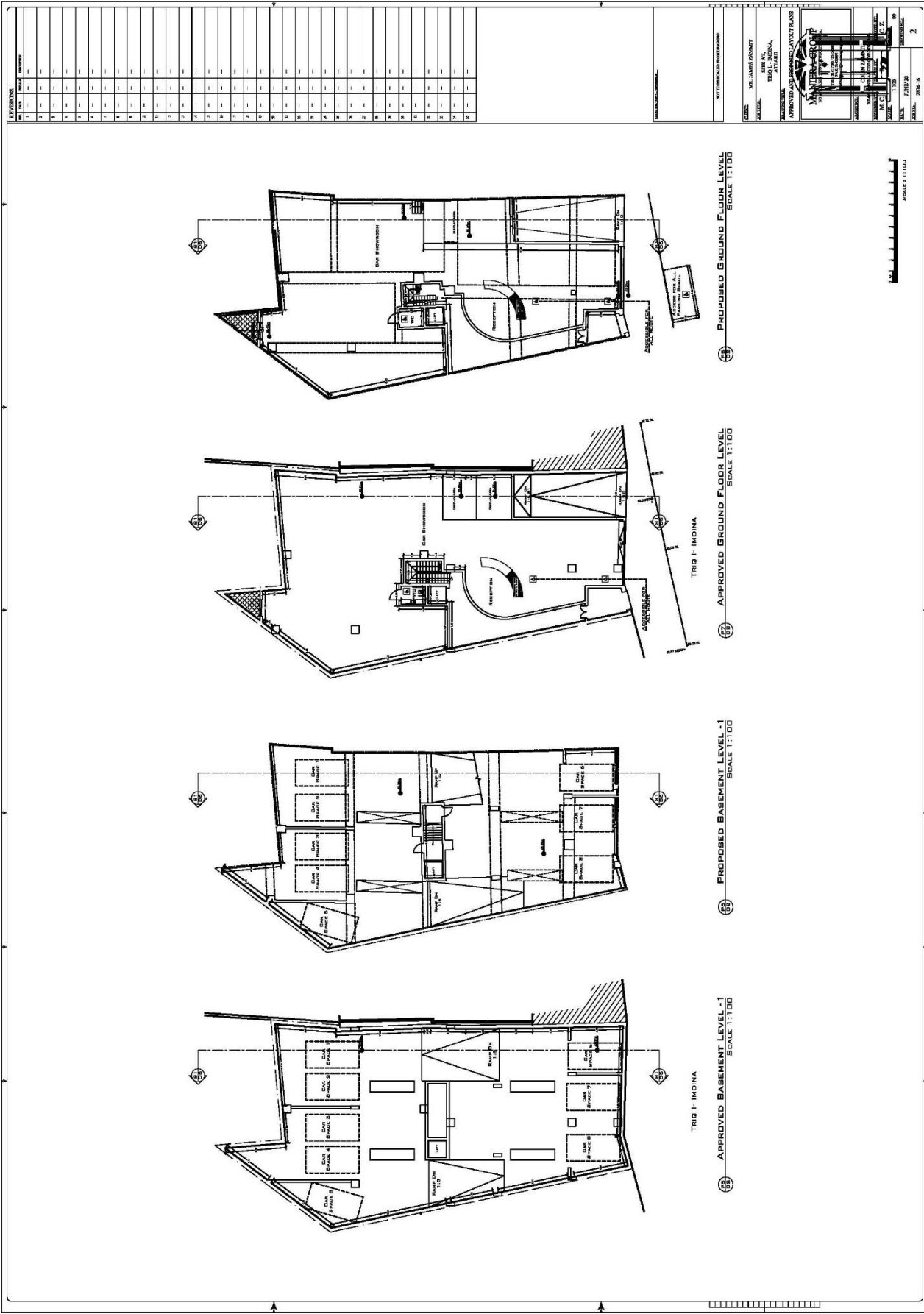
Site location



Attard Area policy map



Attard building height map



Approved layouts

Appendix C

Calculations

Table 1: Valuation Calculation							
		Area	Area Factor	Resulting Area	Market Value rate	Resulting market value rate	Market Value
Level 0	Internal	390	1	390	€ 2,750.00	€ 2,750.00	€ 1,072,500.00
	External	5	0.5	2.5	€ 2,750.00	€ 2,750.00	€ 6,875.00
Garages		8	1	8	€ 38,000.00	€ 38,000.00	€ 304,000.00
							€ 1,383,375.00

Table 2: Comparative study				
Sale				
Description	Area	Sale price	Rate/m ²	
1	100	€ 170,000.00	€ 1,700.00	
2	120	€ 350,000.00	€ 2,916.67	
3	1050	€ 2,975,000.00	€ 2,833.33	
4	23.5	€ 60,000.00	€ 2,553.19	
5	350	€ 950,000.00	€ 2,714.29	
6	120	€ 350,000.00	€ 2,916.67	
7				
€ 2,605.69				

Table 3: Capitalisation Calculation			
Rent	Area	Yield	Value
€ 150.00	1	5%	€ 3,000.00