



Property Valuation Report

Address: Excavated Plot – De Rohan Business 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 De Rohan Business Centre Limited bearing company registration number C13521, 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 currently an excavated site with permits for the construction of basements and commercial spaces above.

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/01017/09.
- 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 currently an excavated site with permit for a commercial development. The site has area of c. 2,155m². The approved permit allows for three basement levels for a carpark, a ground floor for retail operations, and the overlying upper ground floor and the first floor to be used as offices. Another application is currently at screening stage for an additional basement level at level -4, an additional full floor at second floor, and a receded floor above. The existing gross floor areas and net usable areas, per level, is as listed below.

Level	Gross Floor Area (m ²)	Net Usable Area (m ²)
-3	1979.09	1771.40
-2	1978.53	1715.99
-1	1975.10	1580.21
0	1796.61	1491.43
0+	1393.32	1268.76
1	1932.85	1798.17
Total	11,055.50	9625.96

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

The client has reported that the property is held under a title of temporary emphyteusis in favour of “Beni Ekklesjastici f’ Malta u tal-Legat Sacerdot Antonio Saliba anness mal-Knisja Parrokjali ta’ Haz-Zebbug, Malta” for a period of one hundred and fifty years, which commenced on the 1st July 1996, and subject to a temporary ground rent of ten Maltese Liri (in euro equivalent being €23.29). The temporary ground rent can be redeemed once ten years from the deed of acquisition have elapsed for a pre-agreed sum of two hundred Maltese Liri (euro equivalent €465.87). The said ten years elapsed on the 30th June 2006. The property to be developed on the land is to be used for commercial purposes, including offices and warehouses and once so developed, the temporary emphyteusis title can be changed to a freehold one, at which stage the temporary ground rent must be redeemed.

4.0. Interior layout description

The proposed layouts are based on open plan areas with a structural column grid and common vertical circulation cores.

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

5.0. Exterior description

The façade of this property is planned to be finished in cladding and glazed curtain walls.

6.0. Interior & condition of finishes

Floors of this property are planned to be finished in a gres tiles and walls and ceilings plastered and painted white.

7.0. Services

This property will be serviced with water and electricity mains supply, drainage connection and air-conditioning systems in the retail/office areas.

8.0. Structural considerations

Not applicable

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 permit PA/01017/09 (expiry date: 21/01/2023) is for '*Amended application PA5243/95, PA1442/98 (renewal) and PA2592/03. To carry out internal and external alterations to approved development and addition of intermediate level*'.

A more recent permit is at screening stage as mentioned in section 3.0 with reference number PA/00452/23.

No planning contraventions or enforcements presently exist on site.

10.0. Main Terms of Tenants Leases or sub-leases

Property is still to be developed.

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

None at time of valuation

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 5.5% 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.

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 yield of 5.5% is being used in the capitalisation calculation and is considered reasonable.

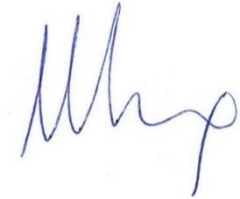
From this comparative assessment, the average market value per square metre for similar properties varies between €1,500 to €3,000. The average was found to be €2,550. Using rental rate for this area of €150 per square metre per annum and capitalising this at 5.5% gives us a rate of approximately €2,727 per square metre. A rate of €2,600 was used and is considered reasonable. Lower rates were applied to the basements and garage areas of €700 per square metre which would give a value of €24,000 to each car space. The contractor's method was used to achieve the current market value by estimated the market value on completion and deducting the costs to reach the complete state. The estimated value on completion is of €17,428,000 and the costs to complete are being estimated at €5,900,000 excluding VAT. This valuation is based on the existing, now expired, permit.

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 €11,500,000 (Eleven Million Five-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 has a temporary emphyteusis as mentioned in section 3.0. 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



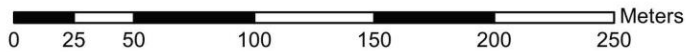
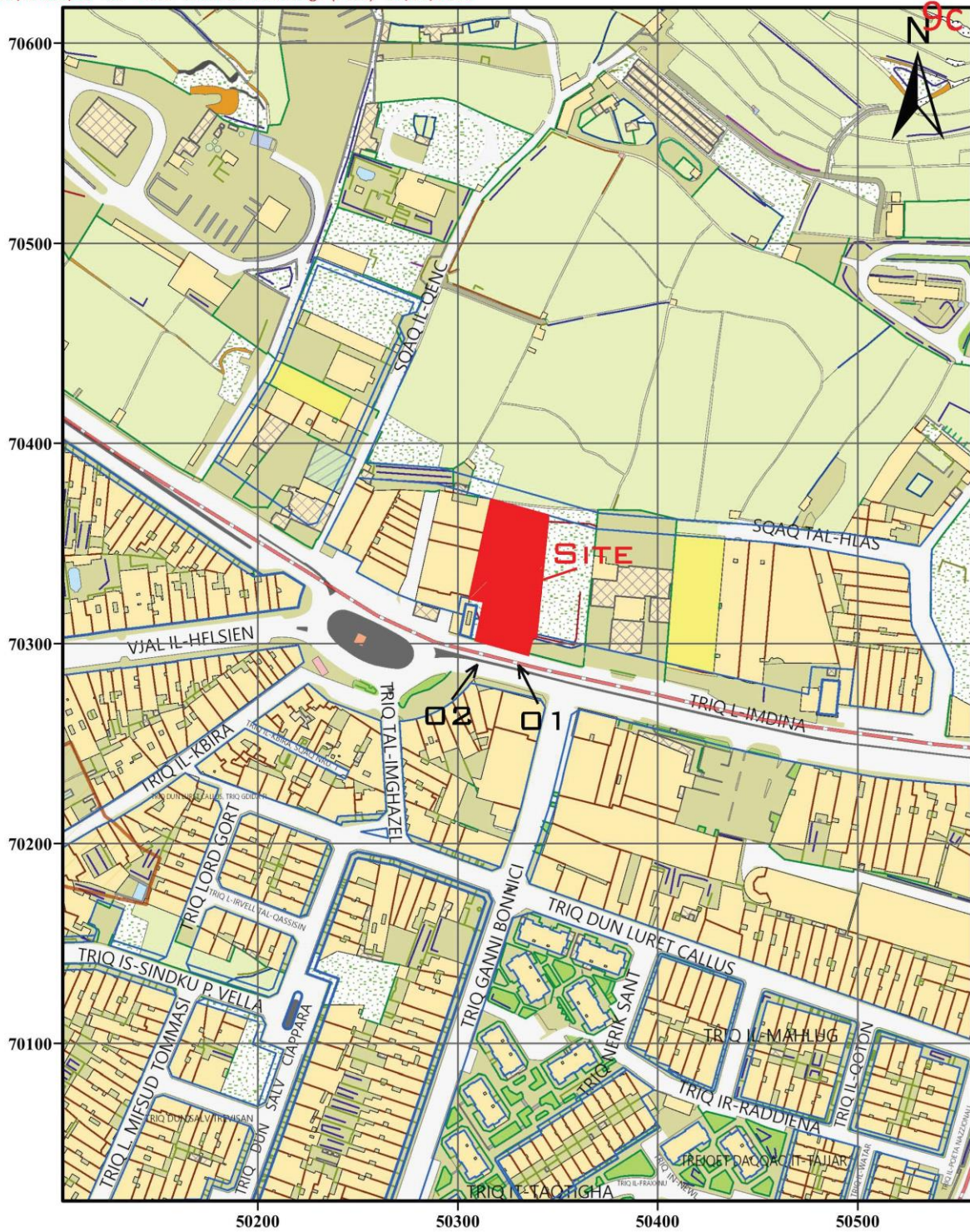
Photo 1 – Site view

Appendix B

Site Location

Local plans

Permit Information



1:2,500

Date Printed: 30/10/2020

Public Geoserver

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 Data captured from: 2018 aerial photography. Truncated U.T.M. Coordinates. Levelling Datum M.S.L. (Mean Sea Level).

PA



PLANNING AUTHORITY

St. Francis Ravelin, Floriana.
 Tel: +356 2290 0000, Fax: +356 2290 2295
 www.pa.org.mt, mappingshop@pa.org.mt

Site location



**Mdina Road
(Zebbug)**



**Triq Hal Farruġ
(Siggiewi)**

SOUTH MALTA LOCAL PLAN


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

Key

Area of Containment
 (Industrial/ Commercial)

**Areas of Containment
(Industrial/ Commercial)**

Scale:	Date:	Map:
1:3000	July 2006	AC 2

INDECATIVE 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
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Area of containment map

MDINA ROAD

Proposed Basement -3

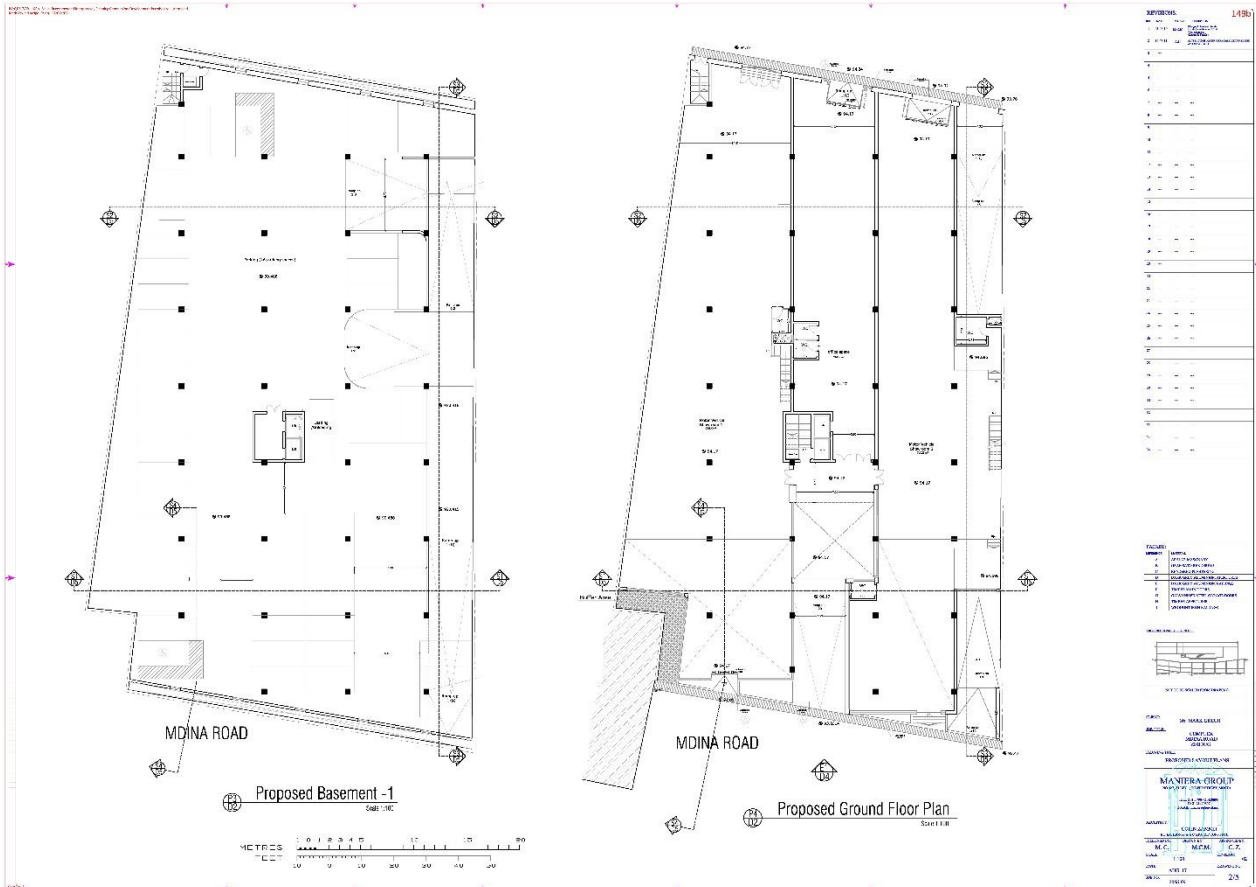
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MDINA ROAD

Proposed Basement -2

Scale: 1:300

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EXPOSITIONS 1450

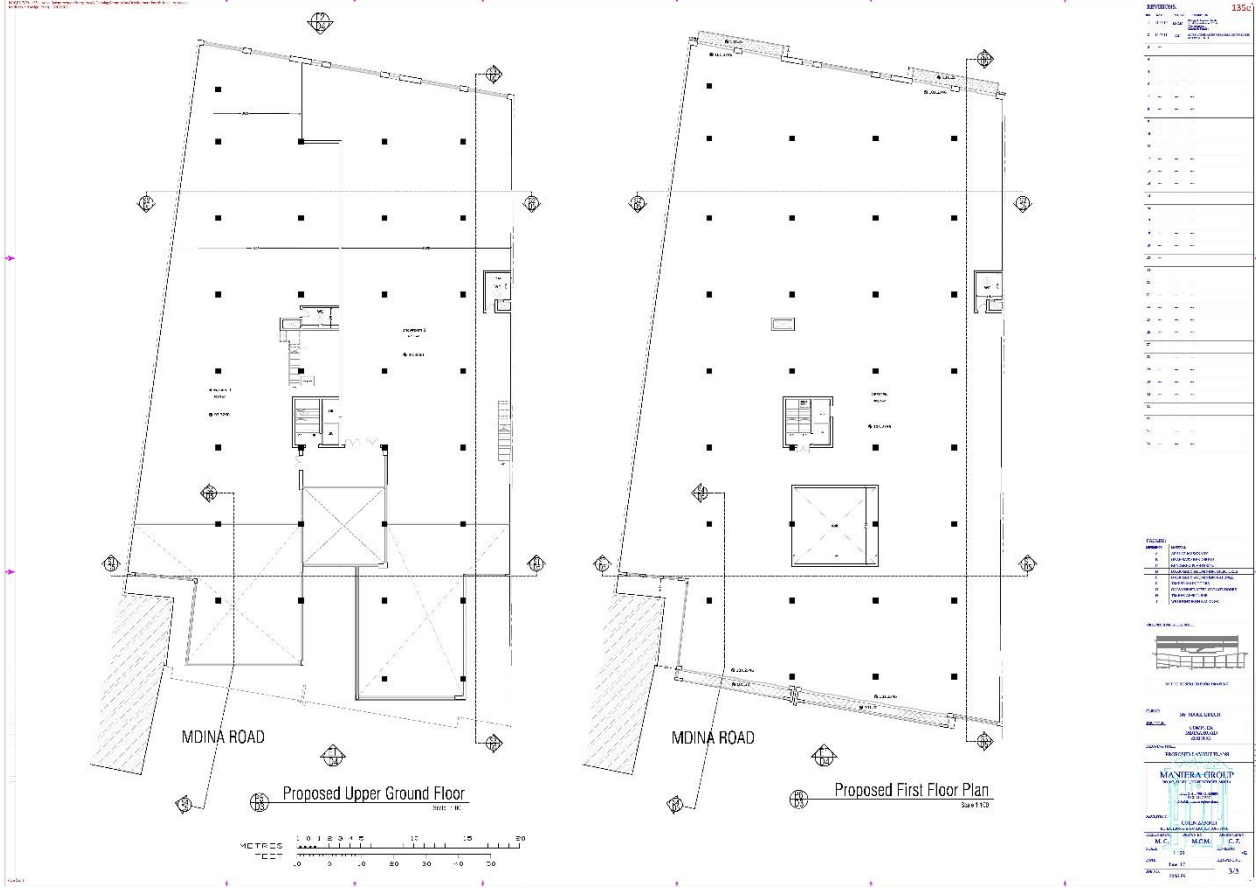
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FACTORY

MANIERA GROUP

MANIERA GROUP

MANIERA GROUP



EXPOSITIONS 1350

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FACTORY

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MANIERA GROUP

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Appendix C

Calculations

Table 1. Value calculation						
		Area	Area Factor	Resulting Area	Resulting market value rate	Market Value
Level -3	Garages	2000	1	2000	€ 700.00	€ 1,400,000.00
Level -2	Garages	2000	1	2000	€ 700.00	€ 1,400,000.00
Level -1	Garages	2000	1	2000	€ 800.00	€ 1,600,000.00
Level 0	Internal	1750	1	1750	€ 2,600.00	€ 4,550,000.00
Upper Ground	Internal	1361	1	1361	€ 2,600.00	€ 3,538,600.00
Level 1	Internal	1900	1	1900	€ 2,600.00	€ 4,940,000.00
Total Value						€ 17,428,600.00

Table 2. Comparative study				
Sale				
Description	Area	Sale price	Rate/m ²	
1	120	€ 350,000.00	€ 2,916.67	
2	1050	€ 2,975,000.00	€ 2,833.33	
3	23.5	€ 60,000.00	€ 2,553.19	
4	300	€ 426,000.00	€ 1,420.00	
5	135	€ 350,000.00	€ 2,592.59	
6	363	€ 1,100,000.00	€ 3,030.30	
			€ 2,557.68	

Table 3. Capitalisation calculation			
Rent	Area	Yield	Value
€ 150.00	1	5.5	€ 2,727.27

Costs summary

Ref no: CVL569
 Location: De Rohan Business Centre, Mdina Road, Zebbug

Item	Rate/m ² (€)	Qty	Unit	Total (€, Ex. VAT)
Planning Fees				
Basement	5.66		sq.m	0
Ground floor	5.66		sq.m	0
1st floor	5.66		sq.m	0
2nd floor	5.66		sq.m	0
Washrooms	22		sq.m	0
UIF	2140	0		0
				0

Demolition + Excavation

Demolition	30	0	cu.m	0
Excavation, site clearing	40	6000	cu.m	240,000
				<u>240,000</u>

Construction

Level -3	300	2000	sq.m	600,000
Level -2	200	2000	sq.m	400,000
Level -1	200	2000	sq.m	400,000
Ground floor	200	1750	sq.m	350,000
Upper Ground	200	1361	sq.m	272,200
First Floor	230	1900	sq.m	437,000
				<u>2,459,200</u>

Finishes

Level -3	80	2000	sq.m	160,000
Level -2	80	2000	sq.m	160,000
Level -1	80	2000	sq.m	160,000
Ground floor	420	1750	sq.m	735,000
Upper Ground	420	1361	sq.m	571,620
First Floor	420	1900	sq.m	798,000
Lift	40000	2		80,000
				<u>2,664,620</u>

Sub-total		€		5,363,820
Contingency		10%		536,382
Cost of semi-finished block (Ex. VAT)				<u>5,900,202</u>
18% VAT				<u>1,062,036</u>
Total Cost (Incl. VAT)				<u>6,962,238</u>