



## Property Valuation Report

**Address:** 66, Office and Garage, & Garage 8, Triq Il-Bellic, Qormi, Malta

**Date of Inspection:** 10<sup>th</sup> August 2023

**Date:** 31<sup>st</sup> 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 large garage numbered 66 and a smaller garage numbered 8 at ground floor. The front of the large garage has a small commercial unit for an office. This building was constructed between 2000 and 2004.

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/05608/00, PA/03654/02, PA/5608/00 & PA/03596/15.
- Rates for similar properties.
- 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 made up of one large garage that can accommodate 8 cars, an office space overlooking Triq Il-Bellic, and one smaller garage for one car with space for storage. The front of garage 66 was more recently approved as an office space changing the access to this garage from the back of the complex adjacent to garage number 8. Garage number 8 is accessed via an access ramp and common aisle from Triq Il-Vitorja. The gross floor areas and net usable areas, per level, are listed below.

Garage 8		
Level	Gross Floor Area (m <sup>2</sup> )	Net Usable Area (m <sup>2</sup> )
0	26.7	22.5
Office		
0	114.23	100.9
Garage 66		
0	126.31	120
<b>Total</b>	<b>267.24</b>	<b>243.40</b>

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

#### 4.0. Interior layout description

The layout of garage 66 is an open area that has an access from a common aisle to the rear, the office is accessible directly from Triq Il-Bellic and has an open area, a bathroom, and a raised area that is above the ramp accessible the underlying floor. Garage number 8 is located adjacent to the entrance to the large garage accessible from the back street Triq Il-Vitorja.

Garage number 8 is a standard garage rectangular in shape measuring 2.7 metres wide by 7.8 metres and is accessed from the common aisle mentioned above.

#### 5.0. Exterior description

The façade of this property is finished stone masonry that is exposed. Garage doors are in galvanised metal.

#### 6.0. Interior & condition of finishes

Interior is finished in painted walls and concrete floor in a working order.

#### 7.0. Services

This property is serviced with water and electricity mains supply, and drainage connection.

#### 8.0. Structural considerations

No major defects noted.

## 9.0. Planning situation (PA)

This property lies within an area designated as a residential area for residential use and limited commercial development.

Garage 66 has a recent permit PA/03596/15 (expiry date; 11/05/2024) to '*Change of use from a garage to a Class 4A office, removal of the existing signage and installation of a new sign, and sanctioning of part over the ramp area and marble cladding on the façade*'. This area was previously approved through PA/05608/00 – '*To erect basement garages and overlying ground floor garages and first & second floor flats*'. Garage 8 and the whole block was originally constructed through permit PA/03654/02 - '*To demolish and erect two basement garages, ground floor shops and offices and overlying flats first and second floor*'.

## 10.0. Main Terms of Tenants Leases or sub-leases

Garage 66 and the office have been leased to third parties with effect from August 2022 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 €15,120. Lease agreements have inbuilt annual rent increases of 3%.

Garage 8 is used by Agora Group for storage purposes.

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

The property is not subject to any hypothecary charges.

## 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.

The current yield is 3.8%. 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 5.5% is being used in the capitalisation calculation and is considered reasonable.

Using a commercial rental rate for this area of €110 per square metre per annum and capitalising this at 5.5% gives us a rate of approximately €2,000 per square metre. This is considered reasonable for this particular area and would result in a value of €30,000 per car space for the large garage which is consistent with the average value of similar properties in this area. Garage number 8 is being valued at €45,000 being a large one car garage with space for storage. The office is also being valued using a similar rate for this area resulting in a value of €160,000.

Based on the above calculations and taking into account all factors affecting the value of the property, including size, location, and rental value, the current open market value is estimated at

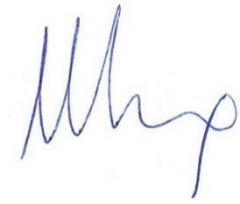
Garage 66: €240,000 (Two Hundred and Forty Thousand Euro).  
Garage 8: €45,000 (Forty-Five Thousand Euro).  
Office: €160,000 (One Hundred and Sixty Thousand Euro)

### 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



Facade

# Appendix B

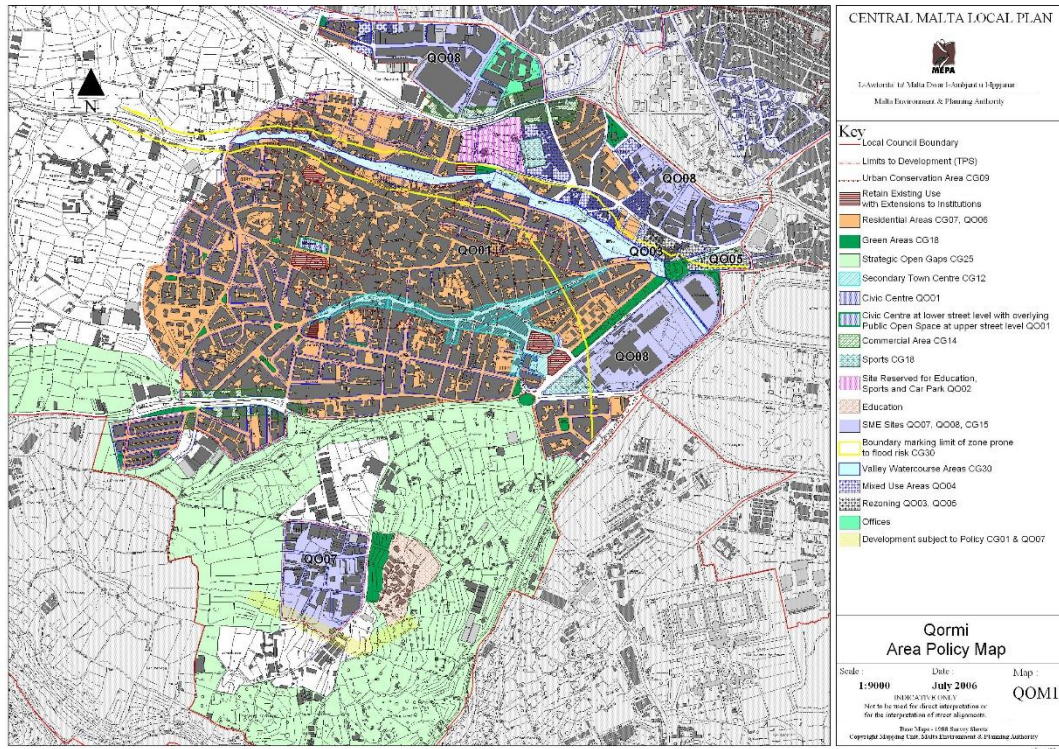
*Site Location*

*Local plans*

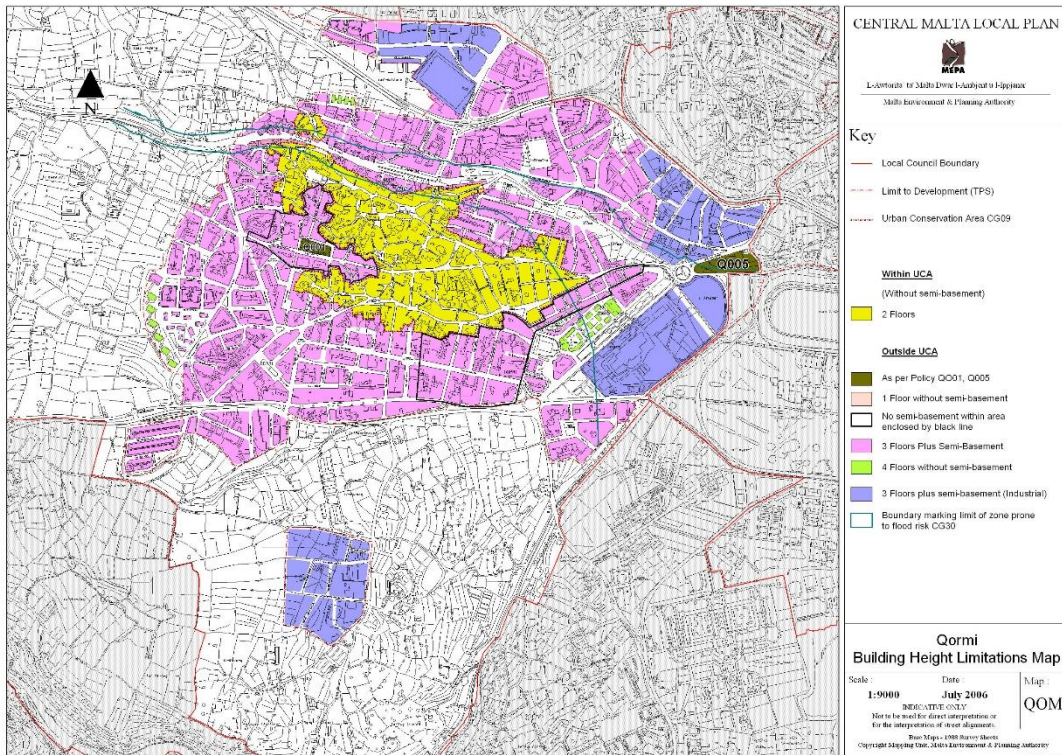
*Permit Information*







Qormi Area policy map



Qormi building height map





# Appendix C

## Calculations

Table 1: Value calculation						
		Area	Area Factor	Resulting Area	Resulting market value rate	Market Value
Level 0	Garages	142.5	1	142.5	€ 2,000.00	€ 285,000.00
Level 0	Office	80	1	80	€ 2,000.00	€ 160,000.00
					Total Value	€ 445,000.00

Table 2: Capitalisation			
Rent	Area	Yield	Value
110	1	5.5	2000