



Property Valuation Report

Address: JC Car Sales, Triq il-Labour & Triq ix-Xwieni, Marsa

Date of Inspection: 08th 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 in Marsa that has a basement level, ground floor level and an intermediate floor level. It is being used as a commercial property. It was constructed in the early 1990s.

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/11059/17.
- 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 showroom in Marsa that has a basement level which is used for storage and cleaning/preparation of vehicles, a ground floor level consisting of Showroom, Office and toilet, and an Intermediate Floor level which consists of a showroom. All levels are serviced with a car lift. 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	363.43	275.00
0	363.52	264.00
1+	239.42	212.00
Total	966.37	751.00

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

4.0. Interior layout description

The basement consists of an open layout and the car lift, the ground floor has an open layout, access from two streets, an office, toilet, and the car lift, the intermediate level is an open plan layout.

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

5.0. Exterior description

The façade of this property is finished in black cladding that borders the glazed façade on Triq Il-Labour and Triq Ix-Xwieni. Aperture frames are in black aluminium.

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.

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 for general industry with neighbour compatibility and the property is in fact abutting similar showroom type properties.

This property went through various permit related to changes of use from PA/06514/01 to PA/05809/02, to the more recent PA/11059/17 (expiry date – 23/05/2023) - *Sanctioning of internal alterations and proposed part change of use from showroom to public service garage.*

10.0. Main Terms of Tenants Leases or sub-leases

The property has been fully leased to third parties with effect from October 2019 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 is currently €94,500. Lease agreements have inbuilt annual rent increases of 3% with effect from October 2024.

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 30th 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 5.8% on the whole building. 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% on the rental rate specified above is being used in the capitalisation calculation and is considered reasonable.

From a comparative assessment, the average market value per square metre for similar properties varies between €2,000 to €2,950. The average was found to be €2,467. Using rental rate for this area of €120 per square metre per annum and capitalising this at 5% gives us a rate of €2,400 per square metre. This was applied to the usable areas.

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 €1,800,000 (One Million Eight 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: Façade



Photo 2: Interior



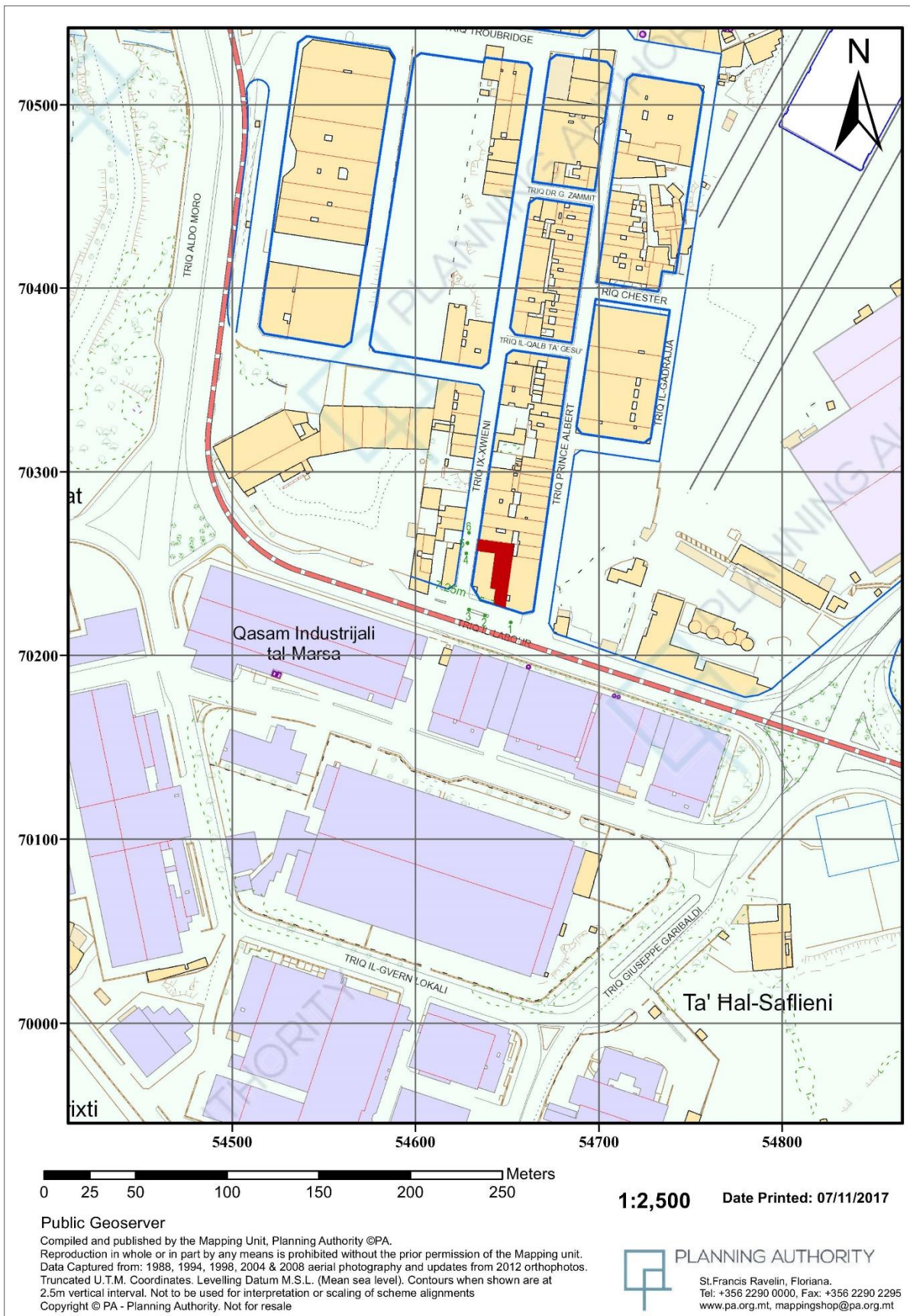
Photo 3: Interior

Appendix B

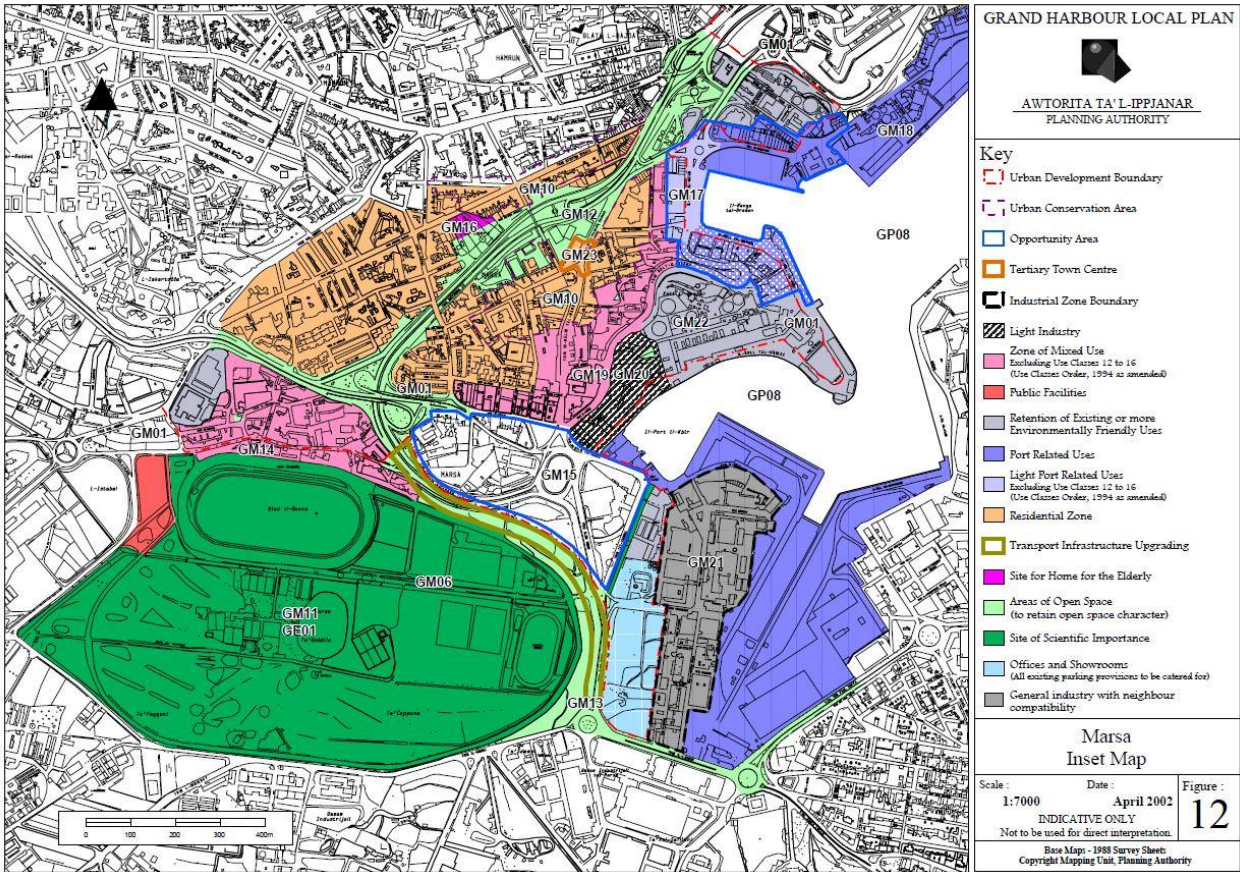
Site Location

Local plans

Permit Information



Site location



Marsa inset map

Mr James Zammit

Date: 11 May 2018
Our Ref: PA/11059/17

Application Number: PA/11059/17
Application Type: Full development permission
Date Received: 8 November 2017
Approved Documents: PA 11059/17/1C/9A/9B; and supporting documents:
Water Service Corporation - PA 11059/17/41A;
Engineer's Light and Ventilation Report - PA 11059/17/51A.

Location: Cars Unlimited, Triq il-Labour &, Triq ix-Xwieni, Marsa, Malta
Proposal: Sanctioning of internal alterations and proposed part change of use from showroom to public service garage.

**Development Planning Act, 2016
Full Development Permission**

The Planning Authority hereby grants development permission in accordance with the application and documents described above, subject to the following conditions:

- 1 a) This development permission is valid for a period of FIVE YEARS from the date of publication of the decision in the press but will cease to be valid if the development is not completed by the end of this validity period.
- b) This permission relates only to the development as specifically indicated on the approved drawings. This permission does not sanction any other illegal development that may exist on the site.
- c) Copies of all approved drawings and documents shall be available for inspection on site by Planning Authority officers at all reasonable times.
- d) The development shall be carried out in complete accordance with the approved drawings, documents and conditions of this permission. Where a matter is not specified, then the conditions of this permission and of Development Control Design Policy, Guidance and Standards 2015 shall apply.
- e) Before any part of the development hereby permitted commences, the enclosed green copy of this development permission shall be displayed on the site. This must be mounted on a notice board, suitably protected from the weather and located not more than 2 metres above ground level at a point on the site boundary where it is clearly visible and can be easily read from the street. The copy of the permission must be maintained in a good condition and it shall remain displayed on the site until the works are completed.

PA/11059/17

Print Date: 01/06/2018

Appendix C

Calculations

Table 1. Value Calculation						
		Area	Area Factor	Resulting Area	Resulting market value rate	Market Value
Level -1	Internal	275	0.9	247.5	€ 2,467.98	€ 610,826.14
	External	0	0.35	0	€ 2,467.98	€ -
Level 0	Internal	264	1	264	€ 2,467.98	€ 651,547.88
	External	0	0.01	0	€ 2,467.98	€ -
Level 1+	Internal	212	1	212	€ 2,467.98	€ 523,212.70
	External	0.00	1	0	€ 2,467.98	€ -
						€ 1,785,586.72

Table 2: Comparative study			
Sale			
Description	Area	Sale price	Rate/m ²
1	45	€ 95,000.00	€ 2,111.11
2	57	€ 130,000.00	€ 2,280.70
3	1320	€ 3,926,000.00	€ 2,974.24
4	85	€ 213,000.00	€ 2,505.88
Average			€ 2,467.98

Table 3: Capitalisation Calculation			
Rent	Area	Yield	Value
€ 120.00	1	5%	€ 2,400.00