



Property Valuation Report

Address: Warehouse, Triq Mastru Gorg Cachia, Handaq, Qormi, Malta

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 is a warehouse at ground floor.

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/00596/19.
- 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 two adjacent open warehouse areas, dating from the beginning of the 1990s, that are interconnected towards the back of the site. It is currently being used for storage warehousing. The gross floor areas and net usable areas, per level, are listed below.

Level	Gross Floor Area (m ²)	Net Usable Area (m ²)
0	396.53	352
0 (External)		20.9
1	26.61	24
Total	423.14	396.9

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

For the purposes of this valuation, it is being assumed that there are no material contraventions of any sort that can have a bearing on the value of the property.

4.0. Interior layout description

The layout consists of two open plan rectangular layouts with an opening in between them at the back, two bathrooms and a kitchenette at the back and two back yards.

5.0. Exterior description

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

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.

9.0. Planning situation (PA)

This property lies within an area designated as a SME site for industrial development with a height limitation allowing for 4 standard floors and a set-back floor or 17.5m total height of development.

This property has an approved permit PA/00596/19 (expiry date: 03/04/2024) for sanctioning of variations and was previous approved and amended through various permits from 1992. The ground floor is approved as a parking area to satisfy the parking requirements of the whole block.

The current use is warehousing and not for parking.

10.0. Main Terms of Tenants Leases or sub-leases

None at the time of valuation

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

None at the 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 6% 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 6% is being used in the capitalisation calculation and is considered reasonable.

Using a commercial rental rate for this area of €80 per square metre per annum and capitalising this at 6.0% gives us a rate of approximately €1,330 per square metre. This is considered reasonable for this particular area and considering the main frontage.

The average rate per square metre based on a comparative assessment and applying the relevant factors for the size and condition of finishes is in the region of €1,850.

An value of € 1,400 will be used here to factor in resulting in the value below.

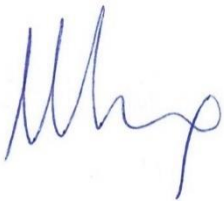
Based on the above calculations and taking into account all factors affecting the value of the property, including size, location, and rental value, the current open market value is estimated at €525,000 (Five Hundred and Twenty-Five Thousand Euro).

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



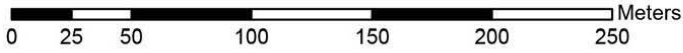
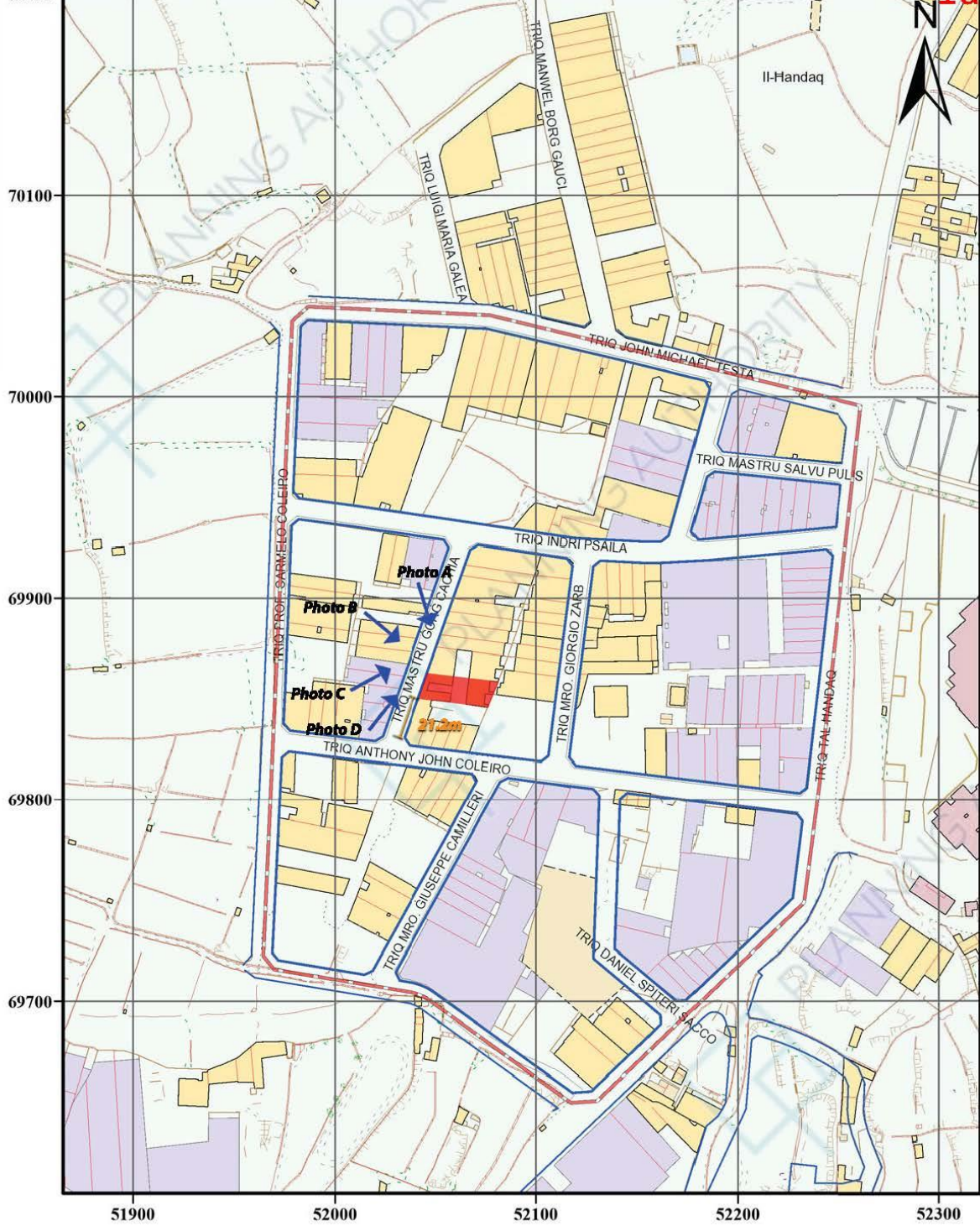
Photo 1. Facade

Appendix B

Site Location

Local plans

Permit Information

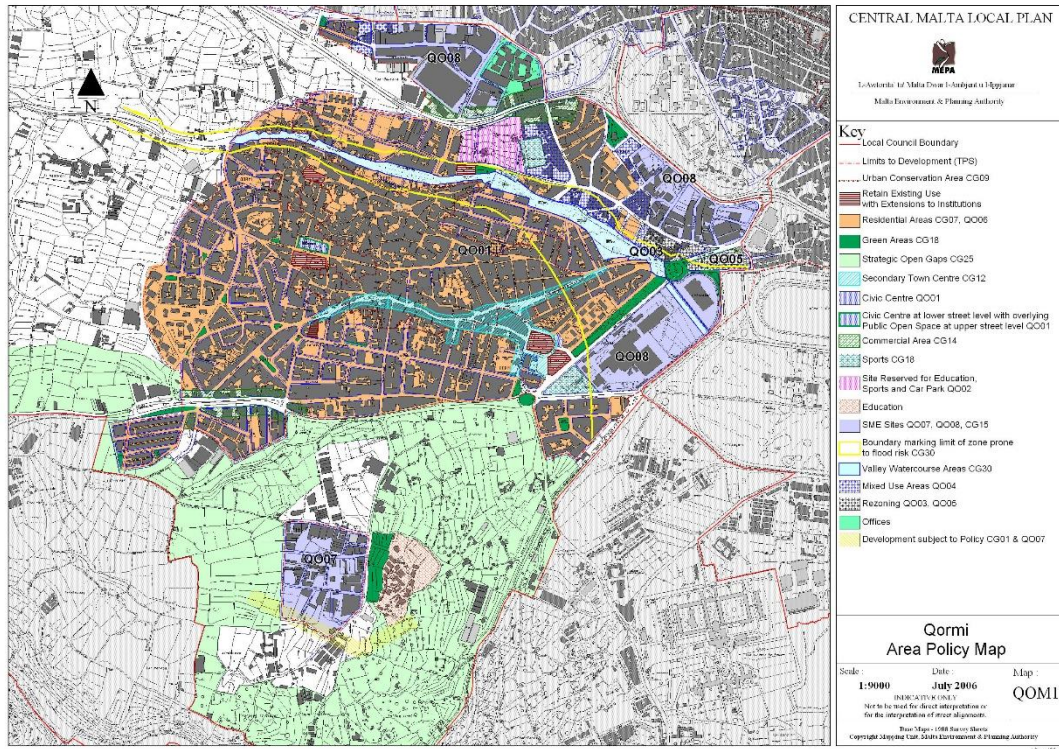


1:2,500 Date Printed: 20/12/2018

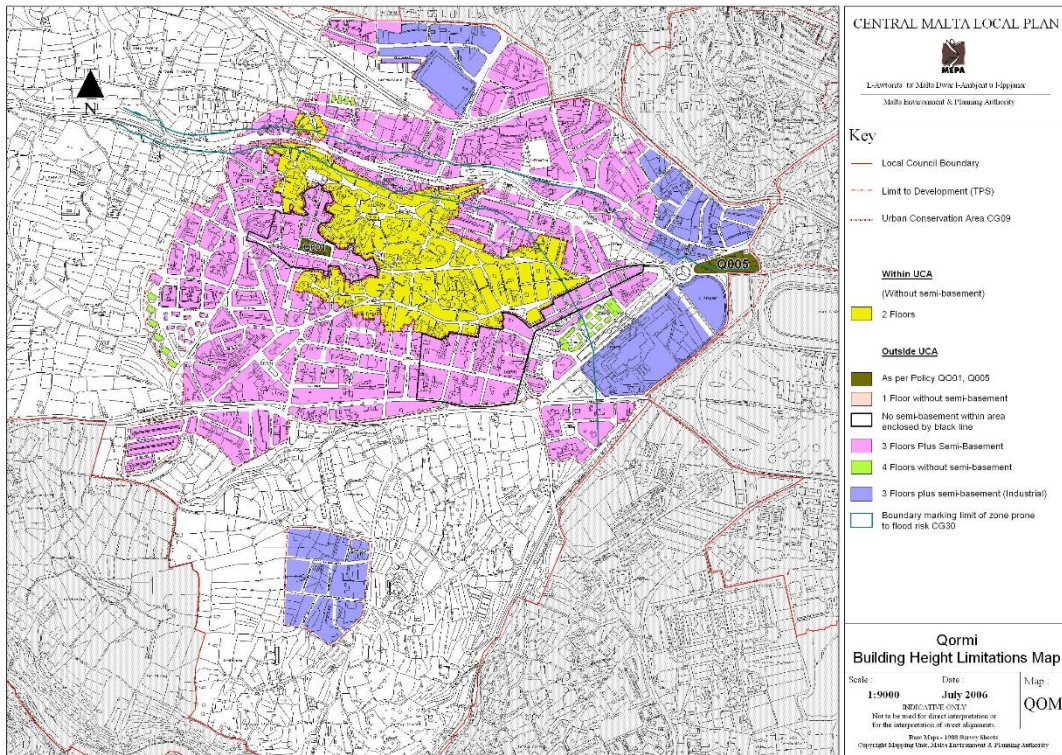
Public Geoserver
Compiled and published by the Mapping Unit, Planning Authority ©PA.
Reproduction in whole or in part by any means is prohibited without the prior permission of the Mapping unit.
Data Captured from: 1988, 1994, 1998, 2004 & 2008 aerial photography and updates from 2012 orthophotos.
Truncated U.T.M. Coordinates. Levelling Datum M.S.L. (Mean sea level). Contours when shown are at 2.5m vertical interval. Not to be used for interpretation or scaling of scheme alignments
Copyright © PA - Planning Authority. Not for resale

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

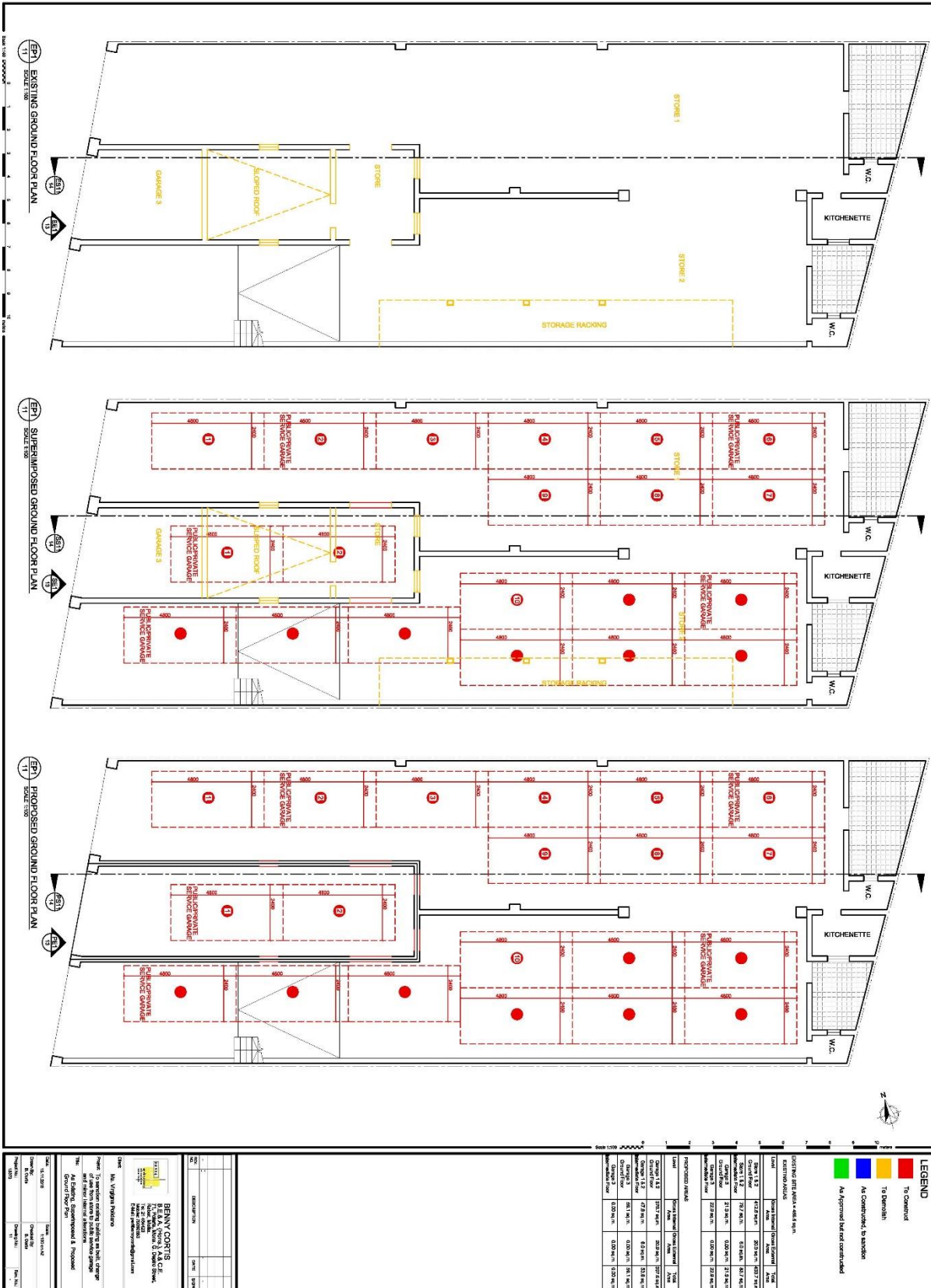
Site location



Qormi Area policy map



Qormi building height map



Page 1 of 1
Approved ground floor plan

Appendix C

Calculations

Table 1. Value Calculation						
		Area	Area Factor	Resulting Area	Resulting market value rate	Market Value
Level 0	Internal	376	1	376	€ 1,400.00	€ 526,400.00
	External	20	0.15	3	€ 1,400.00	€ 4,200.00
						€ 530,600.00

Table 2. Comparative study				
Sale				
Description	Area	Sale price	Rate/m ²	
1	260	€ 535,000.00	€ 2,057.69	
2	1040	€ 2,000,000.00	€ 1,923.08	
3	220	€ 620,000.00	€ 2,818.18	
4	3500	€ 5,313,500.00	€ 1,518.14	
5	300	€ 550,000.00	€ 1,833.33	
6	713	€ 700,000.00	€ 981.77	
7	175	€ 210,000.00	€ 1,200.00	
8	93	€ 185,000.00	€ 1,989.25	
9	175	€ 209,750.00	€ 1,198.57	
10	304	€ 360,000.00	€ 1,184.21	
Average			€ 1,670.42	

Table 3: Capitalisation calculation			
Rent	Area	Yield	Value
€ 80.00	1	6%	€ 1,333.33