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VALUATION REPORT ON IMMOVABLE PROPERTIES
FORMING PART OF THE HOLDINGS OF
BONNICI BROTHERS PROPERTY LTD.

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01	28/03/2022	Corrections to Section 9.10 further to Collection of PAPB/0377/90	9.10 (All)
02	09/05/2022	CAP Rate corrected to 6.2% Inclusion of footnotes Paragraph included for clarification Corrected to reflect 30% Clarification included Update to inc. open market value of property in current state Correction on Taxed portion Correction to the range	7.1.3 9.4.6.9 9.4.6.11 9.6.5 9.9.4 9.9.5 10.5.4 Table 23
03	23/05/2022	Correction to Rates Inclusion of Opportunity Costs Annex 9	Table 13 9.4.11; 9.5.10 NEW
04	10/06/2022	Correction Portion Areas	Table 24 9.9.6
05	03/08/2022	Update with Appendix 1	
06	11/11/2022	Reviewed Estimate	Section 11.4 & 11.5

<u>Prepared By:</u>	Perit Marc Vincent Spiteri B. E. & A. (Hons.), MSc. ProjMgmt, A.& C. E.	<u>Date:</u> 11 th November, 2022
<u>Endorsed By:</u>	Perit Mark Anthony Muscat B. E. & A. (Hons.), A.& C. E.	<u>Date:</u> 11 th November, 2022

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1 SUMMARY

A R C 1.1.1.1 I, the undersigned Architect and Civil Engineer, acting for and on behalf of Architecture
H I T 360, have been engaged as external valuers by Bonnici Bros Properties Ltd., C 74286, to
E C T carry out an independent valuation exercise of a number of immovable assets held by
U R E the Client, in order to estimate the Fair Value that the assets would fetch in a free
3 6 0 market transaction, at the date of this valuation, between a willing buyer and willing
seller, in an arm's length transaction.

1.1.1.2 The Report has been prepared in accordance with the *Kamra tal-Periti* (KTP) Valuation
Standards for Accredited Valuers(2012), and in line with the International Valuation
Standards, published by the IVSC, effective from the 31st January, 2022, which represent
an update to the global edition of the RICS Valuation – Global Standards, effective from
31st January, 2020.

1.1.1.3 Further to the considerations made within the report, below is a summary of the
estimated Fair Values of the properties held by the Client;

BONNICI HOUSE, at Triq is-Sardin, c/w Triq Burmarrad, Burmarrad	€5,032,000	Five Million and Thirty-Two Thousand Euros
BONNICI GARAGE, at Triq is-Sardin, Burmarrad	€2,120,000	Two Million, One Hundred and Twenty Thousand Euros
PARKING AREA, at Triq is-Sardin, Burmarrad	€250,000	Two hundred and Fifty Thousand Euros
PARCEL OF LAND, k/a Ta' DEMEN, at Triq is-Sardin, c/w Triq ir-Rumani, Burmarrad	€4,400,000	Four Million Four Hundred Thousand Euros
ADDITIONAL PARCEL OF LAND, k/a Ta' DEMEN, at Triq is-Sardin, c/w Triq I-Papa Ġwanni Pawlu II, Burmarrad	€1,700,000	One Million Seven Hundred Thousand Euros
PARCEL OF LAND, k/a Ta' HABEL MIĊA, at Triq I-Papa Ġwanni Pawlu II, Burmarrad	€5,378,500	Five Million, Three Hundred and Seventy-Eight Thousand Five Hundred Euros
PARCEL OF LAND, k/a Ta' BRAJTEL, at Triq Burmarrad, Burmarrad	€1,981,500	One Million, Nine hundred and Eighty-One Thousand Five Hundred Euros
TOWNHOUSE Nr. 22 & 23, at Triq Milner, Sliema	€1,980,000	One Million Nine Hundred and Eighty Thousand Euros
TOTAL VALUE OF ASSETS	€ 22,842,000	Twenty-Two Million, Eighty Hundred and Forty-Two Thousand Euros

1.1.1.4 Further to the above, and in line with the Capital Market Rules, an internal review of
the values of the individual properties has been carried out at the date of this report,
being November, 2022, confirming that the above given values remain valid in light of
market stability for the property types and their position.

1.1.1.5 This report was compiled in my capacity as Architect and Civil Engineer acting and on
behalf of Architecture 360.

Prepared By;



Marc Vincent Spiteri

B. E. & A. (Hons.), MSc. ProjMgmt, A.& C. E.

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H I T 1
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U R E 3
3 6 O 4

TABLE CONTENTS

1	SUMMARY.....	2
2	TABLE CONTENTS.....	3
3	LIST OF TABLES	6
4	LIST OF FIGURES.....	7
5	TERMS OF ENGAGEMENT	9
5.1	The Valuer	9
5.1.2	Details of the Firm and the Valuer.....	10
5.2	The Client	11
5.2.2	Details of the Client.....	11
5.3	Instructions	12
5.4	Date of Valuation	12
5.5	Compliance and Standards Adopted	13
5.6	Sources of Information.....	13
5.7	GDPR Restrictions.....	14
5.8	COVID-19 Restrictions	14
6	EXCLUSIONS.....	15
6.1	Intended Users of this Document	15
6.2	Exclusion of Liabilities.....	15
7	BASIS OF VALUE	16
7.1.2	Market Approach	17
7.1.3	Market Rent Approach.....	18
7.1.4	Income Approach.....	19
7.1.5	Cost Approach.....	19
8	General Assumptions.....	20
9	ASSESSMENT OF INDIVIDUAL PROPERTIES	21
9.1	Burmarrad Area.....	21
9.2	Planning Considerations.....	22
9.3	Client's Properties	22
9.4	BONNICI HOUSE, at Triq is-Sardin, c/w Triq Burmarrad, Burmarrad	24
9.4.1	Property Description.....	24
9.4.2	Photos	26
9.4.3	Property Details	31
9.4.4	Valuation Methodology	35
9.4.5	Market Approach – Offices.....	35
9.4.6	Rental Market Value - Offices.....	36
9.4.7	Market Approach – Showrooms.....	38
9.4.8	Rental Market Value - Garages	39
9.4.9	Consideration for PV Panels.....	40
9.4.10	Fair Value – Bonnici House	40
	Accounting for Opportunity Cost.....	41
9.4.11	41	

A 3
6 O

A R C H I T E C T U R E 3 6 0	9.5	BONNICI GARAGE, at Triq is-Sardin, Burmarrad	42
	9.5.1	Property Description	42
	9.5.2	Photos	44
	9.5.3	Property Details	45
	9.5.4	Valuation Methodology	47
	9.5.5	Market Approach – Offices	48
	9.5.6	Rental Market Value - Offices	48
	9.5.7	Market Approach – Workshop	50
	9.5.8	Consideration for PV Panels.....	51
	9.5.9	Fair Value – Bonnici Garage	51
9.5.10	Accounting for Opportunity Cost.....	51	
9.6	PARKING AREA, at Triq is-Sardin, Burmarrad.....	53	
9.6.1	Property Description	53	
9.6.2	Photos	54	
9.6.3	Property Details	55	
9.6.4	Valuation Methodology	57	
9.6.5	Market Approach – Parking	57	
9.6.6	Fair Value – Parking Area	57	
9.7	PARCEL OF LAND, k/a Ta’ DEMEN, at Triq is-Sardin, c/w Triq ir-Rumani, Burmarrad	58	
9.7.1	Property Description	58	
9.7.2	Photos	60	
9.7.3	Property Details	61	
9.7.4	Valuation Methodology	64	
9.7.5	Market Approach – Residential Units	65	
9.7.6	Market Approach – Parking Provisions.....	66	
9.7.7	Development Costs	67	
9.7.8	Residual Value	70	
9.7.9	Fair Value – Parcel of Land k/a Ta’Demen	70	
9.7.10	Potential Fair Value	71	
9.8	ADDITIONAL PARCEL OF LAND, k/a Ta’ DEMEN, at Triq is-Sardin, c/w Triq San Ġwanni Pawlu II, Burmarrad.....	73	
9.8.1	Property Description	73	
9.8.2	Property Details	75	
9.8.3	Valuation Methodology	77	
9.9	PARCEL OF LAND, k/a Ta’ HABEL MIĊA, Triq San Ġwanni Pawlu II, Burmarrad	78	
9.9.1	Property Description	78	
9.9.2	Photos	81	
9.9.3	Property Details	83	
9.9.4	Valuation Methodology	86	
9.9.5	Market Approach – Warehouses and Garages.....	87	
9.9.6	Fair Value – Ta’ Habel Miċa	89	
9.10	PARCEL OF LAND, k/a Ta’ BRAJTEL, Triq Burmarrad, Burmarrad	90	
9.10.1	Property Description	90	
9.10.2	Property Details	93	
9.10.3	Valuation Methodology	94	
10	<u>22 & 23, TRIQ MILNER, SLIEMA</u>	<u>98</u>	
10.1	Property Description	98	
10.2	Planning Considerations.....	100	
10.3	Photos	101	
10.4	Property Details.....	112	
10.5	Valuation Methodology.....	115	
10.5.1	Bases of Value	115	

	10.5.2	Market Approach – Potential Residential Units	116
A	10.5.3	Development Costs	118
R	10.5.4	Residual Value	121
C	10.5.5	Fair Value – Townhouse, at Triq Milner, Sliema	121
H	<u>11</u>	<u>ANNEXES.....</u>	<u>122</u>
I			
T			
E	ANNEX 1	152	
C	ANNEX 2	153	
T	ANNEX 3	154	
U	ANNEX 4	155	
R	ANNEX 5	156	
E	ANNEX 6	157	
3	ANNEX 7	158	
6	ANNEX 8	159	
0	ANNEX 9	160	

A R C 3
H I T
E C T
U R E
3 6 0

LIST OF TABLES

Table 1 – Rate Envelope; Comparative Market Analysis - Offices 36
 Table 2 – Rate Envelope; Comparative Rental Market Analysis - Offices 36
 Table 3 – Rate Envelope; Comparative Rental Market Analysis – Offices; as published by Malta Enterprise (2014) 36
 Table 4 – Inflation Indices (NSO, 2022) 37
 Table 5 – Rate Envelope; Comparative Market Analysis - Showrooms 39
 Table 6 – Rate Envelope; Comparative Rental Market Analysis – Warehouses/Garages..... 39
 Table 7 – Rate Envelope; Comparative Rental Market Analysis – Warehouses/Garages; as published by Malta Enterprise (2014) 40
 Table 8 – Range of Values for Bonnici House, Burmarrad 40
 Table 9 – Rate Envelope; Comparative Market Analysis - Offices 48
 Table 10 – Rate Envelope; Comparative Rental Market Analysis - Offices 48
 Table 11 – Rate Envelope; Comparative Rental Market Analysis – Offices; as published by Malta Enterprise (2014) 49
 Table 12 – Inflation Indices (NSO, 2022)..... 49
 Table 13 – Rate Envelope; Comparative Market Analysis - Warehouses and Garages 50
 Table 14 – Range of Values for Bonnici Garage, Burmarrad 51
 Table 15 – Rate Envelope; Comparative Market Analysis - Maisonettes 65
 Table 16 – Rate Envelope; Comparative Market Analysis – Typical Apartment 65
 Table 17 – Rate Envelope; Comparative Market Analysis - Penthouses..... 65
 Table 18 – Estimated Sale Prices for APPROVED Development profile of Residential Units 66
 Table 19 – Estimated Sale Prices for APPROVED Development profile of Parking Units..... 67
 Table 20 – Estimated development costs for Ta’ Demen Development as per PA/00241/18 69
 Table 21 – Summarised Residual Value of the Land Parcel at Ta’ Demen, Triq ir-Rumani, Burmarrad 70
 Table 22 - Summarized Speculative Residual Value of the Land Parcel at Ta’ Demen, Triq ir-Rumani, Burmarrad..... 71
 Table 23 – Rate Envelope; Comparative Market Analysis – Warehouses and Garages..... 87
 Table 24 – Breakdown of Values for Portions of Property..... 88
 Table 25 – Potential Development Profile for Property 115
 Table 26 – Rate Envelope; Comparative Market Analysis – Typical Apartment 117
 Table 27 – Rate Envelope; Comparative Market Analysis - Penthouses..... 117
 Table 28 – Estimated Sale Prices for ASSUMED Development profile for Townhouse Development, at Triq Milner, Sliema 117
 Table 29 – Estimated Development Costs for Townhouse Development, at Triq Milner, Sliema .. 120
 Table 30 – Summarised Residual Value of Townhouse Development, at Triq Milner, Sliema 121

A 3
6 0

A R C
 H I T 4
 E C T
 U R E
 3 6 O

LIST OF FIGURES

Figure 1 – Ordinance Image showing limits of the development zone (red) and Area for commercial mixed used (North Hatch) 21

Figure 2 – General indication of the area where the Client’s properties are concentrated 22

Figure 3 – Position and indicative extents of Client’s properties in and around Triq is Sardin, Burmarrad..... 23

Figure 4 – Elevation of the Property in Subject at the corner of Triq is-Sardin with Triq Burmarrad 24

Figure 5 - Elevation of the Property in Subject along Triq is-Sardin..... 24

Figure 6 - Site Context; Showing property position; PA (2022)..... 25

Figure 7 – Aerial Image; Google Maps (2021) 25

Figure 8 – GF Level; Showroom Area 26

Figure 9 – GF Level; Showroom Area 26

Figure 10 - - 2nd Floor Level; Office Area 26

Figure 11 – 3rd Floor Level; Typical Offices 27

Figure 12 – 3rd Floor Level; Typical Offices 27

Figure 13 – 3rd Floor Level; Typical Offices 27

Figure 14 – Int; Typical Communal Bathrooms 28

Figure 15 – 3rd Floor Level; Board Room 28

Figure 16 – 4rd Floor Level; Meeting Room at Penthouse Level..... 28

Figure 17 – 4rd Floor Level; Outdoor terrace at Penthouse Level 29

Figure 18 – 4rd Floor Level; Outdoor terrace at Penthouse Level 29

Figure 19 – Basement Level -1; Storage Area 29

Figure 20 – Basement Level -1; Storage Area 30

Figure 21 – Intermediate Basement Level; Storage Area..... 30

Figure 22 – Basement Level -2; Storage Area 30

Figure 23 – Elevation of the Property in Subject off Triq is-Sardin 42

Figure 24 - Site Context; Showing property position; PA (2022)..... 42

Figure 25 – Aerial Image; Google Maps (2021) 43

Figure 26 – GF Level; Workshop Area 44

Figure 27 – GF Level; Workshop Area 44

Figure 28 - - 1st Floor Level; Offices Area 44

Figure 29 –Property in Subject off Triq is-Sardin 53

Figure 30 - Site Context; Showing property position; PA (2022)..... 53

Figure 31 – Aerial Image; Google Maps (2021) 54

Figure 32 – View of property as captured from Bonnici House 54

Figure 33 – Elevation of the Property in Subject off Triq is-Sardin 58

Figure 34 - Site Context; Showing property position; PA (2022)..... 59

Figure 35 – Aerial Image; Google Maps (2021) 59

Figure 36 – Street level view of property in subject 60

Figure 37 – Elevated street level view of property in subject 60

Figure 38 – Elevation of the Property in Subject off Triq is-Sardin 73

Figure 39 - Site Context; Showing property position relative to the other Ta’ Demen parcel; PA (2022) 74

Figure 40 – Aerial Image; Google Maps (2021) 74

Figure 41 – Elevation of the Property in Subject as seen from Bonnici House 78

Figure 42 - Site Context; Showing property position; PA (2022)..... 79

Figure 43 – Aerial Image; Google Maps (2021) 79

Figure 44 – Indicative portions of the site area 80

A 3
 6 O

A R C	Figure 45 – Street Level; First portion, with frame structure in the background and third portion in the foreground with parked vehicles 81
H I T	Figure 46 – Street Level; Existing portal frame structure..... 81
E C T	Figure 47 – Street Level; Existing portal frame structure 81
U R E	Figure 48 – Street Level – Second portion under construction..... 82
3 6 O	Figure 49 – Street Level – Second portion under construction with underlying basement level.. 82
	Figure 50 – Indication of considered areas for the apportionment of the areas..... 89
	Figure 51 – Elevation of the Property in Subject as seen from Bonnici House 90
	Figure 52 – Elevation of the Storage area of the Property as seen from Bonnici House 90
	Figure 53 - Site Context; Showing property position; PA (2022)..... 91
	Figure 54 – Aerial Image; Google Maps (2021) 92
	Figure 55 – 1998 Aerial Image (source: PA Map server) 95
	Figure 56 – 2004 Aerial Image (source: PA Map server) 95
	Figure 57 – Elevation of the Property in Subject off Triq Milner 99
	Figure 58 - Site Context; Showing property position; PA (2022)..... 100
	Figure 59 – Aerial Image; Google Maps (2021) 100
	Figure 60 – The Property within the street context of Triq Milner 101
	Figure 61 – Elevated street level view of property in subject 101
	Figure 62 – Int; Ground Floor Entrance..... 102
	Figure 63 – Int; Ground Floor rear area 103
	Figure 64 – Internal Staircase..... 104
	Figure 65 – internal Staircase..... 105
	Figure 66 – Int; First Floor Kitchenette 106
	Figure 67 – Int; First Floor Bedroom on Face..... 107
	Figure 68 – Int; First Floor Bedroom 108
	Figure 69 – Int; First Floor corridor overlooking backyard..... 109
	Figure 70 – Int; First Floor internal room 110
	Figure 71 - Backyard..... 111

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TERMS OF ENGAGEMENT

H I T 5.1

The Valuer

E C T 5.1.1.1

This property valuation exercise has been led by Perit Marc Vincent Spiteri, acting for an on behalf of Architecture 360, with company registration C71643 in his capacity as senior property valuer within the firm, and is herein being endorsed by Perit Mark Anthony Muscat, in his capacity as Director of the firm.

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5.1.1.2

Such that, the undersigned has undertaken this assignment as an external valuer from the Client's organisation, and confirms that I have no known conflict and am carrying out this valuation impartially and to the best of my abilities, in accordance with the practices required by my profession as a Perit, and the practices required in my capacity as valuer of immovable property

5.1.1.3

In accepting this assignment, in my capacity as a valuer as defined in the International Valuation Standards and the Kamra tal-Periti standards for Property Valuation (2012), the undersigned confirms that I am in possession of the necessary qualifications, ability and experience to execute a valuation in an objective, unbiased, ethical and competent manner, and that, in my capacity as warranted Perit, am authorised to carry out such valuations.

5.1.1.4

Further to the above, as an employee of Architecture 360, the firm is covered by a Professional Indemnity Insurance which is updated in terms of the standard provisions.

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5.1.2

Details of the Firm and the Valuer

Firm	Architecture 360	
Registration Ref.	C71643	P29
Registered Address	30, Triq it-Tlett Knejjes, Balzan, BZN1307	
Contact Details	t.	+356-21669019
	m.	+356-79060607
	e.	info@a360.com.mt
Memberships	Kamra tal-Periti	
Director	Perit Mark Anthony Muscat	
ID No.	0150386M	
Warrant No.	W0765	
Valuer	Perit Marc Vincent Spiteri	
ID No.	0409286M	
Warrant No.	W0795	
Qualifications	B.E. & A. (Hons.), <i>Melit</i> , M.Sc. Project Management, <i>Melit</i> , A. & C.E. (Perit)	

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The Client

Architecture 360 have been engaged as external valuers by Bonnici Bros Properties Ltd., C 74286, herein referred to as BBPL or the Client, as part of the Bonnici Brothers Group of Companies.

Details of the Client

Name	Bonnici Bros Properties Ltd.	
Registration Ref.	C 74286	
Registered Address	"Bonnici House" Triq is-Sardin, Burmarrad, SPB 6073, Malta.	
Contact Details	t.	23596000
	m.	
	e.	info@bbg.com.mt
Director(s)	Gilbert Bonnici (050681M), David Bonnici (0323383M), Alexis Bonnici (0040582M), Alfred Attard (0481458M), Richard Abdilla Castillo (0267256M), Jozef Wallace Galea (0132270M)	
ID No.	As Above	
Reference Person	Mr. Darren Govus	
ID No.	0506571M	
Position	Chief Financial Officer	
Contact Details	t.	23596295
	m.	99515767
	e.	darren.govus@bbg.com.mt

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5.3

Instructions

- 5.3.1.1 Architecture 360 have been engaged by the Client to carry out an independent valuation exercise of a number of immovable assets held by the Client, in order to estimate the Fair Value that the assets would fetch in a free market transaction, at the date of this valuation, between a willing buyer and willing seller, in an arm's length transaction.
- 5.3.1.2 Such that the Client has expressed their intention towards an Initial Public Offering and have sought this independent valuation exercise in order to include their immovable assets in their declared assets portfolio.
- 5.3.1.3 In terms of the Capital Market Rules the Valuer hereby declares it is independent and has no professional or personal interest with the Client, or any of its associated companies and the immovable assets being valued.
- 5.3.1.4 Further to the above, this Report cannot be used out of context or for any purposes other than for which it was intended. Architecture 360 cannot be held liable or responsible towards any third parties should this Report be used for any other purpose other than that for which it is intended, or beyond the restrictions of its intended use.

5.4

Date of Valuation

- 5.4.1.1 This report is being prepared based upon a visual inspection of the Properties in subject, which was carried out on the **11th November, 2022**, which shall be construed as the effective date of the Valuation, and relates to the general state of the property at the time of the inspection, and any considerations made, including for any relevant development potential and/or approved use at the time of the inspection.
- 5.4.1.2 Architecture 360 cannot be held liable should any developments arise subsequent to the effective date of the Valuation, which may have a material affect on the estimated values of the immovable assets.

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5.5 Compliance and Standards Adopted

- 5.5.1.1 The Report has been prepared in accordance with the *Kamra tal-Periti* (KTP) Valuation Standards for Accredited Valuers (2012), and in line with the International Valuation Standards, published by the IVSC, effective from the 31st January, 2022, which represent an update to the global edition of the RICS Valuation – Global Standards, effective from 31st January, 2020.
- 5.5.1.2 This valuation exercise has also taken into consideration the impact of COVID-19 on valuations as published in the Supplement to the RICS Practice Alert, (July, 2021).

5.6 Sources of Information

- 5.6.1.1 Information regarding the individual properties was made available by the Client and is indicated in the respective summaries for each asset.
- 5.6.1.2 In keeping with Capital Markets Rule, 7.4.4.14, the undersigned has also been informed that the following properties are subject to following mortgages and/or hypotecs;

- [9.4] BONNICI HOUSE, at Triq is-Sardin, c/w Triq Burmarrad, Burmarrad is given as a special hypothecary guarantee in favour of APS Bank p.l.c. up to a limit of €15,500,000.
- [9.5] BONNICI GARAGE, at Triq is-Sardin, Burmarrad, [9.6] PARKING AREA, at Triq is-Sardin, Burmarrad, [9.8] ADDITIONAL PARCEL OF LAND, k/a Ta' DEMEN, at Triq is-Sardin, c/w Triq San Ġwanni Pawlu II, Burmarrad, [9.9] PARCEL OF LAND, k/a Ta' HABEL MIĊA, Triq San Ġwanni Pawlu II, Burmarrad & [9.10] PARCEL OF LAND, k/a Ta' BRAJTEL, Triq Burmarrad, Burmarrad, are given as a special hypothecary guarantee in favour of BNF Bank p.l.c. up to a limit of €11,400,000 in aggregate.
- [9.8] Land At Ta' Demen (addition), Triq is-Sardin, Burmarrad is given as a special hypothecary guarantee in favour of HSBC Bank Malta p.l.c. up to a limit of €20,000,000.
- [10] 22 & 23, TRIQ MILNER, SLIEMA is given as a special hypothecary guarantee in favour of Bank of Valletta p.l.c. up to a limit of €1,470,000.
- [11.9] Residential Units, 241, 341 and 441, Block 2, Mercury Suites, Triq Elija Żammit, San Ġiljan are given as a special hypothecary guarantee in favour of APS Bank p.l.c. up to a limit of €1,200,000.
- [11.4] Quarry at, "Tad-Dawl", sive "Tal-Isqof", l-Imqabba is given as a special hypothecary guarantee in favour of Bank of Valletta p.l.c. up to a limit of €372,207.
- [11.5] Quarry at, Sqaq Nru. 2, Triq il-Belt Valletta, l-Imqabba is given as a special hypothecary guarantee in favour of Bank of Valletta p.l.c. up to a limit of €2,255,000.

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GDPR Restrictions

During the course of the execution of the inspections, every effort was employed to respect current General Data Protection Regulation requirements when taking indoor images.

No images have been included of offices or personnel.

While a limited sample of images are being included with this report, these are not to be construed in any way as an exhaustive sample of the properties. The undersigned has retained on record a copy of the images which can be made readily available to the Client should they be requested.

5.8 COVID-19 Restrictions

5.8.1.1 The COVID-19 pandemic and measures to tackle it continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date, property markets including the local market are mostly functioning, with transaction volumes and other relevant evidence at levels where enough market evidence exists upon which to base opinions of value.

5.8.1.2 Accordingly - and for the avoidance of doubt, our valuations are not being subject to any 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

5.8.1.3 Every effort has been adopted to reduce uncertainty, and to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared and how any rates or priced were deduced.

5.8.1.4 However, in recognition of the potential 'for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date, as set in **Section 5.4**.

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EXCLUSIONS

6.1 Intended Users of this Document

- 6.1.1.1 This report was prepared further to the Client's request for an estimate on the Fair Value that the assets identified in this report might fetch in a free market transaction, at the date of this valuation, between a willing buyer and willing seller, in an arm's length transaction and is intended to provide an impartial analysis of the information readily available regarding their legal tenure, the current conditions of the properties, and their approved use and planning restrictions.
- 6.1.1.2 This report is based on the assumption that where any information could not be readily collected from local authorities, all other information provided by the Client was correct
- 6.1.1.3 As part of this report, all considerations taken, assumptions made, and investigations conducted are being documented to properly advise the Client on what the Valuer has understood to be the limitations and characteristics of the particular properties, their development potential, and to ensure clarity and transparency when accounting for their assets.

6.2 Exclusion of Liabilities

- 6.2.1.1 The undersigned undertook to analyse the available information, and to carry out an impartial valuation exercise, and is based upon visual inspections only.
- 6.2.1.2 This report is not intended to be, nor should it be interpreted as a substitute for a structural investigation, land fertility or contamination report, which forms of reporting would be subject to a detailed investigation carried out by an independent testing agency.
- 6.2.1.3 This report is not intended to be a verification of the properties' compliance with respective approved permits or their conditions. However, due consideration has been made in cases where discrepancies between the onsite situation and the approved permits could be readily discerned.
- 6.2.1.4 The valuations carried out are based on approved permits and their respective drawings. Where no approved permits could be identified, due considerations for the situation are highlighted for the respective properties. In any case though, this report is intended to advise on the Fair Value of the immovable assets given the current scenario and is not intended to be a speculative exercise.
- 6.2.1.5 The Undersigned can accept no liability if this document is relied upon by anyone else or not.

BASIS OF VALUE

A	R	C	7.1.1.1	This report leads to the estimation of the <i>Market Value</i> of the respective assets, as defined in the International Valuation Standards 2022, IVS 104, that is "The estimated amount for which 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 and where the parties had each acted knowledgeably, prudently and without being under compulsion".
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U	R	E	7.1.1.2	Further to which, this report proposes a <i>Fair Value</i> for each respective asset, as defined in the International Financial Reporting Standards IFRS 13, that is "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants are the measurement date".
3	6	O		
			7.1.1.3	The valuations for the immovable assets identified in this report are based upon an inspection of the properties carried out on the 07th February, 2022 in the presence of the Client's representative.
			7.1.1.4	It was noted that at the time of the inspection, the weather was fine and clear and had been for some time, with little to no rain preceding the inspections.
			7.1.1.5	The basis of value for each particular property took into consideration the following Use Added values; <ul style="list-style-type: none">• The Legal Title of the property• The locality of the property and position of the property• Existing approved permits• Property's current use• Property's current state of repair and level of finishes• The size of the property• Structural considerations• State and quality of finishes• Any revenues that the properties currently produce
			7.1.1.6	Any considerations for Non-Use Added Values, if any, are made for each individual property respectively.
			7.1.1.7	Based on the information collected or available, and the typology of the property, as well its frequency of occurrence within the local real estate market, the appropriate valuation approach was selected.

A R C H I T E C T U R E 3 6 0	7.1.1.8	In case of a higher degree of uncertainty, an additional or alternative approach was also adopted to verify the initial estimate or reduce the original uncertainty. The market value was subsequently interpolated from the resultant values, assuming an element of consistency between the two.
	7.1.1.9	The approaches adopted were in line those specified in IVS 105, <i>Valuation Approaches and Methods</i> , which are based on the economic principles of price equilibrium, anticipation of benefits or substitution, namely;
		<ul style="list-style-type: none">• Market Approach• Income Approach• Cost Approach

7.1.2 Market Approach

- 7.1.2.1 In general, when adopting the market approach, the estimated value is achieved by comparing the asset with identical or comparable assets for which price information was readily available.
- 7.1.2.2 A market investigation or study was carried out to identify a number of comparable samples where possible, keeping in mind Use-Added factors such as state of finish or size of the sampled properties.
- 7.1.2.3 An allowance was made for a 5% reduction in the advertised prices to allow for merchant or realtor fees as well as other variations in price negotiations. The units sampled had been advertised in a number of publications and online resources in the same period as the date of the valuation (not exceeding 90days).
- 7.1.2.4 An initial comparison of the prices and rates per square metre was carried out to identify the initial uncertainty or variance in the sampled population. A standard deviation for the population was calculated and where this was found to be in excess of 15%, implying a fair degree of uncertainty, initial adjustments were made, including the elimination of outliers within the ranges of rates or sizes.
- 7.1.2.5 In cases where the standard deviation was lower than 15% but higher than 7%, implying an acceptable degree of uncertainty, inferred rates per square metre were adjusted or corrected, accounting for variances in the state construction or finish of the sampled units, their size against an average spectrum for the asset type, and any non-use added factors identifiable in the samples, towards further reducing the uncertainty when possible.
- 7.1.2.6 In each case, a representative population of no less than 12 units was sampled.
- 7.1.2.7 A similar methodology was also adopted for the possible market rent that a particular property could fetch on the open market.

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7.1.3 Market Rent Approach

7.1.3.1 Market rent is the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

7.1.3.2 The standards allow for estimation of the Market Value through this approach by basing oneself on the terms of an existing lease, considering the duration, or term and the rents payable, if available.

7.1.3.3 Copies of the Leasehold agreements were made available by the Client as listed below;

- Lease entered into on 03rd June, 2020 between Bonnici Bros. Properties Ltd., and Bonnici Bros. Ltd. for the Third and Fourth Floor level offices at Bonnici House, at Triq is-Sardin, c/w Triq Burmarrad, Burmarrad,
- Lease entered into on 03rd June, 2020 between Bonnici Bros. Properties Ltd., and United Equipment Co. Ltd. for the Ground Floor, Intermediate Level and Basement Levels at Bonnici House, at Triq is-Sardin, c/w Triq Burmarrad, Burmarrad,
- Lease entered into on 03rd June, 2020 and subsequently amended on the 11th January, 2022, between Bonnici Bros. Properties Ltd., and UNEC Servicing Ltd. for Bonnici Garage, at Triq is-Sardin, c/w Triq Burmarrad, Burmarrad,
- Lease entered into on 25th September, 2018 between Bonnici Bros. Properties Ltd., and Mr. Messaging Ltd. for the Second Floor level offices at Bonnici House, at Triq is-Sardin, c/w Triq Burmarrad, Burmarrad,

7.1.3.4 However, given the typologies of the properties, in most cases it was deemed possible to adopt the Market Approach and utilise a Capitalisation of hypothetical future incomes to verify.

7.1.3.5 A capitalisation rate was estimated based on the following;

<i>Government Bonds</i>	1.8%	
<i>GAP Group</i>	3.9%	2024-2026
<i>AX Real Estate PLC</i>	3.5%	2032
<i>International Hotel</i>		
<i>Investments PLC</i>	3.7%	2031
SECURE RATE	3.2%	
TENANT RISK	1%	
DEPRECIATION	1%	
PROPERTY RISK	1.5%	
Tenant Default Risk	1%	
Occupancy Gaps	0.50%	
	8.2%	

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Appreciation	2.0%
Cap Rate	6.2%

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7.1.3.6 Similarly to the Market Approach, corrections were applied to an estimated rate per square metre per annum, which was subsequently capitalised against the total net rentable area.

7.1.4 Income Approach

7.1.4.1 The income approach provides an indication of value by converting future cash flow to a single current value. Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by the asset.

7.1.4.2 However, for the purposes of this exercise, no information with regards to the possible future cash flows from the existing developments or those proposed were provided. Consequently, this approach was not adopted.

7.1.5 Cost Approach

7.1.5.1 With particular reference to IVS 410 for *Development Property*, the Cost Approach includes for the use of the *Residual Method* to estimate the potential price of, for example, an undeveloped parcel of land assuming it reasonable developable potential.

7.1.5.2 The cost approach is based on the economic principle that a buyer will pay no more for an asset than the amount to create an asset of equal utility. This requires consideration of the cost that a prospective buyer would incur in acquiring a similar asset with the potential to earn a similar profit from development as could be obtained from development of the subject property.

7.1.5.3 Establishing the development costs is a key component of the residual approach. In line with the general assumption at 8.1.1.6, no consideration was made for the Client’s economic activity within the Construction Industry, therefore development costs have been based on existing market rates. However, no allowance has been made for potential increases over time.

7.1.5.4 The following basic elements were considered in estimating the *market value* of development property;

- Completed property value – estimated through application of the market approach for the individual units,
- Construction costs (Including development fees)
- Professional fees (Perit, Notary, Health and Safety and Site Technical Officers)
- Marketing Costs (Realtor Fees)
- Finance Costs
- Development Profit

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General Assumptions

- 8.1.1.1 Unless otherwise indicated, the undersigned was advised that each property was rightfully owned and assumed as freehold and unencumbered.
- 8.1.1.2 Unless otherwise indicated, the property is subject to an approved permit and is assumed as being built in accordance with the approved drawings, as far as can be discerned from a visual inspection.
- 8.1.1.3 Unless otherwise indicated, it is being assumed that the property's current use construes its Best Use Value, since any possible changes of use would be subject to an approved planning permit. Due to the speculative nature of such a consideration, this would not be in line with the scope of this report.
- 8.1.1.4 The size, volume and any other quantities relating to the property were extrapolated from the approved drawings or drawings made available by the Client. Where possible, an onsite verification of a sample of the dimensions was carried out however it is assumed that the drawings are truly representative of the properties' dimensions.
- 8.1.1.5 No consideration is being made for the goodwill of the Client, or the ownership of the assets held by the same entity, however it is assumed that the administration, sale or renting out, development, operation or implementation of each respective asset is subject to a knowledgeable operator.
- 8.1.1.6 No consideration is being made for company-specific synergies arising from the combination of two or more of the assets owned by the Client, since this would be subject to a holistic master plan combining different parcels of land, parts lying both within and beyond the development zone.
- 8.1.1.7 Furthermore, no consideration was made for the goodwill aspects, particularly the benefit derived from the Client's economic activities within the construction industry.
- 8.1.1.8 No consideration has been made for the specific energy performance criteria of the individual properties, however where available the potential return generated by any existing PV panel arrays were estimated assuming a 12 hour daylight period, over a 20 year period, and reducing for losses, repairs, and overcast days.

ASSESSMENT OF INDIVIDUAL PROPERTIES

Burmarrad Area

- 9.1.1.1 The majority of the Client’s properties were located within the Burmarrad area, known as Wied Sardin, located to the North of the Island, and can be described as a hamlet of San Pawl il-Baħar.
- 9.1.1.2 The village itself is typified by a recent increase in development of varying types, from private residential developments to large scale commercial activities.
- 9.1.1.3 Located at the bottom of the Wardija Valley, the developed area measures some 0.2sq.km stretching from Triq is-Sardin to the south of the hamlet, and Triq Wied Qannotta to the North, with the Burmarrad mixed use area just beyond. The hamlet itself is primarily serviced by Triq Burmarrad which leads from the Mosta junction, down towards the San Pawl il-Baħar junction, crossing the length of Burmarrad itself.

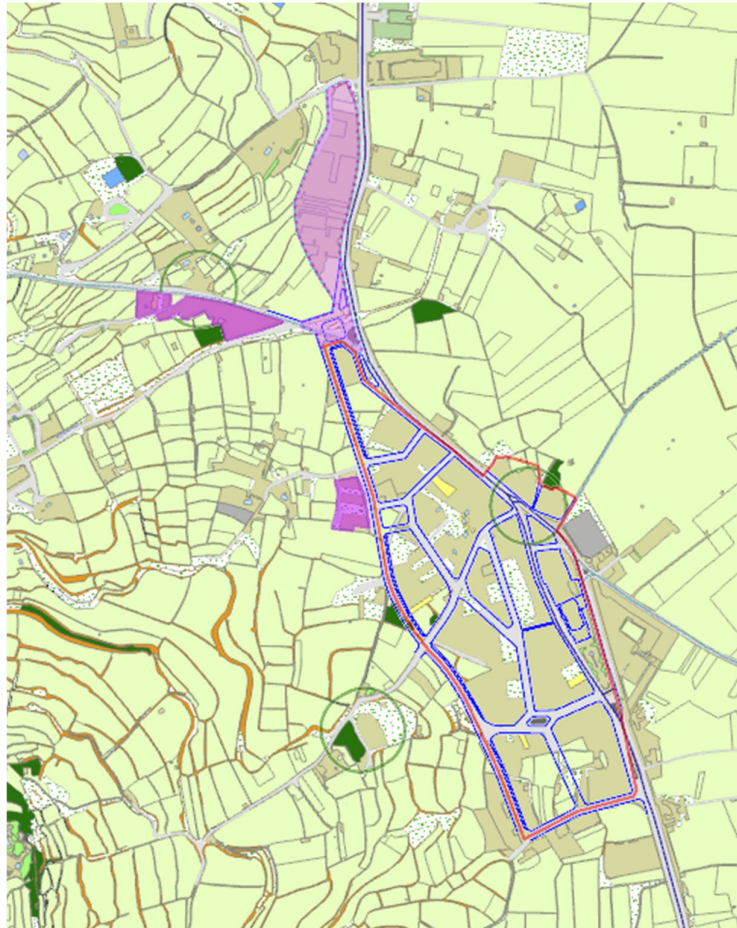


Figure 1 – Ordinance Image showing limits of the development zone (red) and Area for commercial mixed used (North Hatch)

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9.2 Planning Considerations

9.2.1.1 The locality of Burmarrad falls under the North West Local Plan, specifically the Burmarrad Policy Maps indicated below, a copy of which are herein being included with this report in **Annex 1**;

Map Ref.	Description	Date of Publishing
NWLP – Map 45	Burmarrad Policy Map	July 2006
NWLP – Map 45A	Burmarrad Area of Mixed Uses	June 2006
NWLP – Map 46	Burmarrad Building Heights	July 2006

9.3 Client’s Properties

9.3.1.1 The Client’s properties within the Burmarrad area are concentrated towards the South of the development area, on and around Triq is-Sardin, with some assets lying within the Development Zone, and other portions lying Outside the Development Zone.

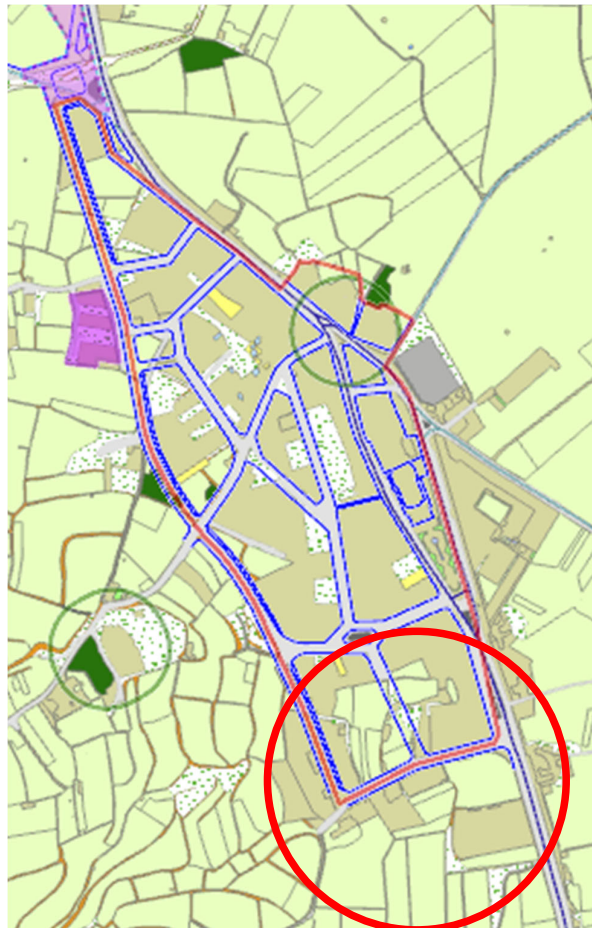


Figure 2 – General indication of the area where the Client’s properties are concentrated

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9.3.1.2 The Client's properties within the area for Burmarrad are summarized below;

1. **BONNICI HOUSE**, at Triq is-Sardin, c/w Triq Burmarrad, Burmarrad
2. **BONNICI GARAGE**, at Triq is-Sardin, Burmarrad
3. **PARKING AREA**, at Triq is-Sardin, Burmarrad
4. **PARCEL OF LAND**, k/a Ta' DEMEN, at Triq is-Sardin, c/w Triq ir-Rumani, Burmarrad
5. **ADDITIONAL PARCEL OF LAND**, k/a Ta' DEMEN, at Triq is-Sardin, c/w Triq I-Papa Ġwanni Pawlu II, Burmarrad
6. **PARCEL OF LAND**, k/a Ta' HABEL MIĊA, Triq I-Papa Ġwanni Pawlu II, Burmarrad
7. **PARCEL OF LAND**, k/a Ta' BRAJTEL, Triq Burmarrad, Burmarrad

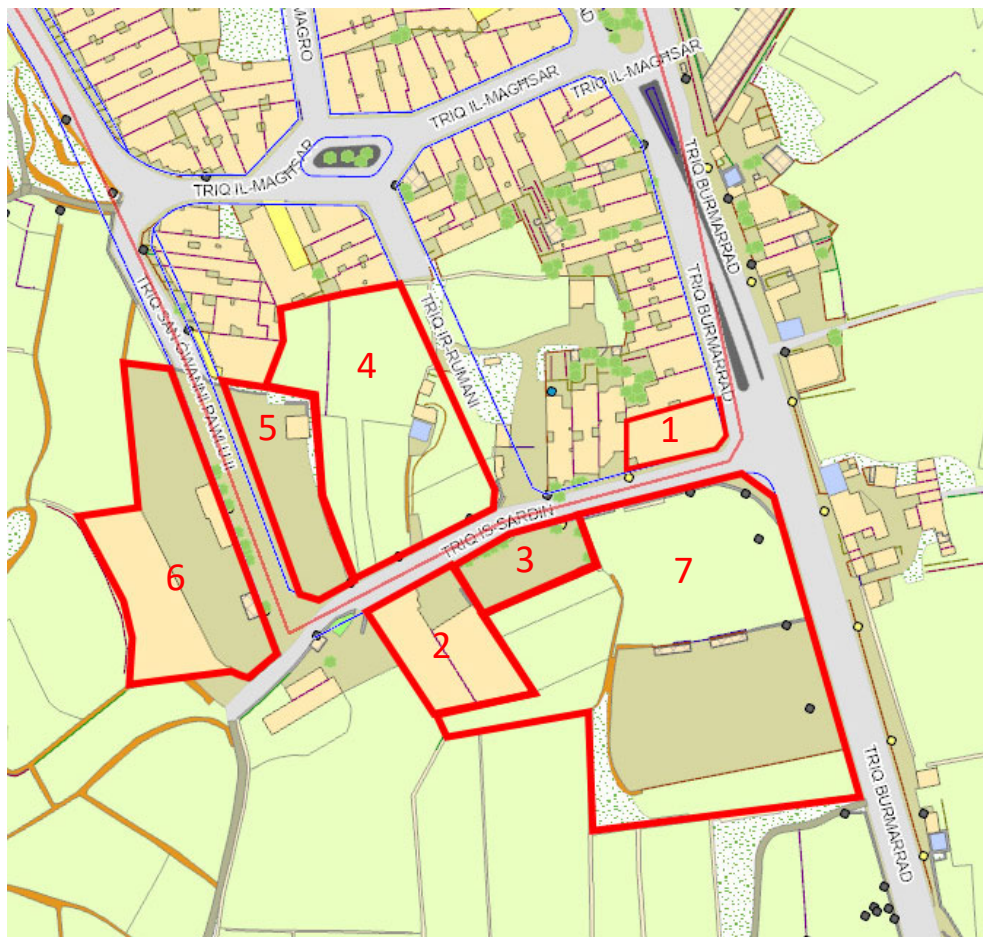


Figure 3 – Position and indicative extents of Client's properties in and around Triq is Sardin, Burmarrad

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**9.4 BONNICI HOUSE, at Triq is-Sardin, c/w Triq
Burmarrad, Burmarrad**

9.4.1 Property Description

9.4.1.1 The property in question comprises a commercial building, set over a footprint of c. 540sq.m. The site is a regularly shaped, corner plot overlooking Triq is-Sardin to the South, and Triq Burmarrad to the East. The property is surrounded by third parties to the North and West.

9.4.1.2 The property is set over 7 levels, comprising two subterranean levels, and five overlying levels, including an intermediate level at first floor, and a penthouse level at fourth floor.



Figure 4 – Elevation of the Property in Subject at the corner of Triq is-Sardin with Triq Burmarrad



Figure 5 - Elevation of the Property in Subject along Triq is-Sardin

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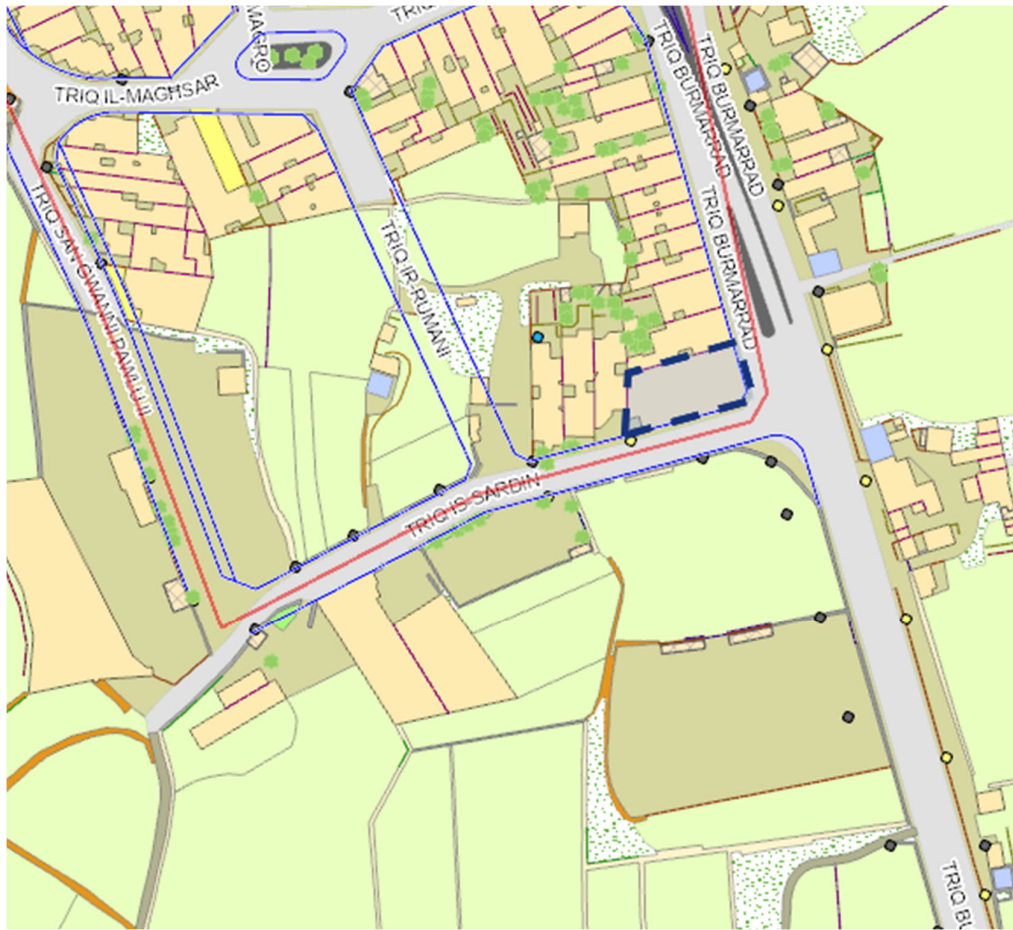


Figure 6 - Site Context; Showing property position; PA (2022)



Figure 7 – Aerial Image; Google Maps (2021)

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9.4.2 Photos



Figure 8 – GF Level; Showroom Area

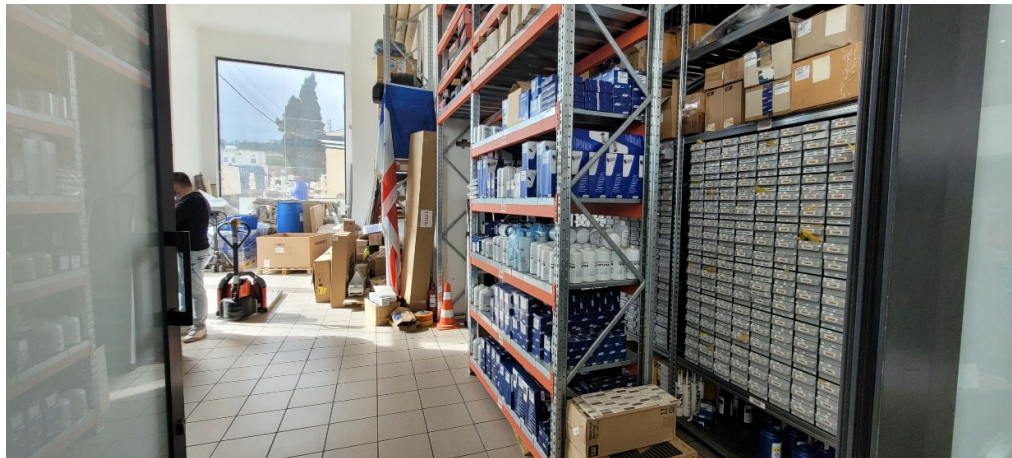


Figure 9 – GF Level; Showroom Area



Figure 10 -- 2nd Floor Level; Office Area

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Figure 11 – 3rd Floor Level; Typical Offices



Figure 12 – 3rd Floor Level; Typical Offices

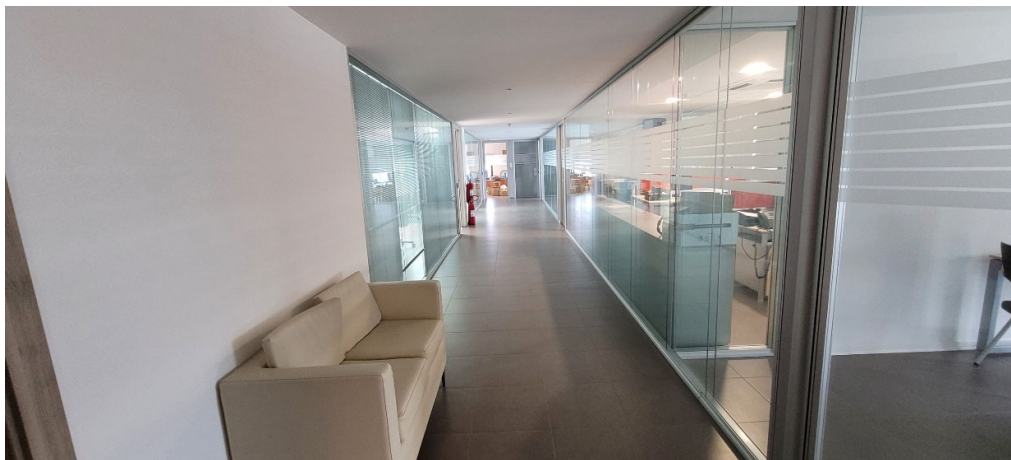


Figure 13 – 3rd Floor Level; Typical Offices

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Figure 14 – Int; Typical Communal Bathrooms



Figure 15 – 3rd Floor Level; Board Room



Figure 16 – 4th Floor Level; Meeting Room at Penthouse Level

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Figure 17 – 4th Floor Level; Outdoor terrace at Penthouse Level



Figure 18 – 4th Floor Level; Outdoor terrace at Penthouse Level



Figure 19 – Basement Level -1; Storage Area

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Figure 20 – Basement Level -1; Storage Area



Figure 21 – Intermediate Basement Level; Storage Area



Figure 22 – Basement Level -2; Storage Area

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9.4.3 Property Details

<u>Address</u>	Bonnici House, At Triq Is-Sardin, C/W Triq Burmarrad, Burmarrad	
<u>Date of Inspection</u>	07 th February, 2022	
<u>Title</u>	Freehold Offices at Second floor level noted to be leased out to third parties. The rest of the building was noted to be leased out to related Parties within the Client’s organisation.	
<u>Sources of Information</u>	<ul style="list-style-type: none"> • Previous valuation report prepared by Perit Gordon Zammit, dd. 15th June, 2021 • Onsite inspection • Drawings provided by the Client • Approved permits and drawings as per PA/00940/08 • Lease agreement between Bonnici Bros. Properties Ltd. and Bonnici Bros. Ltd. (C3905), dd. 03rd June, 2020 • Lease agreement between Bonnici Bros. Properties Ltd. and Mr. Messaging Ltd. (C64127), dd. 03rd June, 2020 	
<u>Property Use Class¹</u>	Category D – Commercial (Mixed Use); Class 4A – Offices Class 4B – Retail / Showroom Storage	
<u>Existing Levels and Uses</u>	Basement Level -2 (Lower Level)	Storage
	Basement Level -1 (Int. & Upper Level)	Storage
	Ground Floor Level	Showroom

¹ As per LN74/14 - Development Planning (Use Classes) Order
Page 31 of 160

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	Intermediate (First Floor) Level	
	Second Floor Level	Offices
	Third Floor Level	Offices
	Fourth Floor Level (Penthouse Level)	Offices
<u>Availability of Views</u>	Significant, unobstructed views are available	
<u>Year of Construction</u>	c. 1995	
<u>Summary of Internal Accommodation</u>	Basement Level -2	Parking / Storage
	Basement Level -1	Parking / Storage
	Ground Floor Level	Access to basement levels Showroom floor Shop and Sale area Ancillary Offices Ancillary bathrooms
	First Floor Level	Interconnecting Offices Ancillary bathrooms Server Room
	Second Floor Level	Offices Ancillary Kitchenette Ancillary bathrooms
	Third Floor Level	Offices Ancillary Kitchenette Ancillary bathrooms
	Fourth Floor Level	Board Room Meeting Rooms Ancillary bathrooms

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External Areas	Terraces at Penthouse Area;	
On Site Parking	Available – currently used for storage of goods and equipment	
Areas	Site Print	541 sq.m
	External Areas	105 sq.m (At PH Level)
Gross Floor Areas² (Net Effective Floor Area)	Basement Level -2 (Lower Level)	188 sq.m
	Basement Level -1 (Int. & Upper Level)	347 sq.m
	Ground Floor Level	363 sq.m
	Intermediate (First Floor) Level	139 sq.m
	Second Floor Level	400 sq.m
	Third Floor Level	467 sq.m
	Fourth Floor Level (Penthouse Level)	290 sq.m
Approved Permits	PA/07265/95 To erect showroom, offices and stores	Approved
	PA/00962/98 To construct showroom, offices and stores	Approved
	PA/00940/08 Proposed internal/external alterations to existing building approved in PA 962/98 and proposed second floor level and penthouse level as office space.	Approved

² The total area of the whole unit, including external walls and half of party walls, including all internal and usable external spaces (inc. terraces, balconies), in line with statutory sanitary requirements and excluding the net area of any service shafts contained within such development (Design Policy Guidance 2015, MEPA)

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<p><u>Planning Considerations</u></p>	<p>With due reference to the Local Plans, the property is located in an area zoned for an overall maximum building of 16.30m, in accordance with Appendix 2 of the DC15 Design Guidance.</p> <p>Consequently, the possibility for further vertical extension, from a planning point of view, cannot, at this time be considered.</p>
<p><u>Illegalities Noted</u></p>	<p>No illegalities or deviations from the approved plans could be noted, based on a visual inspection.</p> <p>It was noted, however, that the subterranean levels were being used for the storage of materials and goods associated with the Showroom’s activity, whilst these were approved for parking of domestic vehicles.</p>
<p><u>Comments</u></p>	<p>The property was previously subject to Enforcement Notice EC/00781/98, which has since been closed.</p> <p>A copy of PA/00940/08 is being included as part of Annex 3</p>
<p><u>Type of Construction</u></p>	<p>Frame structure comprising of a combination of load bearing walls, and columns, with a combination of load bearing beams in reinforced concrete and steel sections.</p> <p>Where visible. slabs noted to be in precast concrete. Client noted in Predalle system.</p> <p>Property is serviced by a finished and asphalted road.</p>
<p><u>Defects Observed</u></p>	<p>Based on a visual inspection, no defects could be observed</p>
<p><u>State of Finish</u></p>	<p>The property is in general, well finished and wall maintained, with no visible evidence of negligence, deterioration or damages.</p> <p>At subterranean levels, the structural elements are generally exposed albeit painted throughout, which industrial flooring in concrete.</p> <p>At street level, the showroom is also well finished, with painted structural elements, and tiled flooring. The space is shelved throughout and there are designated areas for the display of goods.</p>

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	<p>Ancillary offices to the showroom were noted to be well kept.</p> <p>Overlying offices within the block itself were found to be exceedingly well finished, to high office spec.</p>
	<p>Raised flooring with cabling supply throughout, internal partitions in glass with sound cancelling technology, soffits in combined tiling and flat ceilings for readily replaceable units, and overhead cabling and HVAC systems passed over cable trays and similar management systems.</p> <p>Common parts, as well as bathrooms and kitchenettes were also well finished.</p>

9.4.4 Valuation Methodology

- 9.4.4.1 With due consideration of the property’s position, size, planning constraints, the existing use of the property as a mixed commercial use, including Class 4A offices, and a Showroom, the existing use of the property was assumed as its Best Use Value.
- 9.4.4.2 With the above in mind, it was deemed possible to adopt a **Market Approach** towards estimating the value of the property.
- 9.4.4.3 A Comparative Market Analysis was adopted towards estimating the value of the Property in question, by analysing similar properties on the existing market.
- 9.4.4.4 The analysis considered for research into the local market for properties of a similar nature in the given locality or nearby townships and comparing against similar use and non-use added values. A number of online resources were considered and a sample was collected against which a comparable range for properties of a similar nature to the one under consideration was established.

9.4.5 Market Approach – Offices

- 9.4.5.1 No units for offices within the Burmarrad area were identified during the market research.
- 9.4.5.2 The locality extents were therefore increased to include Mosta, given its geographical proximity to the area, and the fact that Burmarrad exhibited a fair amount of passing trade, even though to a lesser degree to Mosta. Consequently, a reduction of 5% was imposed upon the sampled properties.
- 9.4.5.3 After corrections, the following rate envelope was deduced;

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Table 1 – Rate Envelope; Comparative Market Analysis - Offices

Average Rate	2,485 €/sq.m
Standard Deviation	24%
Minimum Rate	1,958 €/sq.m
Maximum Rate	3,025 €/sq.m

9.4.5.4 Considering such a high degree of uncertainty, it was deemed necessary to adopt a separate methodology.

9.4.6 Rental Market Value - Offices

9.4.6.1 It was deemed possible to adopt a rental market approach for units advertised in Mosta, adopting a similar philosophy as per 9.4.5.2.

9.4.6.2 After corrections, the following rate envelope was deduced;

Table 2 – Rate Envelope; Comparative Rental Market Analysis - Offices

Average Rate	156 €/sq.m/annum
Standard Deviation	14%
Minimum Rate	127 €/sq.m/annum
Maximum Rate	178 €/sq.m/annum

9.4.6.3 While a standard deviation of 14% implied an acceptable degree of uncertainty, it was still deemed necessary to reduce uncertainty by verifying against other known market factors.

9.4.6.4 With reference to the Commercial Property Rates published by the Malta Enterprise, Economic & Market Research Unit, Rental Rates-Offices, Warehouses & Apartments, in September 2014³, the following ranges were presented;

Table 3 – Rate Envelope; Comparative Rental Market Analysis – Offices; as published by Malta Enterprise (2014)

Standard Offices Spaces	< 40sq.m	188 €/sq.m/annum
	41-70sq.m	120 €/sq.m/annum
	71-110sq.m	93 €/sq.m/annum
	>110sq.m	120 €/sq.m/annum

³ <https://helpdesk.businessfirst.com.mt/show/commercial-property-rates>

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Luxurious Offices Spaces	All offices are finished & Furnished	Inc. Portomaso, SmartCity, Tigne Point & other business centres
	<100sq.m	370 €/sq.m/annum
	101-300sq.m	404€/sq.m/annum
	301-500sq.m	207 €/sq.m/annum

9.4.6.5 Considering the data was published in 2014, it was necessary to adjust for inflation based on indices published by the National Statistics Office, as per Table 4 below;

Table 4 – Inflation Indices (NSO, 2022)

2021	892.51	1.5
2020	879.32	0.64
2019	873.73	1.64
2018	859.63	1.16
2017	849.77	1.37
2016	838.29	0.64
2015	832.95	1.1
2014	823.89	0.31
2013	821.34	1.38
2012	810.16	2.42

9.4.6.6 After adjusting for inflation, the equivalent rate for Luxurious Office Spaces of a size comparable to the subject property, is revised to 224€/sq.m/annum, compared to 130€/sq.m/annum for Standard Offices Spaces.

9.4.6.7 With due consideration of the state of the property and its level of finishes, these can be said to be comparable to what is seen in business centres around Malta. However, due consideration should be afforded to the fact the property in question is located in an area that, despite having a unique feature in its unobstructed views, is relatively removed compared to other business districts.

9.4.6.8 Assuming the rate for such a property would be the median between the aforementioned rates, an equivalent rate of 177€/sq.m/annum is estimated, which is comparable to the higher limit of our previously estimated rates for a rental market value.

9.4.6.9 Considering the average rate at Table 2 to represent the minima rate one would expect to pay for or receive for the rental of the offices in their current state, a range of 156-177€/sq.m/annum for the offices is being proposed.

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Offices at	Area	Minima	Maxima
		€/annum	€/annum
Level 02	400 sq.m	62,400	70,800
Level 03	467 sq.m	72,850	82,600
PH Level + External	290 sq.m	52,600 ⁴	59,700 ⁵

9.4.6.10 Capitalising the abovementioned amounts, the current fair value of the Offices forming part of Bonnici House are estimated between **Three Million Euros (€3,000,000)** and **Three Million Four Hundred Thousand Euros (€3,400,000)**.

9.4.6.11 Further to the above, considering the ancillary offices to the Showroom, these cannot be considered as luxurious level offices, albeit are of a better level than standard offices. Consequently, it was deemed possible to consider a fair rate for the ancillary offices to be a median between the lower and average rates for the estimated envelope, equivalent to 141.50€/sq.m/annum.

Offices at	Area	Minima	Maxima
		€/annum	€/annum
Showroom	209 sq.m	27,800	29,500

9.4.6.12 Capitalising the abovementioned amounts, the current fair value of the Showroom Ancillary Offices forming part of Bonnici House are estimated between **Four Hundred and Forty-Eight Thousand Euros (€448,000)** and **Four Hundred and Seventy-Five Thousand Euros (€475,000)**.

9.4.7 Market Approach – Showrooms

9.4.7.1 Several units for Showrooms within the Burmarrad area were identified during the market research.

9.4.7.2 The sampled units were primarily advertised in a finished state, therefore requiring little adjustment, albeit the property in subject's context was considered as an added value compared to other samples.

⁴ The external area is being given a 45% weighting against the value of the built-up portion of the PH

⁵ The external area is being given a 45% weighting against the value of the built-up portion of the PH

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9.4.7.3 After corrections, the following rate envelope was deduced;

Table 5 – Rate Envelope; Comparative Market Analysis - Showrooms

Average Rate	3,364 €/sq.m
Standard Deviation	13%
Minimum Rate	3,148 €/sq.m
Maximum Rate	3,580 €/sq.m

9.4.7.4 With a standard deviation of 13%, implying an acceptable degree of uncertainty, the resultant range was deemed satisfactory.

9.4.7.5 Considering the abovementioned amounts, the current fair value of the Showroom forming part of Bonnici House is estimated between **Nine Hundred and Seventy-Five Thousand Euros (€975,000)** and **One Million and Thirty-Eight Thousand Euros (€1,038,000)**.

9.4.8 Rental Market Value - Garages

9.4.8.1 It was deemed possible to adopt a rental market approach for the garage units advertised in Burmarrad.

9.4.8.2 After corrections, the following rate envelope was deduced;

Table 6 – Rate Envelope; Comparative Rental Market Analysis – Warehouses/Garages

Average Rate	64 €/sq.m/annum
Standard Deviation	14%
Minimum Rate	60 €/sq.m/annum
Maximum Rate	67 €/sq.m/annum

9.4.8.3 With a standard deviation of 14%, implying an acceptable degree of uncertainty, the resultant range was deemed satisfactory.

9.4.8.4 The above range was confirmed against the Commercial Property Rates published by the Malta Enterprise, Economic & Market Research Unit, Rental Rates-Offices, Warehouses & Apartments, in September 2014⁶, the following ranges were presented;

⁶ <https://helpdesk.businessfirst.com.mt/show/commercial-property-rates>
Page 39 of 160

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Table 7 – Rate Envelope; Comparative Rental Market Analysis – Warehouses/Garages; as published by Malta Enterprise (2014)

Warehouses/Garages	South	48 €/sq.m/annum
	North	60 €/sq.m/annum

9.4.8.5 After adjusting for inflation, the revised market rate for Warehouses or Garages in the North of Malta is at 65 €/sq.m/annum, which correlates with the estimated market value.

9.4.8.6 Considering the abovementioned amounts, the current fair value of the Garages forming part of Bonnici House is estimated between **Four Hundred and Ninety Thousand Euros (€490,000)** and **Five Hundred and Twenty-Four Thousand Euros (€524,000)**.

9.4.9 Consideration for PV Panels

9.4.9.1 With due consideration of the 168Nr. PV Panels located over the Offices, and assuming their age at 10years, therefore at half their life expectancy, and based on a feed-in Tariff of 0.12 €/unit, the estimated added value of the PV Panels is **One Hundred and Eighty-Seven Thousand Six Hundred Euros (€187,600)**.

9.4.10 Fair Value – Bonnici House

9.4.10.1 Further to above considerations, including the general assumptions made, and all considerations included within this report, the market value profile for Bonnici House is presented below;

Table 8 – Range of Values for Bonnici House, Burmarrad

	Area	MINIMA	MAXIMA
	sq.m	EUR	EUR
Basement Stores	510	490,000	524,000
Showroom	293	975,000	1,038,000
Ancillary Offices	209	448,000	475,000
Office 2Floor	400	1,006,450	1,141,900
Office 3Floor	467	1,175,000	1,332,260
Office PH Level	290	848,400	962,900
PV Panels	168Nr.	187,600	187,600
		5,130,450	5,661,660

9.4.10.2 Therefore, further to the abovementioned considerations and the current market value for similar properties in the same area and similar localities, the size of the given property, its age, and its current state, and all other factors as demanded by the profession, the current fair value of the property is estimated at **Five Million, Six Hundred and Sixty Thousand Euros (€5,660,000)**.

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9.4.11 Accounting for Opportunity Cost

9.4.11.1 It is necessary to point out that, with reference to the existing rental agreements for the Offices, Showroom and Garages that construe the entirety of the property, the rental rates included in the rental agreements appear to be preferential rates afforded internally within the Client's group.

9.4.11.2 Consequently, the declared rates as per the contractual agreements in place cannot be considered as a true representation of what the Client could fetch on the open market should they have to lease out the premises, in their current highly finished state, to third parties.

9.4.11.3 In the opinion of this valuer, given the state of the property, its age and position, the maxima represents a fair rate that could have been achieved for the property as a whole, as noted in 9.4.10 above. However, being cognisant of the existing Rental agreements, both within the Group and with third parties, which are less than the market rates, especially when compared to the latest estimates, it would be necessary to account for the opportunity cost arising from the fact that Client is potentially losing revenue in renting out the properties at less than an ideal market rate.

9.4.11.4 Consequently, it is necessary to compare the difference between the following values;

- The Capitalised revenues generated from the existing contracts – estimated at Eur2,735,426
- The Capitalised POTENTIAL revenues that the properties could generate, using the estimated rates as per, 9.4.6.11 for the Offices, 9.4.8.5 for the Garage Space and an estimated rental value of 219Eur/sq.m/annum on the Showroom, based on an implied rate arising from the estimated maxima value of the same - estimated at Eur3,363,841

9.4.11.5 The difference between the abovementioned values represents the opportunity cost lost due to the preferential rates arising from the contracts in place.

9.4.11.6 Given that at the termination of the agreements, the Customer will nevertheless retain the properties, it is recommended that the difference between the two capitalised values, c. Eur628k⁷, be deducted from the already estimated Fair Market Value.

9.4.11.7 Therefore, considering the Opportunity Cost arising between the rental value of the properties subject to their current agreements, and the potential rental value that could have been fetched in the Open Market, the revised current fair value of the property is estimated at **Five Million, and Thirty-Two Thousand Euros (€5,032,000).**

⁷ Refer to Annex 9 for tables of estimate
Page 41 of 160

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BONNICI GARAGE, at Triq is-Sardin, Burmarrad

Property Description

9.5.1.1 The property in question comprises a commercial building, set over a footprint of c. 1,442sq.m. The site is a regularly shaped plot overlooking Triq is-Sardin to the North, and bound to the South and East by another property owned by the Client, and third parties to the West.

9.5.1.2 The property is set over 2 levels, comprising a street level frame structure intended for the servicing and maintenance of heavy vehicles, with two levels of ancillary offices.



Figure 23 – Elevation of the Property in Subject off Triq is-Sardin

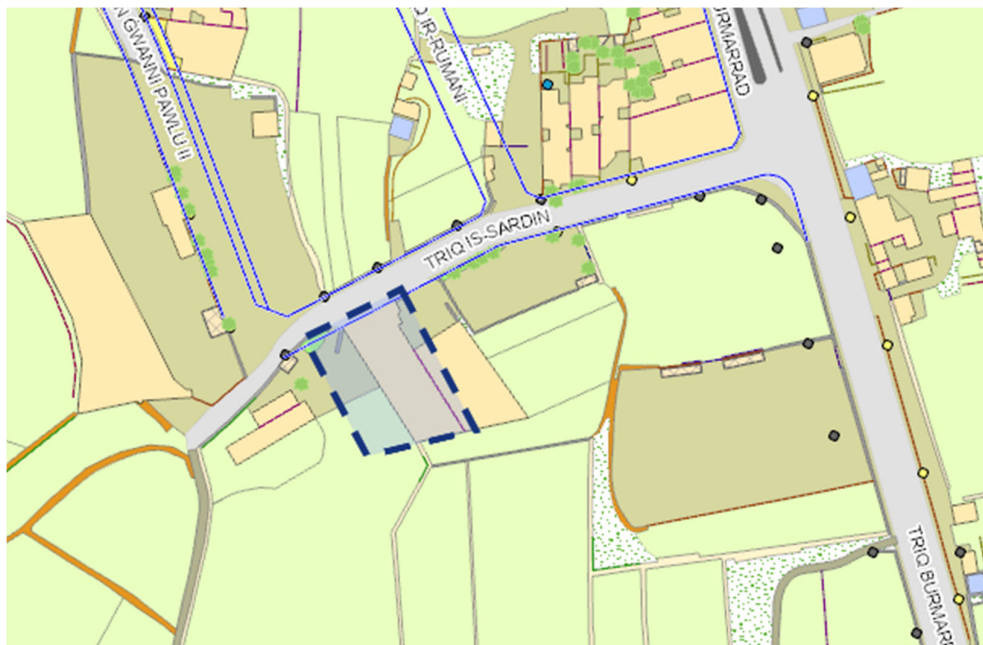


Figure 24 - Site Context; Showing property position; PA (2022)

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Figure 25 – Aerial Image; Google Maps (2021)

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9.5.2 Photos

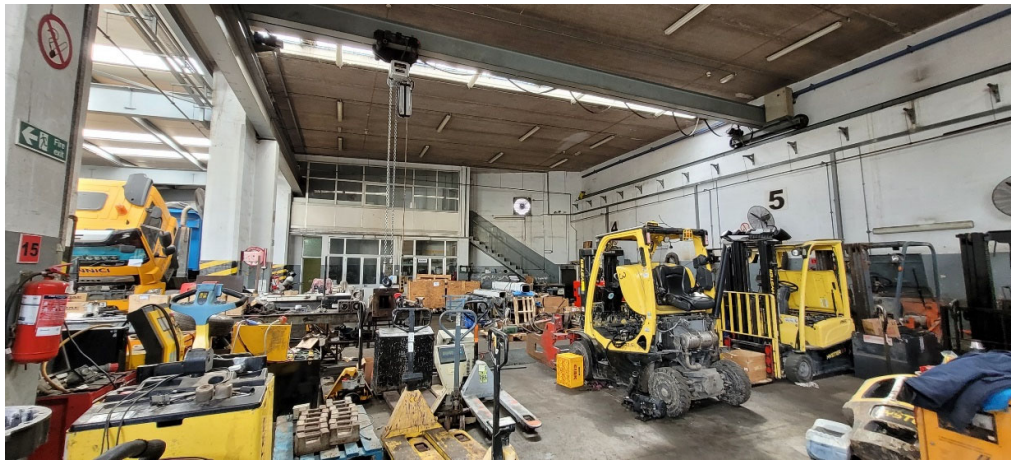


Figure 26 – GF Level; Workshop Area



Figure 27 – GF Level; Workshop Area



Figure 28 -- 1st Floor Level; Offices Area

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9.5.3 Property Details

<u>Address</u>	Bonnici Garage, At Triq Is-Sardin, Burmarrad	
<u>Date of Inspection</u>	07 th February, 2022	
<u>Title</u>	Freehold The workshop and the offices at GF were noted to be leased out to related Parties within the Client's organisation. However, the offices at FF were still held by the Client.	
<u>Sources of Information</u>	<ul style="list-style-type: none"> • Previous valuation report prepared by Perit Gordon Zammit, dd. 15th June, 2021 • Onsite inspection • Drawings provided by the Client • Approved permits and drawings as per PA/02276/00 	
<u>Property Use Class⁸</u>	Category E – Industrial Uses; Class 5A – Light Industry	
<u>Existing Levels and Uses</u>	Street Level	Workshop & Offices
	First Floor Level	Offices
<u>Availability of Views</u>	Nil	
<u>Year of Construction</u>	c. 1991	
<u>Summary of Internal Accommodation</u>	Street Level	Workshops Ancillary Offices Ancillary bathrooms
	First Floor Level	Offices Ancillary Kitchenette

⁸ As per LN74/14 - Development Planning (Use Classes) Order
Page 45 of 160

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	Ancillary bathroom	
External Areas	Waiting Bay	
On Site Parking	Available	
Areas	Site Print	1,442 sq.m
	External Areas	223sq.m
Gross Floor Areas⁹	Workshop	846 sq.m
	GF Level Ancillary Offices	230 sq.m
	FF Level Ancillary Offices	234 sq.m
Approved Permits	PA/04612/91 To construct garage and offices on two floors, and construct boundary wall around site.	Approved
	PA/02276/00 To sanction generator room and stores. To roof existing mechanics yard with space frame	Approved
Planning Considerations	<p>With due reference to the Local Plans, the property is located outside the development zone.</p> <p>Consequently, the possibility for further extension, from a planning point of view, cannot, at this time be considered.</p>	
Illegalities Noted	No illegalities or deviations from the approved plans could be noted, based on a visual inspection.	
Comments	<p>The property was previously subject to Enforcement Notice EC/00227/96, which has since been closed.</p> <p>A copy of PA/02276/00 is being included as part of Annex 4</p>	

⁹ The total area of the whole unit, including external walls and half of party walls, including all internal and usable external spaces (inc. terraces, balconies), in line with statutory sanitary requirements and excluding the net area of any service shafts contained within such development (Design Policy Guidance 2015, MEPA)

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<u>Type of Construction</u>	<p>Portal Frame structure comprising of a combination of load bearing walls, and steel columns and beams with lightweight roofing.</p> <p>The offices were noted to be built in typical load bearing walls with reinforced concrete beams and slabs.</p> <p>Property is serviced by a finished and asphalted road.</p>
<u>Defects Observed</u>	<p>Based on a visual inspection, no defects could be observed</p>
<u>State of Finish</u>	<p>The property is in general well maintained, with no visible evidence of negligence, deterioration or damages, albeit the workshop is what it is and therefore laden with dirt and grit throughout, even if well kept.</p> <p>The offices themselves were found to be wanting for significant upgrading, with partitions in aluminium and glazing reminiscent of the period of the complex's construction.</p> <p>At first floor, the offices were not in a state of use and in need of upgrading and refurbishment.</p>

9.5.4 **Valuation Methodology**

- 9.5.4.1 With due consideration of the property's position, size, planning constraints, the existing use of the property as a mixed commercial use, including Class 4A offices, and a Showroom, the existing use of the property was assumed as its Best Use Value.
- 9.5.4.2 With the above in mind, it was deemed possible to adopt a **Market Approach** towards estimating the value of the property.
- 9.5.4.3 A Comparative Market Analysis was adopted towards estimating the value of the Property in question, by analysing similar properties on the existing market.
- 9.5.4.4 The analysis considered for research into the local market for properties of a similar nature in the given locality or nearby townships and comparing against similar use and non-use added values. A number of online resources were considered and a sample was collected against which a comparable range for properties of a similar nature to the one under consideration was established.

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9.5.5 Market Approach – Offices

9.5.5.1 No units for offices within the Burmarrad area were identified during the market research.

9.5.5.2 The locality extents were therefore increased to include Mosta, given its geographical proximity to the area, and the fact that Burmarrad exhibited a fair amount of passing trade, even though to a lesser degree to Mosta. Consequently, a reduction of 5% was imposed upon the sampled properties.

9.5.5.3 After corrections, the following rate envelope was deduced;

Table 9 – Rate Envelope; Comparative Market Analysis - Offices

Average Rate	2,485 €/sq.m
Standard Deviation	24%
Minimum Rate	1,958 €/sq.m
Maximum Rate	3,025 €/sq.m

9.5.5.4 Considering such a high degree on uncertainty, it was deemed necessary to attempt a separate methodology.

9.5.6 Rental Market Value - Offices

9.5.6.1 It was deemed possible to adopt a rental market approach for units advertised in Mosta, adopting a similar philosophy as per 9.4.5.2..

9.5.6.2 After corrections, the following rate envelope was deduced;

Table 10 – Rate Envelope; Comparative Rental Market Analysis - Offices

Average Rate	156 €/sq.m/annum
Standard Deviation	14%
Minimum Rate	127 €/sq.m/annum
Maximum Rate	178 €/sq.m/annum

9.5.6.3 While a standard deviation of 14% implied an acceptable degree of uncertainty, it was still deemed necessary to reduce uncertainty by verifying against other known market factors.

9.5.6.4 With reference to the Commercial Property Rates published by the Malta Enterprise, Economic & Market Research Unit, Rental Rates-Offices, Warehouses & Apartments, in September 2014¹⁰, the following ranges were presented;

¹⁰ <https://helpdesk.businessfirst.com.mt/show/commercial-property-rates>

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Table 11 – Rate Envelope; Comparative Rental Market Analysis – Offices; as published by Malta Enterprise (2014)

Standard Offices Spaces	< 40sq.m	188 €/sq.m/annum
	41-70sq.m	120 €/sq.m/annum
	71-110sq.m	93 €/sq.m/annum
	>110sq.m	120 €/sq.m/annum

9.5.6.5 Considering the data was published in 2014, it was necessary to adjust for inflation based on indices published by the National Statistics Office, as per Table 4below;

Table 12 – Inflation Indices (NSO, 2022)

2021	892.51	1.5
2020	879.32	0.64
2019	873.73	1.64
2018	859.63	1.16
2017	849.77	1.37
2016	838.29	0.64
2015	832.95	1.1
2014	823.89	0.31
2013	821.34	1.38
2012	810.16	2.42

- 9.5.6.6 After adjusting for inflation, the equivalent rate for Standard Office Spaces of a size comparable to the subject property, is revised to 130€/sq.m/annum.
- 9.5.6.7 With due consideration of the state of the property and its level of finishes, it is necessary to reduce for the capital costs a potential investor would need to bear to improve the state of the offices.
- 9.5.6.8 Assuming the rate for such a property would be within the lower range, the estimated rate of 130€/sq.m/annum should be reduced by 14% to an equivalent rate of 112€/sq.m/annum.
- 9.5.6.9 Considering the aforementioned rates to represent the minima rate one would expect to pay for or receive for the rental of the offices in their current state, a range of 112-130€/sq.m/annum for the offices is being proposed, assuming they could be rented out in an improved state.

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Offices at	Area	Minima	Maxima
		€/annum	€/annum
Ground Floor	230 sq.m	25,760	29,900
First Floor	234 sq.m	26,200	30,420

9.5.6.10 Capitalising the abovementioned amounts, the current market value of the Offices forming part of Bonnici Garage are estimated between **Nine Hundred and Twelve Thousand Euros (€912,000)** and **One Million and Sixty Thousand Euros (€1,060,000)**.

9.5.6.11 Keeping in mind the state of the ancillary offices at first floor level, which would require some renovation, it is recommended to deduct such costs from the overall value of the property. Given the size and estimated costs to renovate the first floor offices to a state equivalent to the other offices within the block, it is recommended that approximately Eur40,000 be expended to improve the state of these Offices, and therefore be deducted from the overall Fair Market Value.

9.5.7 Market Approach – Workshop

9.5.7.1 Several units for Workshops and Garages within the Burmarrad area were identified during the market research.

9.5.7.2 The sampled units were primarily advertised in a finished state, therefore requiring no adjustment, albeit the properties were noted to be substantially smaller than the workshop under subject.

9.5.7.3 After corrections, the following rate envelope was deduced;

Table 13 – Rate Envelope; Comparative Market Analysis - Warehouses and Garages

Average Rate	2,195 €/sq.m
Standard Deviation	14%
Minimum Rate	2,039 €/sq.m
Maximum Rate	2,352 €/sq.m

9.5.7.4 With a standard deviation of 14%, implying an acceptable degree of uncertainty, the resultant range was deemed satisfactory.

9.5.7.5 Given the current layout and state of the property, it is recommended that the fair value tend towards the minima and the average rate for such properties.

A R C 9.5.7.6 Considering the abovementioned amounts, the current market value of the
H I T Workshops forming part of Bonnici Garage is estimated between **One Million,**
E C T **and Seven Hundred and Twenty-Five Thousand Euros (€1,725,000)** and **One**
U R E **Million Nine Hundred and Ninety Thousand Euros (€1,990,000).**
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9.5.8 Consideration for PV Panels

9.5.8.1 With due consideration of the 121Nr. PV Panels located over the workshop, and
assuming their age at 10years, therefore at half their life expectancy, and based
on a feed-in Tariff of 0.12 €/unit, the estimated added value of the PV Panels is
One Hundred and Thirty-Four Thousand Euros (€134,000).

9.5.9 Fair Value – Bonnici Garage

9.5.9.1 Further to above considerations, including the general assumptions made, and
all considerations included within this report, the market value profile for
Bonnici House is presented below;

Table 14 – Range of Values for Bonnici Garage, Burmarrad

	Area	MINIMA	MAXIMA
	sq.m	EUR	EUR
Workshop	846	1,725,000	1,990,000
Offices	464	838,000	973,000
PV Panels	121Nr.	134,000	134,000
DDT Renovation		(40,000)	(40,000)
		2,657,000	3,057,000

9.5.9.2 Therefore, further to the abovementioned considerations and the current
market value for similar properties in the same area and similar localities, the
size of the given property, its age, and its current state, and all other factors as
demanded by the profession, the current fair value of the property is estimated
at **Two Million, and Six Hundred and Fifty-Seven Thousand
Euros (€2,657,000).**

9.5.10 Accounting for Opportunity Cost

9.5.10.1 It is necessary to point out that, with reference to the existing rental agreement
for the Workshop area, the rental rate included in the rental agreement appears
to be a preferential rates afforded internally within the Client’s group.

9.5.10.2 Consequently, the declared rate as per the contractual agreement in place
cannot be considered as a true representation of what the Client could fetch on
the open market should they have to lease out the premises, in its current state,
to third parties.

A R C H I T E C T U R E 3 6 0	9.5.10.3	In the opinion of this valuer, given the state of the property, its age and position, the minima represents a fair rate that could have been achieved for the property as a whole, as noted in 9.5.9.29.4.10 above. However, being cognisant of the existing Rental agreement, which is less than the market rate, it would be necessary to account for the opportunity cost arising from the fact that Client is potentially losing revenue in renting out the property at less than an ideal market rate.
	9.5.10.4	Consequently, it is necessary to compare the difference between the following values; <ul style="list-style-type: none">• The Capitalised revenue generated from the existing contracts – estimated at Eur594,576• The Capitalised POTENTIAL revenues that the property could generate, using the implied rate arising from the estimated minima value of the same - estimated at Eur1,134,268
	9.5.10.5	The difference between the abovementioned values represents the opportunity cost lost due to the preferential rates arising from the contract in place.
	9.5.10.6	Given that at the termination of the agreements, the Customer will nevertheless retain the properties, it is recommended that the difference between the two capitalised values, c. Eur540k ¹¹ , be deducted from the already estimated Fair Market Value.
	9.5.10.7	Therefore, considering the Opportunity Cost arising between the rental value of the properties subject to their current agreements, and the potential rental value that could have been fetched in the Open Market, the revised current fair value of the property is estimated at Two Million, One Hundred and Twenty Thousand Euros (€2,120,000).

¹¹ Refer to Annex 9 for tables of estimate
Page 52 of 160

A R C **9.6** **PARKING AREA, at Triq is-Sardin, Burmarrad**

H I T **9.6.1** **Property Description**

E C T 9.6.1.1 The property in question comprises a plot, set over a footprint of c. 876sq.m.
U R E The site is a regularly shaped plot overlooking Triq is-Sardin to the North, and
bound to the South and East by another property owned by the Client, and
3 6 O Bonnici Garage to the West.

9.6.1.2 The property is an unbuilt site, albeit asphalted and approved for the parking of
vehicles.



Figure 29 –Property in Subject off Triq is-Sardin

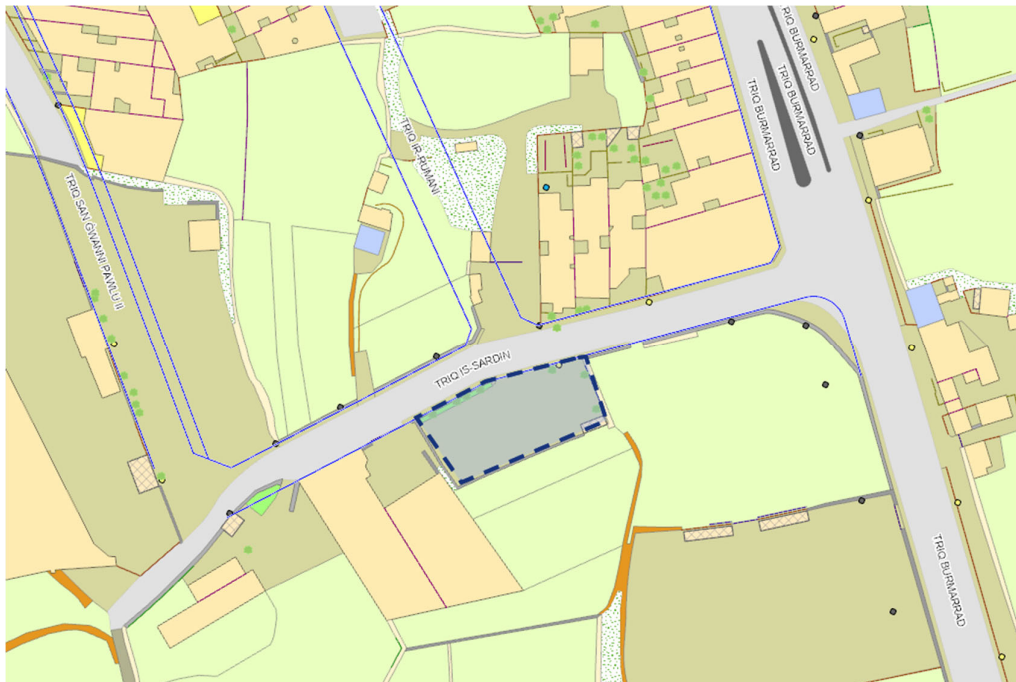


Figure 30 - Site Context; Showing property position; PA (2022)

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Figure 31 – Aerial Image; Google Maps (2021)

9.6.2 Photos



Figure 32 – View of property as captured from Bonnici House

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9.6.3 Property Details

<u>Address</u>	Parking Area (no number), At Triq Is-Sardin, Burmarrad	
<u>Date of Inspection</u>	07 th February, 2022	
<u>Title</u>	Freehold	
<u>Sources of Information</u>	<ul style="list-style-type: none"> • Previous valuation report prepared by Perit Gordon Zammit, dd. 15th June, 2021 • Onsite inspection • Drawings provided by the Client • Approved permits and drawings as per PA/04427/02 	
<u>Property Use Class¹²</u>	Parking	
<u>Existing Levels and Uses</u>	Street Level	Parking
<u>Availability of Views</u>	Nil	
<u>Year of Construction</u>	c. 2000	
<u>Summary of Internal Accommodation</u>	Nil	
<u>External Areas</u>	Parking – 26 private vehicles (as per approved PA)	
<u>On Site Parking</u>	Available	
<u>Areas</u>	Site Foot Print	876 sq.m
	External Areas	876 sq.m
<u>Gross Floor Areas¹³</u>	Parking	876 sq.m

¹² As per LN74/14 - Development Planning (Use Classes) Order

¹³ The total area of the whole unit, including external walls and half of party walls, including all internal and usable external spaces (inc. terraces, balconies), in line with statutory sanitary requirements and Page 55 of 160

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<u>Approved Permits</u>	<u>PA/04427/02</u> To sanction existing parking	Approved (on Appeal)
<u>Planning Considerations</u>	With due reference to the Local Plans, the property is located outside the development zone. Consequently, the possibility for further extension, from a planning point of view, cannot, at this time be considered.	
<u>Illegalities Noted</u>	No illegalities or deviations from the approved plans could be noted, based on a visual inspection.	
<u>Comments</u>	The property was previously subject to Enforcement Notice EC/00632/02, which has since been closed. A copy of PA/04427/02 is being included as part of Annex 5	
<u>Type of Construction</u>	Property is serviced by a finished and asphalted road.	
<u>Defects Observed</u>	Based on a visual inspection, no defects could be observed	
<u>State of Finish</u>	The property is in general well maintained, surrounded by a 2m high wall in soft stone masonry, and finished in asphalt with some soft landscaping. There is no form of formal parking delineation.	

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9.6.4 Valuation Methodology

9.6.4.1 With due consideration of the property's position, size, planning constraints, the existing use of the property as a parking area was assumed as its Best Use Value since any other use would be speculative at best.

9.6.4.2 With the above in mind, it was deemed possible to adopt a **Market Approach** towards estimating the value of the property.

9.6.4.3 A Comparative Market Analysis was adopted towards estimating the value of the Property in question, by analysing similar properties on the existing market.

9.6.4.4 The analysis considered for research into the local market for properties of a similar nature in the given locality or nearby townships and comparing against similar use and non-use added values. A number of online resources were considered and a sample was collected against which a comparable range for properties of a similar nature to the one under consideration was established.

9.6.5 Market Approach – Parking

9.6.5.1 An analysis of the local market yielded that a single car garage in the Burmarrad area would fetch €32,000-€35,000. Eliminating for the interest that one would fetch for the added value of having a lock-up car garage, the value for a single parking space is estimated at 30% of the market value of the garages.

9.6.5.2 Therefore, the estimated value of a single car space is being calculated at €9,600-€10,050.

9.6.5.3 Given the approval for 26 car spaces as per PA/04427/02, the current market value of the Parking Space is estimated between **Two Hundred and Fifty Thousand Euros (€250,000)** and **Two hundred and Seventy-Three Thousand Euros (€273,000)**.

9.6.6 Fair Value – Parking Area

9.6.6.1 Therefore, further to the abovementioned considerations and the current market value for similar properties in the same area and similar localities, the size of the given property, its age, and its current state, and all other factors as demanded by the profession, the current fair value of the property is estimated at **Two hundred and Fifty Thousand Euros (€250,000)**.

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**9.7 PARCEL OF LAND, k/a Ta' DEMEN, at Triq is-Sardin,
c/w Triq ir-Rumani, Burmarrad**

9.7.1 Property Description

- 9.7.1.1 The property in question comprises an undeveloped plot of land with a footprint of c. 4,342sq.m. The site is a regularly shaped plot, with its main frontage overlooking Triq ir-Rumani to the East, corner with Triq is-Sardin to the South, and bound to the East by another property owned by the Client, and third parties to the North.
- 9.7.1.2 Currently, the plot is an agricultural field, subject to an agricultural lease, for which no details have been made available.
- 9.7.1.3 A portion of the original property land hold was previously expropriated for the passage of Triq ir-Rumani, which is yet to has yet to be formed.
- 9.7.1.4 The property itself is subject to an approved planning permit, PA/03740/09 and renewed by PA/00241/18, for the development of two underground levels of parking, 18Nr. Maisonettes at Ground Floor level, 18Nr. flatted dwellings at first and second floor each, and 10Nr. Penthouses with terraces.



Figure 33 – Elevation of the Property in Subject off Triq is-Sardin

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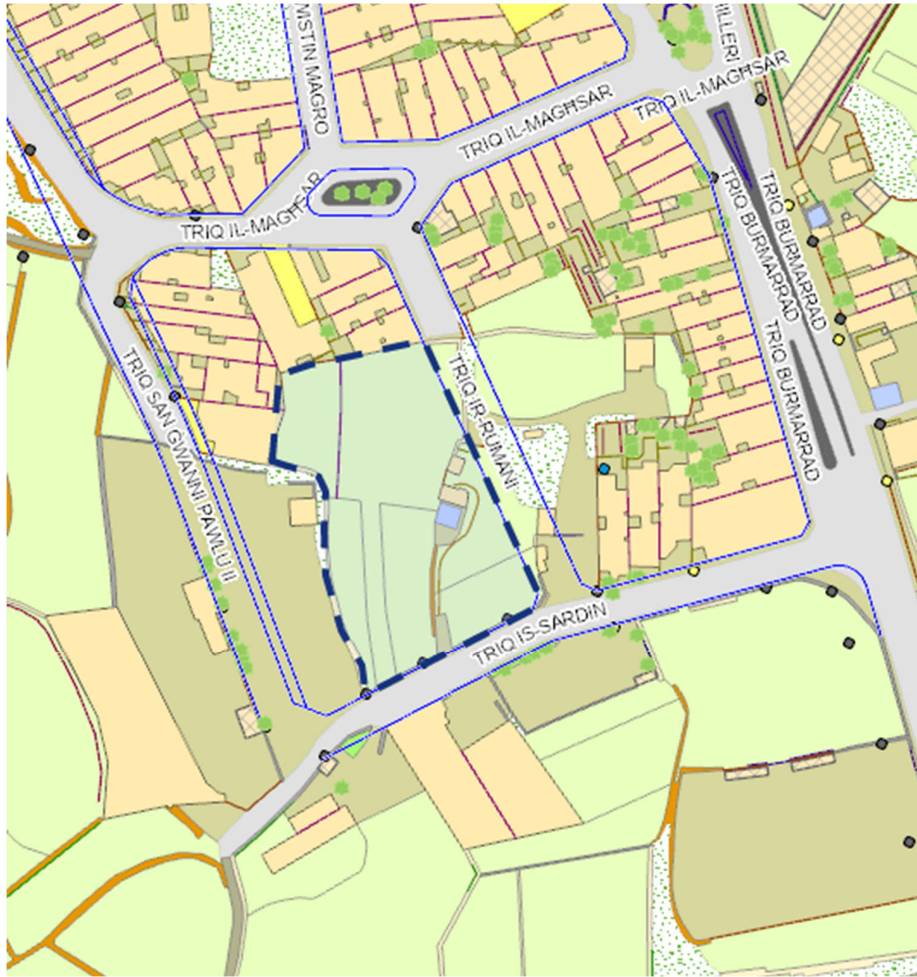


Figure 34 - Site Context; Showing property position; PA (2022)



Figure 35 – Aerial Image; Google Maps (2021)

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9.7.2 Photos



Figure 36 – Street level view of property in subject



Figure 37 – Elevated street level view of property in subject

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9.7.3 **Property Details**

<u>Address</u>	Parcel of Land known as Ta' Demen, At Triq Is-Sardin, c/w Triq ir-Rumani, Burmarrad	
<u>Date of Inspection</u>	07 th February, 2022	
<u>Title</u>	Subject to an undisclosed Agricultural Leasehold	
<u>Sources of Information</u>	<ul style="list-style-type: none"> • Previous valuation report prepared by Perit Gordon Zammit, dd. 14th June, 2021 • Onsite inspection • Approved permits and drawings as per PA/03740/09 	
<u>Property Use Class¹⁴</u>	Category A – Residential Uses; Class 1 - Dwellings	
<u>Existing Levels and Uses</u>	Street Level	Agricultural Field
<u>Availability of Views</u>	At a distance	
<u>Year of Construction</u>	<i>Pending</i>	
<u>Summary of Internal Accommodation</u>	<i>PROPOSED DEVELOPMENT PROFILE AS PER PA/00241/18</i>	
	Basement Level -2	98 car Spaces
	Basement Level -1	73 Garages
	Ground Floor Level	18 Nr. Maisonettes
	First Floor Level	18Nr. Apartments
	Second Floor Level	18Nr. Apartments
	Penthouse Level	13Nr. Penthouses

¹⁴ As per LN74/14 - Development Planning (Use Classes) Order
Page 61 of 160

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External Areas	<i>Proposed internal road way</i>		
On Site Parking	<i>Proposed at basement levels</i>		
Areas	Site Foot Print	4,324 sq.m	
	External Areas (Proposed)	680sq.m	
Gross Floor Areas¹⁵	Ground Floor	2,520sq.m	
		M01	150 sq.m
		M02 – M15	125-140 sq.m
		M16 – M18	170-180sq.m
	First Floor	2,820sq.m	
		A01, A15 – A18	180-210 sq.m
		A02 – A04	150 sq.m
		A05 – A14	135-145sq.m
	Second Floor	2,695sq.m	
		A19, A33 – A36	180-195 sq.m
		A20 – A22	150 sq.m
		A23 – A32	125-135sq.m
	Penthouse Level	915sq.m (INT) & 533sq.m (EXT)	
		P01 & P03	110-120 sq.m (INT) 125-140 sq.m (EXT)
		P02	90sq.m (INT) 60 sq.m (EXT)
		P04 – P13	80-95sq.m (INT) 30 sq.m (EXT)
Approved Permits	PA/03740/09 Construction of garages, flats and maisonettes, basement parking space, basement garages 78 in No, ground floor maisonettes 18 in No, first floor flats 18 in No, second floor 18 in No flats and penthouse level 16 in No.	Approved	
	PA/00241/18 Renewal of permit number PA 3740/09.	Approved	

¹⁵ The total area of the whole unit, including external walls and half of party walls, including all internal and usable external spaces (inc. terraces, balconies), in line with statutory sanitary requirements and excluding the net area of any service shafts contained within such development (Design Policy Guidance 2015, MEPA)

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	<u>PC/00103/18</u> Proposed change in alignment to Include a pedestrian road and piazza within site	Ongoing
<u>Planning Considerations</u>	<p>With due reference to the Local Plans, the property is located within the development zone.</p> <p>The area is zoned for 3 floors plus 3 courses Basement, which is equivalent to a maximum potential development height of 16.30m, as per Annex 2 of the 2015 Design Policy Guidance.</p> <p>This is equivalent to a façade height of 11.90m, equivalent to a potential of 4 floors.</p> <p>While speculative in nature, the originally approved permit, PA/03740/09 was issued prior to publication of the DC15 policies, consequently the possibility of an additional floor, may be favourably considered, given the property's position within the Development Zone.</p>	
<u>Illegalities Noted</u>	No illegalities were noted on the PA server, nor were any illegalities visible on site.	
<u>Comments</u>	<p>The property was previously subject to PA/03384/18 which has since been withdrawn at the request of the Client.</p> <p>A copy of PA/03740/09 and PA/00241/18 are being included as part of Annex 6</p>	
<u>Type of Construction</u>	<p>Assumed reinforced concrete frame with precast concrete slabs and load bearing walls with reinforced concrete beams and slabs.</p> <p>The property is not serviced by a finished or asphalted road, which is yet to be formed.</p>	
<u>Defects Observed</u>	Not applicable	

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State of Finish	<p>It is assumed the development will be finished to a good standard, fully serviced with lifts, and bathrooms, albeit excluding internal doors for the respective apartments – main doors for each will however be provided.</p> <p>All fenestrations will be insulated and double glazed.</p> <p>While no allowance has been made for the inclusion of insulation on the facades, it is assumed the costs would be offset by a marginal increase in the asking price.</p>
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9.7.4 Valuation Methodology

- 9.7.4.1 With due consideration of the property’s position, size, planning constraints, and the acceptable uses of the property as per the Local Plans, the approved development profile as indicated below are assumed as its Best Use Value.
- 9.7.4.2 With the above in mind, it was deemed possible to adopt a **Cost Approach** towards estimating the value of the property.
- 9.7.4.3 This valuation has been divided into two separate estimates – one on the currently approved development profile, and another on the speculative development profile, assuming the development of an additional floor of flatted dwellings would be permitted, in accordance with Annex 2 of the DC15.
- 9.7.4.4 A Residual Method form of analysis was adopted towards estimating the value of the Property in question, by;
1. Estimating the completed property value – estimated through application of the market approach for the individual units;
 2. Estimating the Costs for Development, including the costs for excavation and earth moving, inc. dumping charges, construction, finishing and road formation. A provision is also being made for development fees, despite the fact these have already been paid by the Client;
 3. The inclusion of Professional fees, estimated at 6% on the Costs of Construction for Architectural and Engineering Services, and 3% on the Sale Price of the developed properties for Notarial Fees;
 4. The inclusion of Marketing Costs or Realtor Fees estimated at 4% of the Sale Price of the developed properties, including for negotiations;
 5. Finance Costs, assuming a gearing ratio of 70% on a business loan of 5 years at 5.7%;

A R C 6. Capital Gains Tax paid against 8% of the Sale Price of the developed properties.
H I T No consideration is being made for the payment of VAT, since the Client
E C T 7. Suitable Development Profit, estimated at 20% of the Sale Price;
U R E 9.7.5 **Market Approach – Residential Units**

3 6 O 9.7.5.1 The analysis considered for research into the local market for properties of a
similar nature in the given locality or nearby townships and comparing against
similar use and non-use added values. A number of online resources were
considered and a sample was collected against which a comparable range for
properties of a similar nature to the one under consideration was established.

9.7.5.2 A number of units for either Maisonettes, Apartments and Penthouses within
the Burmarrad area were identified during the market research.

9.7.5.3 A reduction of 5% was imposed upon the sampled properties to account for
realtor fees and negotiations.

9.7.5.4 After corrections, the following rate envelopes were deduced for the different
property typologies;

Table 15 – Rate Envelope; Comparative Market Analysis - Maisonettes

Average Rate	2,260 €/sq.m
Standard Deviation	07%
Minimum Rate	2,185 €/sq.m
Maximum Rate	2,340 €/sq.m

Table 16 – Rate Envelope; Comparative Market Analysis – Typical Apartment

Average Rate	1,860 €/sq.m
Standard Deviation	03%
Minimum Rate	1,830 €/sq.m
Maximum Rate	1,885 €/sq.m

Table 17 – Rate Envelope; Comparative Market Analysis - Penthouses

Average Rate	2,350 €/sq.m
Standard Deviation	06%
Minimum Rate	2,275 €/sq.m
Maximum Rate	2,425 €/sq.m

9.7.5.5 The Considering such a low degree of uncertainty, the value of DZP 1309 is deemed reasonable.

A R C 9.7.5.6 Further to the above, the estimated ranges for the sale prices of the different
H I T property typologies is as follows;

Table 18 – Estimated Sale Prices for APPROVED Development profile of Residential Units

Ground Floor	2,520sq.m		€ 5,608,900
	M01	150 sq.m	€350,000
	M02 – M15	125-140 sq.m	€270,000 – 318,000
	M16 – M18	170-180sq.m	€380,000 – 407,000
First Floor	2,820sq.m		€ 5,157,700
	A01, A15 – A18	180-210 sq.m	€ 338,000 – 354,000
	A02 – A04	150 sq.m	€ 276,000 – 282,000
	A05 – A14	135-145sq.m	€ 245,000 – 259,000
Second Floor	2,695sq.m		€ 4,977,600
	A19, A33 – A36	180-195 sq.m	€ 340,000 – 357,000
	A20 – A22	150 sq.m	€ 278,000 – 283,000
	A23 – A32	125-135sq.m	€ 230,000 – 244,000
Penthouse Level	915sq.m (INT) & 533sq.m (EXT)		€ 3,716,900
	P01 & P03	110-120 sq.m (INT) 125-140 sq.m (EXT)	€ 450,000 – 500,000
	P02	90sq.m (INT) 60 sq.m (EXT)	€ 308,000
	P04 – P13	80-95sq.m (INT) 30 sq.m (EXT)	€ 234,000 – 262,000

9.7.6 Market Approach – Parking Provisions

9.7.6.1 As previously reported, an analysis of the local market yielded that a single car garage in the Burmarrad area would fetch €32,000-€35,000. Eliminating for the interest that one would fetch for the added value of having a lock-up car garage, the estimated value for a single parking space is estimated at 35% of the market value of the garages.

9.7.6.2 Further to the above, the estimated ranges for the sale prices of the parking provisions is as follows;

Table 19 – Estimated Sale Prices for APPROVED Development profile of Parking Units

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Basement Level -2	98 car Spaces	€ 980,000
Basement Level -1	73 Garages	€ 2,336,000

9.7.7 Development Costs

9.7.7.1 The development costs are based on market prices at the time of the inspection. They do not account for inflation or increase in costs over time. Nor do they account for the Client’s going concern as an active player in the construction industry or for any preferential rates that may be afforded. The costs and rates, are intended to represent what a knowledgeable, experienced yet typical developer would expect to pay on the open market.

9.7.7.2 The estimated quantities are based on estimates drawn from the drawings extracted from the PA/03740/09. They are not intended to be a detailed Bill of Quantities or Budget Estimate and are intended solely for the high-level estimation exercise as part of this valuation.

9.7.7.3 In general, the estimated quantities assume;

- 350mm of agricultural top soil;
- 1.50m of loose material;
- Underlying adequate quality of rock, not requiring specialised geotechnical engineering solutions or specialised foundations;
- Nominal pore pressure, not requiring specialised engineering solutions for waterproofing;
- Estimated Costs for the provision of an onsite substation in the order of €185,000 including Civil Works and Supply and Installation of Transformers and Cables (based on past experience and subject to confirmation by ENEmalta Plc.);
- Site Technical Officer will be required for Excavation Works only, which will have an estimated duration of 3-4months, since there shall be no works overlying or underlying third parties;
- Health and Safety and Construction Management Costs shall be borne by the Contractor and are included in the rates;
- The structure will be designed for nominal seismic resistance, albeit no allocations for specialised M&E installations have been accounted for;

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- No consideration has been made for exceptional insulation installations, albeit it is presumed that the costs for installation would be offset by a variation in the selling price;
- Finishing works will be up to a good standard throughout, including but not necessarily limited to;
 - Internal and External plastering and painting
 - Supply and Lay of Internal and External tiles
 - Supply and Installation of double glazed fenestrations
 - Supply and Installation of main doors for each units
 - Supply and Lay of external screeds, laid to falls, waterproofing and nominal insulation over external terraces
 - Supply and Installation of nominal aluminium handrails, internally and externally
 - Supply and Installation of Lifts
 - Nominal M&E Installations
- Excluded items;
 - Kitchens
 - Access for All Requirements
 - Air Conditioning Units
 - Face Plates for electrical sockets
 - Supply and Lay of bathroom tiles or sanitary ware
 - Internal doors for each unit

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9.7.7.4 A summary of the estimated costs is included below;

Table 20 – Estimated development costs for Ta' Demen Development as per PA/00241/18

Excavation Works & Demolition Works	
Soil Removal	€15,000
Site Clearances	€285,000
Excavations in Rock (Inc. Reservoirs)	€1,464,000
Sub-Structure Works	
Insitu Concrete Works (inc. Waterproofing)	€1,040,000
Precast Concrete Works	€870,000
Reinforcement	€569,000
Finishing Works	€241,000
Super-Structure Works	
Masonry Works	€540,000
Insitu Concrete Works (inc. beams, assuming C30 concrete)	€731,500
Reinforcement	€423,000
Finishing Works	
Substation	€125,000
Screeds, Waterproofing and Insulation	€1,616,000
Interior and Exterior Painting	€1,030,000
Internal and External Tiling	€462,000
Common Parts inc. Marble Works and Handrails	€200,000
Supply and Installation of Fenestrations	€413,000
Supply and Installation of Lifts	€300,000
M&E Installation	€726,000
Main Doors	€81,400
Road Works	
Earth Works	€5,000
Pavement Works	€30,000
Footpaths	€27,000
ESTIMATED TOTAL	€11,200,000

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9.7.8 Residual Value

9.7.8.1 Further to the information above, the estimated residual value of the Land parcel is being estimated as;

Table 21 – Summarised Residual Value of the Land Parcel at Ta’ Demen, Triq ir-Rumani, Burmarrad

Final Sales	Maisonettes	€5,608,900.00
	Apartments	€5,157,700.00
		€4,977,600.00
	PH	€3,716,900.00
	Spaces	€980,000.00
	Garages	€2,336,000.00
Total Revenue		€22,777,100.00

Realtor Fees	4%	(€911,084.00)
Construction		(€11,200,000.00)
Contingency	10%	(€1,120,000.00)
Professional Fees	6%	(€672,000.00)
Notarial Fees	3%	(€683,313.00)

		€8,190,703.00
Taxes	8%	(€1,822,168.00)
Profits	20%	(€1,638,140.60)
Interest @5.7% for 5Y		(€1,189,000)

Residual Value **€3,541,394.40**

9.7.9 Fair Value – Parcel of Land k/a Ta’Demen

9.7.9.1 With the above in mind, it is necessary to account for the fact that the Client does not enjoy the free and unencumbered use of the property in question, which is currently subject to an Agricultural Leasehold agreement.

9.7.9.2 While a precedent has been set for the termination of a leasehold agreement (ref. *J & C Properties Limited (C29114) vs Nazzareno Pulis u Antonia Pulis, u l-Avukat Ġenerali, illum l-Avukat tal-Istat (Rik Nru 133/18 JZM)*), such a ruling has, to do date, been the exception and not the rule. It is also beyond the remit of the undersigned Perit to make any presumptions regarding the possibility of eviction or termination of the agreement.

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9.7.9.3 However, in an effort to define a Fair Value for the property in question, the undersigned is of the opinion that 10% of the property’s value would represent a fair contribution towards the requirements of termination of the lease.

9.7.9.4 Said amount would be equal to the estimated value of the land arising solely from its potential agricultural use, plus any reasonable legal expenses.

9.7.9.5 Therefore, further to the abovementioned considerations and the current market value for similar properties in the same area and similar localities, the size of the given property, its age, and its current state, and all other factors as demanded by the profession, including the agricultural leasehold, the current fair value of the property is estimated at **(820 €/sq.m) Three Million One Hundred and Ninety Thousand Euros (€3,190,000).**

9.7.10 Potential Fair Value

9.7.10.1 Considering the potential for an additional floor, in line with Annex 2 of the DC15, the potential residual value may be revised as follows;

Table 22 - Summarized Speculative Residual Value of the Land Parcel at Ta’ Demen, Triq ir-Rumani, Burmarrad

Final Sales	Maisonettes	€5,608,900.00
	Apartments	€5,157,700.00
		€4,977,600.00
		€4,977,600.00
	PH	€3,716,900.00
	Spaces	€980,000.00
	Garages	€2,336,000.00
Total Revenue		€27,754,700.00
Realtor Fees	4%	(€1,110,188.00)
Construction		(€12,200,000.00)
Contingency	10%	(€1,220,000.00)
Professional Fees	6%	(€732,000.00)
Notarial Fees	3%	(€832,641.00)
		€11,700,000.00
Taxes	8%	(€2,220,400.00)
Profits	20%	(€2,332,000.00)
Interest @5.7% for 5Y		(€1,295,000.00)
Residual Value		€5,812,520.80

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- 9.7.10.2 Further to the abovementioned considerations and the current market value for similar properties in the same area and similar localities, the size of the given property, its age, and its current state, and all other factors as demanded by the profession, including the agricultural leasehold, the speculative potential fair value of the property is estimated at **(1,345€/sq.m) Five Million Three Hundred and Forty Thousand Euros (€5,340,000)**.
- 9.7.10.3 However, given the speculative nature of the above potential fair value, while there is no reason to presume that an additional floor would not be favourably accepted, the matter remains speculative until such a time that a valid permit is acquired.
- 9.7.10.4 Consequently, adopting a conservative approach, it is being recommended that the Fair Value of the property be based upon an extrapolation of the current rate and the speculative rate.
- 9.7.10.5 Therefore, further to the abovementioned considerations and the current market value for similar properties in the same area and similar localities, the size of the given property, its age, and its current state, and all other factors as demanded by the profession, including the agricultural leasehold, the potential fair value of the property is estimated at **(1,100 €/sq.m) Four Million Four Hundred Thousand Euros (€4,400,000)**.

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**9.8 ADDITIONAL PARCEL OF LAND, k/a Ta’ DEMEN, at
Triq is-Sardin, c/w Triq San Ġwanni Pawlu II,
Burmarrad**

9.8.1 Property Description

- 9.8.1.1 The property in question comprises an undeveloped plot of land with a footprint of c. 1,545sq.m. The site is an irregularly shaped plot, with its main frontage overlooking Triq San Ġwanni Pawlu II to the West, corner with Triq is-Sardin to the South, and bound to the West by another property owned by the Client, and third parties to the North.
- 9.8.1.2 Currently, the plot is an agricultural field, albeit, held free and encumbered by the Client.
- 9.8.1.3 The property is also immediately contiguous with the previously discussed Land Parcel k/a Ta’ Demen, albeit the property in question is not subject to any form of approved planning application, albeit it is subject to an ongoing Planning Control Application PC/00103/18. The site is, however, located within the development zone.
- 9.8.1.4 Given the site’s position within the development zone and being immediately adjacent to a plot already subject to an approved permit, it is not unreasonable to assume the property in question would not be subject to a similar approval for development.



Figure 38 – Elevation of the Property in Subject off Triq is-Sardin

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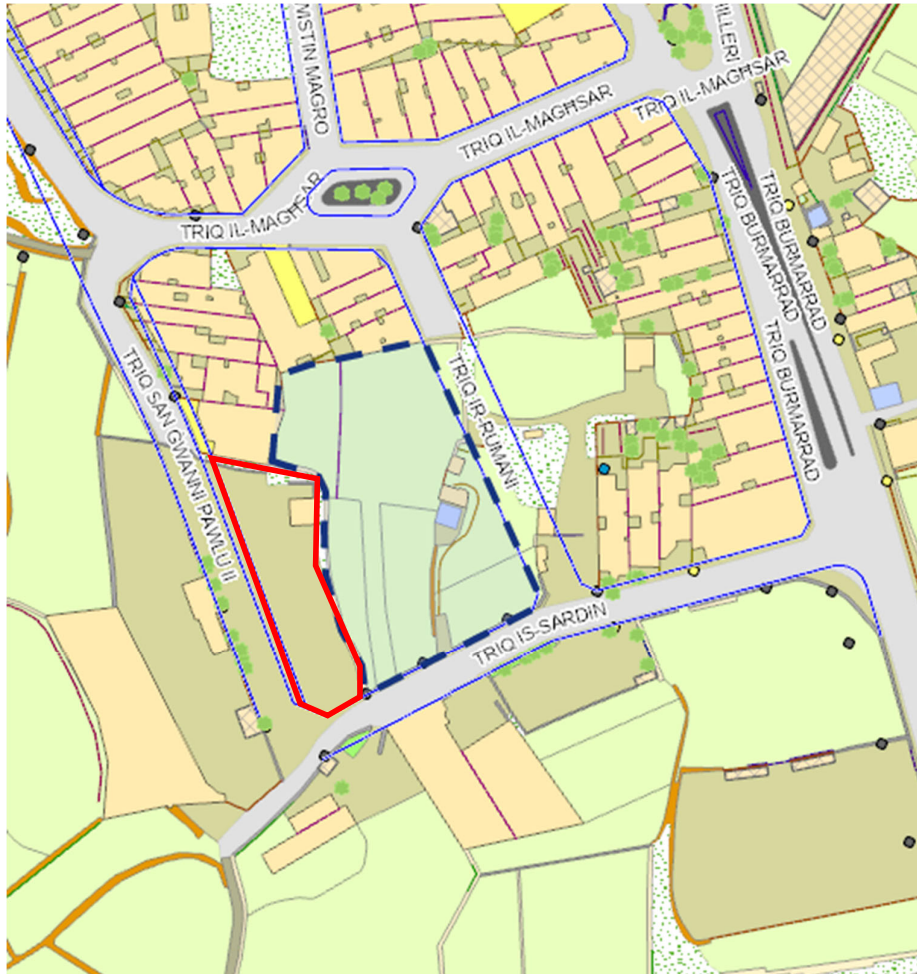


Figure 39 - Site Context; Showing property position relative to the other Ta' Demen parcel; PA (2022)



Figure 40 – Aerial Image; Google Maps (2021)

9.8.2 Property Details

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<u>Address</u>	Additional Parcel of Land known as Ta' Demen, At Triq Is-Sardin, c/w Triq San Ġwanni Pawlu II, Burmarrad	
<u>Date of Inspection</u>	07 th February, 2022	
<u>Title</u>	Freehold;	
<u>Sources of Information</u>	<ul style="list-style-type: none"> • Previous valuation report prepared by Perit Gordon Zammit, dd. 14th June, 2021 • Onsite inspection 	
<u>Property Use Class¹⁶</u>	Category A – Residential Uses; Class 1 - Dwellings	
<u>Existing Levels and Uses</u>	Street Level	Agricultural Field
<u>Availability of Views</u>	At a distance	
<u>Year of Construction</u>	N/A	
<u>Summary of Internal Accommodation</u>	N/A	
<u>External Areas</u>	<i>Proposed road way</i>	
<u>On Site Parking</u>	N/A	
<u>Areas</u>	Site Foot Print	1,545 sq.m
<u>Gross Floor Areas¹⁷</u>	1,545 sq.m	
<u>Approved Permits</u>	<u>PC/00103/18</u> Proposed change in alignment to Include a pedestrian road and piazza within site	Ongoing

¹⁶ As per LN74/14 - Development Planning (Use Classes) Order

¹⁷ The total area of the whole unit, including external walls and half of party walls, including all internal and usable external spaces (inc. terraces, balconies), in line with statutory sanitary requirements and excluding the net area of any service shafts contained within such development (Design Policy Guidance 2015, MEPA)

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<p><u>Planning Considerations</u></p>	<p>With due reference to the Local Plans, the property is located within the development zone.</p> <p>The area is zoned for 3 floors plus 3 courses Basement, which is equivalent to a maximum potential development height of 16.30m, as per Annex 2 of the 2015 Design Policy Guidance.</p> <p>This is equivalent to a façade height of 11.90m, equivalent to a potential of 4 floors.</p> <p>While speculative in nature, given the approval of permit, PA/03740/09, and the property’s position within the Development Zone, it is not unreasonable that a development profile similar to ta’Demen may be achieved.</p>
<p><u>Illegalities Noted</u></p>	<p>No illegalities were noted on the PA server, however it was noted that part of the site was partly used for parking of vehicles.</p>
<p><u>Comments</u></p>	<p>No information regarding PC/00103/18 could be recovered.</p>
<p><u>Type of Construction</u></p>	<p>Assumed reinforced concrete frame with precast concrete slabs and load bearing walls with reinforced concrete beams and slabs.</p> <p>The property is not serviced by a finished or asphalted road, which is yet to be formed.</p>
<p><u>Defects Observed</u></p>	<p>Not applicable</p>
<p><u>State of Finish</u></p>	<p>It is assumed the development will be finished to a good standard, fully serviced with lifts, and bathrooms, albeit excluding internal doors for the respective apartments – main doors for each will however be provided.</p> <p>All fenestrations will be insulated and double glazed.</p> <p>While no allowance has been made for the inclusion of insulation on the facades, it is assumed the costs would be offset by a marginal increase in the asking price.</p>

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9.8.3 Valuation Methodology

- 9.8.3.1 With due consideration of the property’s position, size, planning constraints, and the acceptable uses of the property as per the Local Plans, the approved development profile as indicated below are assumed as its Best Use Value.
- 9.8.3.2 With the above in mind, it was deemed possible to adopt a **Cost Approach** towards estimating the value of the property.
- 9.8.3.3 Reference should be made to Section 9.7.5 on wards for the considerations made in estimating the value of the land.
- 9.8.3.4 Further to the abovementioned considerations and the current market value for similar properties in the same area and similar localities, the size of the given property, its age, and its current state, and all other factors as demanded by the profession, the potential fair value of the property is estimated at **(1,100 €/sq.m) One Million Seven Hundred Thousand Euros (€1,700,000).**

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9.9 PARCEL OF LAND, k/a Ta' HABEL MIĊA, Triq San Ġwanni Pawlu II, Burmarrad

9.9.1 Property Description

9.9.1.1 The property in question comprises a commercial building, set over a footprint of c. 3,428sq.m. The site is an irregularly shaped plot overlooking Triq San Ġwanni Pawlu II to the East, and bound on all other sides by third parties, primarily agricultural lands.

9.9.1.2 Currently, parts of the site are still undergoing works, while a portion is built and in operation. The undersigned has been advised that the expected completion for the development is end of Q2-2023.

9.9.1.3 The property's current approved use is as storage facility, and can be described as being divided in to three distinguishable sections – the first and most Western part, is a completed, single storey frame structure, the second and Northern most portion, which is currently under construction, and the third, in between the aforementioned portions, currently being used for access.

9.9.1.4 The first portion was noted to be in a steel portal frame structure with a combination of load bearing walls, roofed over in precast reinforced concrete slabs.

9.9.1.5 The second portion, currently under construction, was observed to be set over two levels, a subterranean level, and a single above ground storey. The structure itself was noted to be in cast insitu reinforced concrete columns and beams, with precast prestressed slabs spanning between adjacent frames.

9.9.1.6 The portion in between the two is currently undeveloped and being used for the passage of vehicles.



Figure 41 – Elevation of the Property in Subject as seen from Bonnici House

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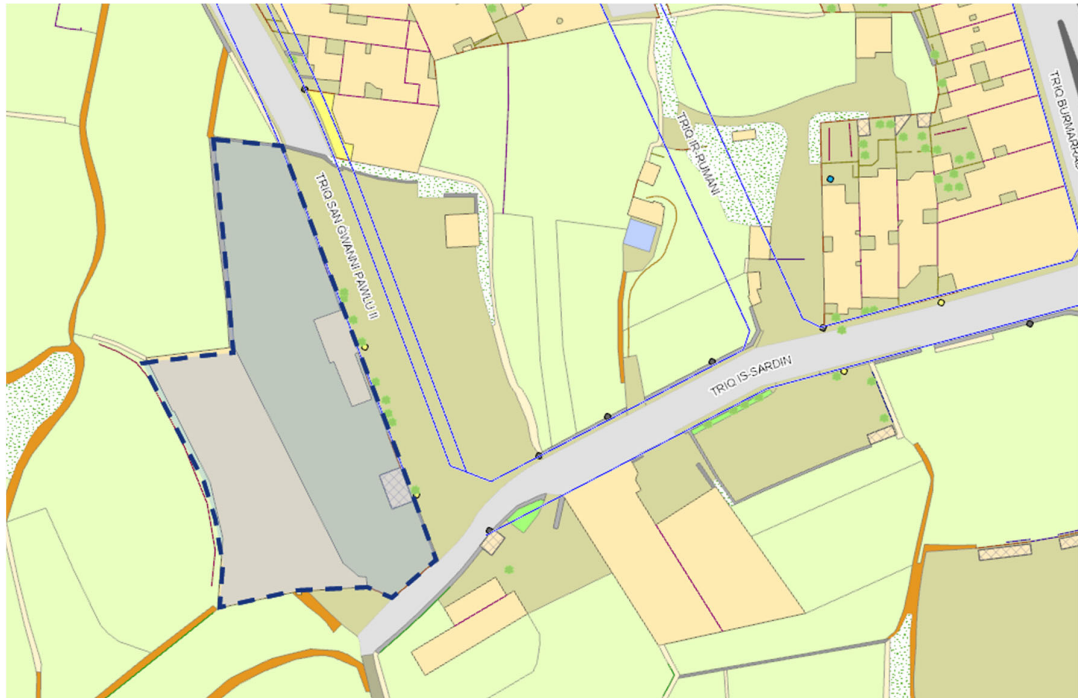


Figure 42 - Site Context; Showing property position; PA (2022)



Figure 43 – Aerial Image; Google Maps (2021)

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Figure 44 – Indicative portions of the site area

9.9.1.7 It is necessary to point out that under the currently approved permit, the development allows for a roofed warehouse, intended for the parking of Heavy Vehicles and Machinery, measuring 2,540sq.m, and an additional area intended for the servicing of vehicles, measuring 640sq.m. Ancillary stores, a security room, and a reception office are also approved in the permit.

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9.9.2 Photos



Figure 45 – Street Level; First portion, with frame structure in the background and third portion in the foreground with parked vehicles



Figure 46 – Street Level; Existing portal frame structure



Figure 47 -- Street Level; Existing portal frame structure

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Figure 48 – Street Level – Second portion under construction



Figure 49 – Street Level – Second portion under construction with underlying basement level

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9.9.3 **Property Details**

<u>Address</u>	Parcel of Land k/a Ta' Habel Miċa, at Triq San Gwanni Pawlu II, Burmarrad	
<u>Date of Inspection</u>	07 th February, 2022	
<u>Title</u>	Freehold	
<u>Sources of Information</u>	<ul style="list-style-type: none"> • Previous valuation report prepared by Perit Gordon Zammit, dd. 14th June, 2021 • Onsite inspection • Drawings provided by the Client • Approved permits and drawings as per PA/05374/08 	
<u>Property Use Class¹⁸</u>	Category F – Storage and Boathouses; Class 6A – Storage and Distribution	
<u>Existing Levels and Uses</u>	Street Level	Warehouse / Storage
	Basement Level	Warehouse / Storage
<u>Availability of Views</u>	Nil	
<u>Year of Construction</u>	c. 1988	
<u>Summary of Internal Accommodation</u>	Street Level	Warehouse / Storage
	Basement Level	Warehouse / Storage
<u>External Areas</u>	Waiting Bay	
<u>On Site Parking</u>	Available	

¹⁸ As per LN74/14 - Development Planning (Use Classes) Order
Page 83 of 160

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Areas	Site Footprint	3,428 sq.m
	External Areas	1,305sq.m
Gross Floor Areas¹⁹ (Net Floor Area²⁰)	Portion 01 – Warehouse/Storage	1,725 sq.m (1,500sq.m)
	Portion 02– Warehouse/Storage (under construction)	580 sq.m
	Portion 03 - External Areas	1,050sq.m
Approved Permits	PA/03765/89 <i>FILE NOT FOUND</i>	NA
	PA/00963/04 To sanction stores and roof structure	Refused
	PA/05374/08 To sanction open storage facility and extend the same facility by roofing over the entire site with a green roof and construct a rubble boundary wall.	Approved
	PA/04935/21 Sanctioning of excavation at basement level. Sanctioning of construction of partial basement level and ground floor level. Proposed construction of basement level and proposed alterations at ground floor level to approved PA5374/08. Proposed use of basement level for parking of heavy vehicles and machinery Class 6A.	Ongoing (Currently Suspended)
Planning Considerations	With due reference to the Local Plans, the property is located outside the development zone.	

¹⁹ The total area of the whole unit, including external walls and half of party walls, including all internal and usable external spaces (inc. terraces, balconies), in line with statutory sanitary requirements and excluding the net area of any service shafts contained within such development (Design Policy Guidance 2015, MEPA)

²⁰ The actual occupied areas in a building or unit, not including unoccupiable areas such as stairs, elevators, mechanical rooms or thickness of walls. For the scope of this exercise, it is intended to be defined as the net area of a unit which may be rented out to a potential tenant

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	<p>Consequently, the possibility for further extension, from a planning point of view, cannot, at this time be considered.</p> <p>The property itself is currently subject to approved permit PA/05374/08, which sanctions portion 01 as built, and proposed the roofing over of the other two portions of the site.</p> <p>However, at the time of the inspection, it was noted that the first portion included an underground floor which, does not appear on the approved permits, albeit is being included in PA/04935/21.</p> <p>Consequently, the basement level of the second portion cannot be considered as part of this valuation, since it cannot be considered as legally established until such a time that it is approved.</p>
<u>Illegalities Noted</u>	<p>Given that works were still underway, the presence of any illegalities could not be confirmed. Based on a visual inspection, at the time of the inspection, it was noted that the first portion included an underground floor which, does not appear on the currently approved permits, however is currently subject to sanctioning under PA/04935/21.</p>
<u>Comments</u>	<p>With due consideration of the proposed development, as per PA/04935/21, it is anticipated that the total Net Floor Area at basement level will be in the order of 1,790sq.m, while the Net Floor Area at street level, assuming the units may be rented out as individual units, is approx. 2,263sq.m.</p> <p>The property was previously subject to Enforcement Notice EC/00103/04, which has since been closed.</p> <p>A copy of the latest approved permit, PA/05374/08 is being included as part of Annex 7</p>

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<u>Type of Construction</u>	<p>Portion 01 - Portal Frame structure comprising of a combination of load bearing walls, and steel columns and beams with precast slabs for roofing.</p> <p>Portion 02 – Reinforced concrete portal frame with precast, prestressed slabs</p> <p>Portion 03 – currently a concreted open space</p> <p>Property is serviced by a finished and asphalted road.</p>
<u>Defects Observed</u>	Based on a visual inspection, no defects could be observed
<u>State of Finish</u>	The property is in general well maintained, albeit a portion is still under construction.

9.9.4 **Valuation Methodology**

- 9.9.4.1 With due consideration of the property’s position, size, planning constraints, the existing use of the property as an approved Class 6A storage facility, the existing use of the property was assumed as its Best Use Value.
- 9.9.4.2 With the above in mind, it was deemed possible to adopt a **Market Approach** towards estimating the value of the property.
- 9.9.4.3 A Comparative Market Analysis was adopted towards estimating the value of the Property in question, by analysing similar properties on the existing market.
- 9.9.4.4 The analysis considered for research into the local market for properties of a similar nature in the given locality or nearby townships and comparing against similar use and non-use added values. A number of online resources were considered and a sample was collected against which a comparable range for properties of a similar nature to the one under consideration was established.
- 9.9.4.5 Further to the consideration made at 9.9.1.7, this valuation is being based on the potential conversion of the existing site into roofed over warehouses as per the approved permit.
- 9.9.4.6 However, it is necessary to recognise that works have been undertaken on Portion 02 of the property, and, therefore the valuation is to be modified in keeping with the Capital markets rules, particularly paragraph 7.5, in relation to “where the valuation is in respect of Property currently being developed”.

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9.9.5 Market Approach – Warehouses and Garages

9.9.5.1 Several units for Warehouses and Garages within the Burmarrad area were identified during the market research.

9.9.5.2 The sampled units were primarily advertised in a finished state, therefore requiring no adjustment, albeit the areas for the advertised properties were noted to be substantially smaller than the workshop under subject. The sampled units were also predominantly lock-up garages, intended for storage of goods or vehicles, similar to the activity that is being approved by the permit.

9.9.5.3 After corrections, the following rate envelope was deduced for completed properties;

Table 23 – Rate Envelope; Comparative Market Analysis – Warehouses and Garages

Average Rate	2,195 €/sq.m
Standard Deviation	14%
Minimum Rate	2,039 €/sq.m
Maximum Rate	2,352 €/sq.m

9.9.5.4 With a standard deviation of 14%, implying an acceptable degree of uncertainty, the resultant range was deemed satisfactory.

9.9.5.5 The issue arises that the three portions of the property are in different states of works. Consequently, three different considerations would need to be taken.

9.9.5.6 Given the current layout and state of the first portion of property, being in a state of completion and use, it is recommended that the fair value tend towards the minima and the average rate for such properties.

9.9.5.7 Given that no works have begun on the third portion it is recommended that the residual value for the land be considered. Based on the conservative presumption that the land value would fetch a rate equal to 20-25% of the market value when complete, it is recommended that the fair value tend towards the minima and the average rate for such properties, deducting 77.5% for the pending construction works and finishes.

9.9.5.8 For the second portion, it is necessary to point out that the works are still in progress. Consequently, as per the Capital Markets Rules for company property, the open market value of the property in its existing state at the date of valuation needs to be considered.

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9.9.5.9 The value of the works themselves has been advised by the Client and subsequently confirmed by the undersigned against market rates. The quantities themselves are being based on the information provided by the Client’s Cost Controller. Further to which, the estimated total value of the works up to the end of January, 2022 (latest date of certification of the works), is Eur 1,572,243, exc. VAT.

9.9.5.10 It is necessary to keep in mind that the above given value for works completed onsite to date is supplementary to the land value of the given portion. Consequently, given the current scenario on site, the following breakdown of values for each respective portion is being presented below;

Table 24 – Breakdown of Values for Portions of Property

<u>Portion</u>	<u>Area</u>	<u>Minima</u>	<u>Average</u>
Portion 01 – Warehouse/Storage Built)	1,500 sq.m (Net Floor Area)	€3,058,500	€3,292,500
Portion 02– Warehouse/Storage (Land Value)	580 sq.m (Gross Floor Area)	€266,000	€286,500
Portion 02– Warehouse/Storage (Built Value)	confirmed by Client	€1,572,243	€1,572,243
Portion 03 - External Areas	1,050sq.m (Gross Floor Area)	€482,000	€518,500

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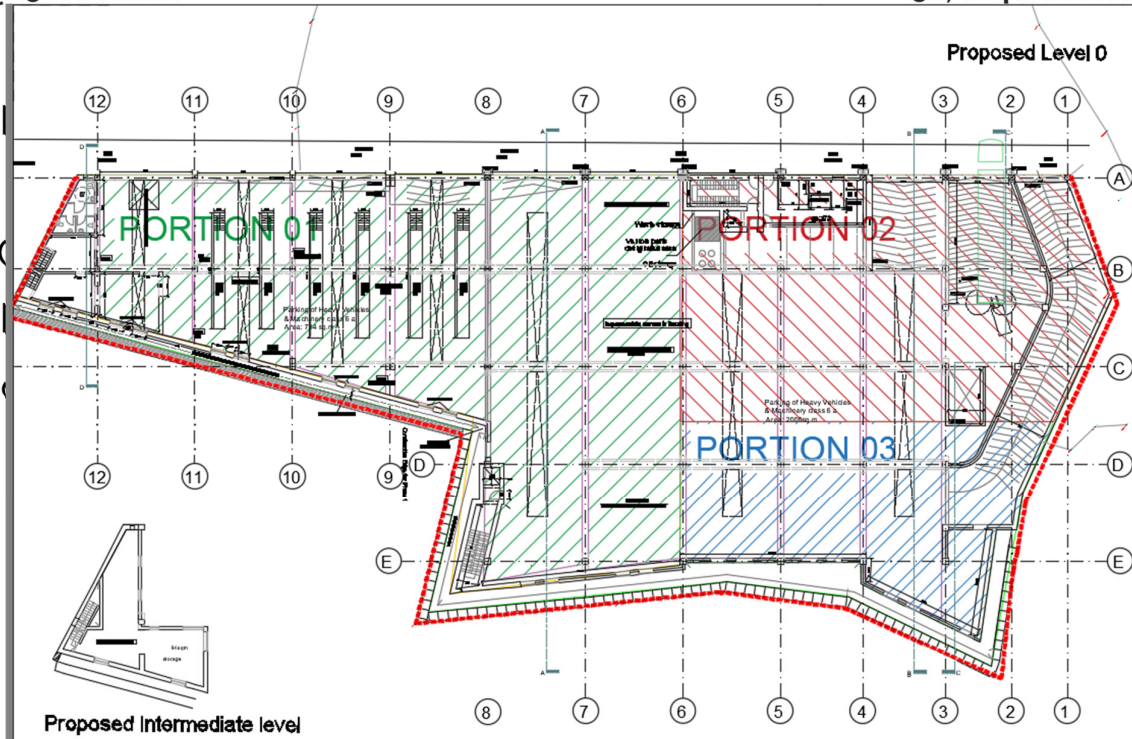


Figure 50 – Indication of considered areas for the apportionment of the areas

9.9.5.11 Considering the abovementioned amounts, the current market value of the Storage Area set on the land parcel known as Ta’ Habel Miċa is estimated between **Five Million, Three Hundred and Seventy-Eight Thousand Euros Five Hundred (€5,378,500)** and **Five Million, Six Hundred and Seventy Thousand Euros (€5,670,000)**.

9.9.6 Fair Value – Ta’ Habel Miċa

9.9.6.1 Therefore, further to the abovementioned considerations and the current market value for similar properties in the same area and similar localities, the size of the given property, its age, and its current state, and all other factors as demanded by the profession, the current fair value of the property is estimated at **Five Million, Three Hundred and Seventy-Eight Thousand Five Hundred Euros (€5,378,500)**.

9.9.6.2 It is necessary to point out that the above given valuation for the property in question is based solely on the currently approved permit, PA/05374/08, and does not consider for the potential value that may be released should the proposal under PA/04935/21 be approved. In the event of approval, it is recommended that the valuation for this property be revised to reflect the added value that will arise from a more structured and regular warehousing structure, which includes also a significant subterranean portion.

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9.10 PARCEL OF LAND, k/a Ta' BRAJTEL, Triq Burmarrad, Burmarrad

9.10.1 Property Description

9.10.1.1 The property under consideration was noted to be an extensive land parcel of a combination of arable land, parts of which include agricultural soil, and a part which at the time of inspection was being used for the parking of heavy machinery.

9.10.1.2 The land parcel was noted to measure a total of c. 9,970sq.m, of which some 3,200sq.m are currently being used for parking of vehicles, for which a valid permit could not be recovered.

9.10.1.3 The site overlooks Triq Burmarrad to the East, and Triq Sardin the North, and is surrounded by similar agricultural parcels. Part of the property is also contiguous with other properties owned by the Client.



Figure 51 -- Elevation of the Property in Subject as seen from Bonnici House



Figure 52 – Elevation of the Storage area of the Property as seen from Bonnici House

- A R C 9.10.1.4 Part of the site is also currently subject to the ongoing Planning Application
H I T PA/08024/18 for the development of c. 6,500sq.m of the land parcel into a
E C T commercial premises comprising of a supermarket with underground parking.
U R E 9.10.1.5 However, at the valuation date, this permit was still undergoing the planning
3 6 O process and therefore could not be considered.
As noted in the previous valuation report, the property is subject to an
agricultural lease to third parties. Consequently, the Client does not enjoy the
free and unencumbered ownership of the property. However, no information
relating to the agricultural lease could be made available to the undersigned.

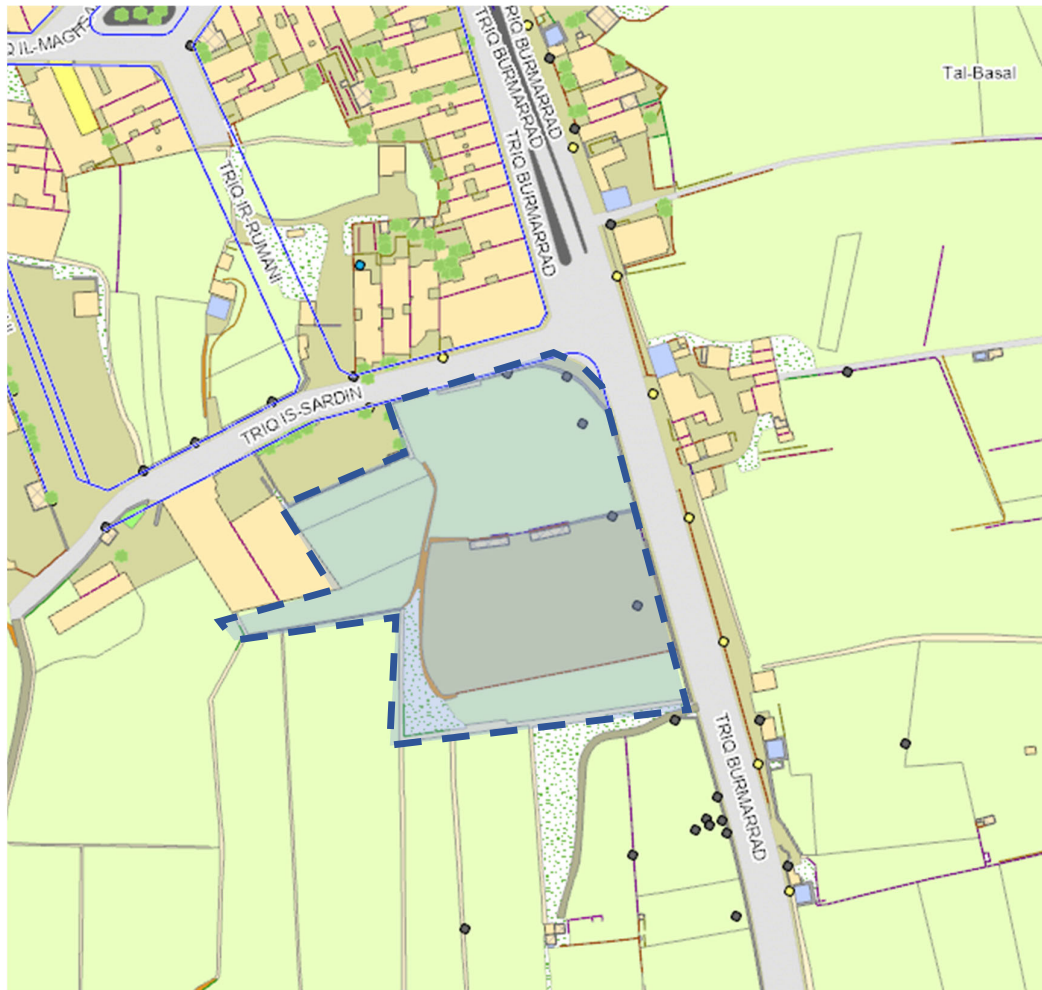


Figure 53 - Site Context; Showing property position; PA (2022)

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Figure 54 – Aerial Image; Google Maps (2021)

9.10.1.6 Further to the above though, part of the site, measuring c. 3,200sq.m, was noted to be subject to PAPB/00377/90 which approves the use of the site as a Yard.

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9.10.2 Property Details

<u>Address</u>	Parcel of Land k/a Ta' Brajtel, at Triq Burmarrad, Burmarrad	
<u>Date of Inspection</u>	07 th February, 2022	
<u>Title</u>	Subject to an Agricultural Lease	
<u>Sources of Information</u>	<ul style="list-style-type: none"> • Previous valuation report prepared by Perit Gordon Zammit, dd. 15th June, 2021 • Onsite inspection 	
<u>Property Use Class²¹</u>	Agricultural Land	
<u>Existing Levels and Uses</u>	Street Level	Agriculture / Storage
<u>Availability of Views</u>	Yes	
<u>Year of Construction</u>	N/A	
<u>Summary of Internal Accommodation</u>	N/A	
<u>External Areas</u>	Portion currently used for the parking of heavy machinery	
<u>On Site Parking</u>	N/A	
<u>Areas</u>	Site Footprint	9,970 sq.m
	External Areas (Paved over)	3,200sq.m
<u>Gross Floor Areas²²</u>	Total Site Area	9,970 sq.m

²¹ As per LN74/14 - Development Planning (Use Classes) Order

²² The total area of the whole unit, including external walls and half of party walls, including all internal and usable external spaces (inc. terraces, balconies), in line with statutory sanitary requirements and excluding the net area of any service shafts contained within such development (Design Policy Guidance 2015, MEPA)

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<u>Approved Permits</u>	<u>PA/00377/90</u> <i>To erect boundary wall as per plans/elevations</i>	Approved
<u>Planning Considerations</u>	<p>With due reference to the Local Plans, the property is located outside the development zone.</p> <p>Consequently, the possibility for development, from a planning point of view, cannot, at this time be considered.</p> <p>Until such a time that the ongoing application PA/08024/18 can be concluded and decided, the development potential for the site cannot be considered.</p>	
<u>Illegalities Noted</u>	<p>Based on a visual inspection, the portion of the land parcel for the parking of heavy vehicles appears to conform with the approved use as per PB/00377/90 as a Yard.</p> <p>However, the site was noted to be subject to the ongoing and active Enforcement Notice EC/00376/07 for the erection of a boundary wall in franka stone instead of rubble faced construction according to PB/00377/90.</p>	
<u>Comments</u>	<p>No information regarding the property could be provided or retrieved.</p> <p>A copy of PB/00377/90 is being included as part of Annex 8</p>	
<u>Type of Construction</u>	N/A	
<u>Defects Observed</u>	N/A	
<u>State of Finish</u>	The property appears to have arable land	

9.10.3 **Valuation Methodology**

- 9.10.3.1 With the above in mind, it was deemed possible to adopt a Comparative Market Analysis towards estimating the Fair Value of the Property in question, by analysing similar agricultural properties on the existing market.

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9.10.3.2 The agricultural land holding aside, it was also necessary to consider the developed portion of the site area. Given that the 1998 and 2004 Aerial Images retrieved from the PA Map Server Website show the site had been paved over, and the Enforcement Notice is limited to the erection of the boundary walls, there is no reason to presume the land take-up and use as a are not legally established and in accordance with the approved permit, PB/00377/90.



Figure 55 – 1998 Aerial Image (source: PA Map server)



Figure 56 – 2004 Aerial Image (source: PA Map server)

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- 9.10.3.3 While there remains a doubt on the approved use, the images clearly show the parking of heavy vehicles, the parking of which is not made reference to in the Enforcement Notice. However, in an effort to err on the side of caution, it is being considered reasonable to compare this site to the undeveloped external area for Ta' Habel Miċa, at Triq San Ġwann Pawlu II , considered at **Table 24**.
- 9.10.3.4 With regards to the Agricultural portion, the analysis considered for research into the local market for agricultural land parcels of a similar nature in the given locality and immediate surrounds (extending to incl. Mosta and Naxxar) and comparing against similar use and non-use added values. A number of online resources were considered and a sample was collected against which a comparable range for properties of a similar nature to the one under consideration was established.
- 9.10.3.5 The resources yielded a significant number of similar properties on the Market within the indicated localities, albeit exhibiting a significant degree of fluctuation in advertised price.
- 9.10.3.6 It was observed that prices varied mostly depending on the size of the property, its proximity to a road, the presence of a reservoir or a room and particularly if these were covered by valid permits.
- 9.10.3.7 Any agricultural properties noted to have a development potential were immediately excluded from reckoning, as were parcels of land significantly larger or smaller than the holding.
- 9.10.3.8 It was determined necessary to limit the sample to properties that were similar in nature to the property under examination and advertised in the last 3 months, and a resultant sample not exceeding 18 units was collected, which was subsequently reduced to limit the sample to properties advertised as having an area between 2 Tumoli and 10 Tumoli, with some correction factors being applied in light of features varying between the samples.
- 9.10.3.9 An allowance was made for a 5% reduction on the advertised prices to allow for merchant or realtor fees as well as other variations in price negotiations. The units sampled had been advertised in a number of publications and online resources in the same period as the date of the valuation.
- 9.10.3.10 The resulting corrected range of agricultural properties of a similar size to that being considered was estimated to have an average rate of circa Eur 101.8 per sq.m, albeit with a high standard deviation.
- 9.10.3.11 When correcting for outliers, the revised range falls within an estimated rate of c. Eur 70 per sq.m.

- A R C 9.10.3.12 Given the property is subject to a third party agricultural leasehold, a reduction factor equivalent to 10% of the property's value should be applied.
- H I T 9.10.3.13 Consequently, the estimated Fair Value of the agricultural parcel of Land at Triq Burmarrad, measuring 6,770sq.m is being estimated at **Four Hundred and Twenty-Six Thousand, Five Hundred Euros (Eur 426,500)**.
- E C T
- U R E 9.10.3.14 With regards to the portion of the land subject to PB/00377/90, this portion of land is being estimated to tend towards the minima value for the undeveloped portion at Ta' Habel Miċa, standing at approx. Eur 486 per sq.m. Consequently, the estimated fair value of the developed portion of land subject to PB/00377/90 is being estimated at **One Million, Five Hundred and Fifty-Five Thousand Euros (Eur 1,555,000)**.
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9.10.3.15 Therefore, further to the abovementioned considerations and the current market value for similar properties in the same area and similar localities, the size of the given property, its age, and its current state, and all other factors as demanded by the profession, the current fair value of the land known as Ta' Brajtjel is **One Million, Nine Hundred and Eighty-One Thousand and Five Hundred Euros (€1,981,500)**.

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22 & 23, TRIQ MILNER, SLIEMA

Property Description

- 10.1.1.1 Additional to the portfolio of properties located within the Burmarrad Area, the Client has acquired a property within the Sliema Area.
- 10.1.1.2 The town of Sliema is typified by a significant amount of vertical development, particularly in the form of mixed residential developments and mixed commercial developments, ranging from hotels to retail, and a recent increase in development of varying types, from private residential developments to large scale commercial activities.
- 10.1.1.3 The property in subject comprises a disused townhouse, which appears on the pre-1968 ordinance survey sheets, of late 19th to early 20th architecture. The property is set on a footprint of 236sq.m at Ground Floor, albeit with a portion of c. 41sq.m belonging to third parties.
- 10.1.1.4 The site itself is relatively irregularly shaped, with its main frontage overlooking Triq Milner to the West measuring 14.30m, and tapering off towards the inner most part of the property. The depth varies from 10m along the North side of the property, to 23.5m along the southern party wall. The property is flanked on all sides by third parties.
- 10.1.1.5 The property itself is subject to an approved Outline Planning permit, PA/07902/20, for the development of the existing disused residence to a Class 3B Hotel, including the construction of an additional 7 floors. The resulting development would boast 23 hotel rooms, along with kitchen, bar and lounge area, and a dining area. The proposal includes for internal alteration works.
- 10.1.1.6 However, despite being approved, the said outline permit is currently subject to an ongoing appeal, launched by third parties. The appeal itself objects to the proposed conversion to a hotel, despite the fact the property is located immediately adjacent to a number of hotels. Due to the existing appeal, and the fact the permit is still an outline application, the potential development of the site into a hotel cannot be considered.
- 10.1.1.7 Albeit, with reference to the North Harbours Local Plan, specifically those for the Sliema area included in **Annex 2**, the property is located within a Residential Area, and outside of the Urban Conservation Area for Sliema, as per MAP SJ1. With reference to MAP SJ3, the site is located within an area designated for 5 floors with semi-basement.
- 10.1.1.8 As per Annex 2 of the DC15, this height limitation translates to a maximum development height of 25.00m, equivalent to 7 floors on the façade, and a setback level.

- A R C 10.1.1.9 Consequently, despite the appeal to the development of the hotel, there exists
H I T a potential to develop the property into typical residential units or flatted
E C T dwellings. Given the size of the property, it is not unreasonable to deduce that
U R E 10.1.1.10 a potential exists for the development of 3 bedroom units on each floor,
3 6 O including penthouse level.
- U R E 10.1.1.10 With this in mind, this valuation therefore considers the existing Market Value
3 6 O of the property in its current state, and comparing this against the residual value
 achieved assuming the following development profile;



Figure 57 – Elevation of the Property in Subject off Triq Milner

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10.2 Planning Considerations

10.2.1.1 The locality of Sliema falls under the North harbour Local Plan, specifically the Sliema and St. Julian’s Policy Maps indicated below, a copy of which are herein being included with this report in **Annex 2**;

Map Ref.	Description	Date of Publishing
NHLP – Map SJ1	Sliema & Tigne Point Policy Map	July 2006
NHLP – Map SJ3	Sliema Building Heights	July 2006



Figure 58 - Site Context; Showing property position; PA (2022)

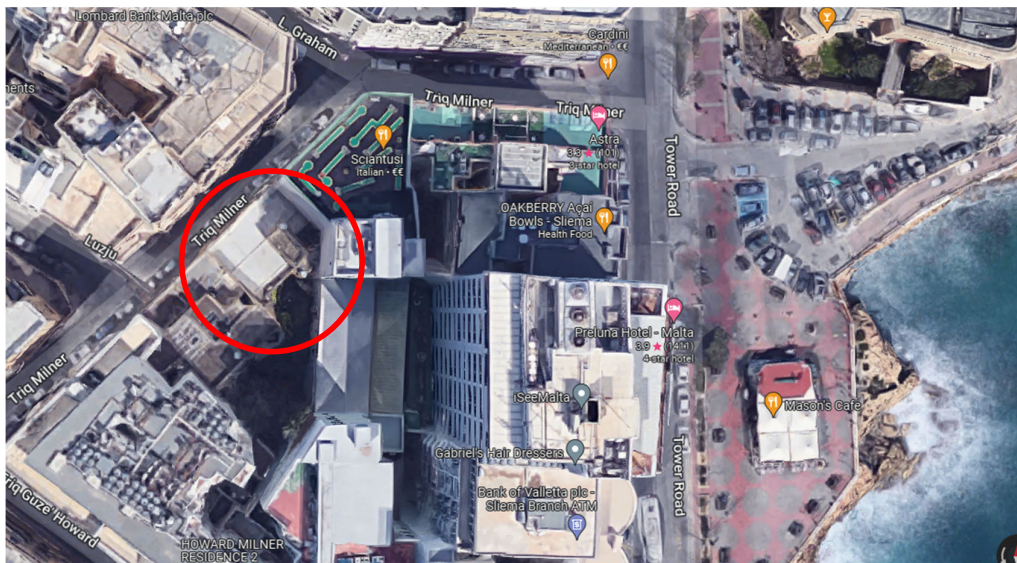


Figure 59 – Aerial Image; Google Maps (2021)

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10.3 Photos



Figure 60 – The Property within the street context of Triq Milner



Figure 61 – Elevated street level view of property in subject

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Figure 62 – Int; Ground Floor Entrance

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Figure 63 – Int; Ground Floor rear area

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Figure 64 – Internal Staircase

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Figure 65 – internal Staircase

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Figure 66 – Int; First Floor Kitchenette

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Figure 67 – Int; First Floor Bedroom on Face

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Figure 68 – Int; First Floor Bedroom

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Figure 69 – Int; First Floor corridor overlooking backyard

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Figure 70 – Int; First Floor internal room

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Figure 71 - Backyard

A R C **10.4** Property Details

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<u>Address</u>	22 & 23, Triq Milner Sliema	
<u>Date of Inspection</u>	28 th February, 2022	
<u>Title</u>	Freehold; Assumed no restrictions	
<u>Sources of Information</u>	<ul style="list-style-type: none"> • Onsite inspection • Approved outline development permit and drawings as per PA/07902/20 	
<u>Property Use Class²³</u>	Category A – Residential Uses; Class 1 – Dwellings	
<u>Existing Levels and Uses</u>	Street Level & First Floor Level	Existing Townhouse, Pre-1967
<u>Availability of Views</u>	Nil	
<u>Year of Construction</u>	Pre-1967	
<u>Summary of Internal Accommodation</u>	<i>PROPOSED DEVELOPMENT PROFILE AT VALUER'S DISCRETION</i>	
	Ground Floor	3 Bedroom Unit
	First Floor	3 Bedroom Unit
	Second Floor	3 Bedroom Unit
	Third Floor	3 Bedroom Unit
	Fourth Floor	3 Bedroom Unit
	Fifth Floor	3 Bedroom Unit
	Sixth Floor	3 Bedroom Unit
	Seventh Floor	3 Bedroom Unit
	Penthouse Level	2 Bedroom Unit
<u>External Areas</u>	<i>Backyard and terraces</i>	

²³ As per LN74/14 - Development Planning (Use Classes) Order
Page 112 of 160

A R C
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On Site Parking	<i>Nil</i>	
Areas	Site Foot Print	194sq.m (at GF Only) 235 sq.m (Airspace)
Gross Floor Areas²⁴	<i>Proposed</i>	
	Ground Floor	127 sq.m
	First Floor	165 sq.m
	Second Floor	165sq.m
	Third Floor	165sq.m
	Fourth Floor	165sq.m
	Fifth Floor	165sq.m
	Sixth Floor	165sq.m
	Seventh Floor	139 sq.m
	Penthouse Level	80 sq.m (75sq.m EXT)
Approved Permits	<u>PA/07902/20</u> To propose the change of use from a disused residence to a Class 3B Hotel along with additional floors to a proposed number of 7 floors. The development includes 23 hotel rooms along with a kitchen, a suite room at Setback Floor Level, bar & lounge area, breakfast /restaurant dining area, reception area, swill room, luggage room and a lift. The proposed works include internal and external alterations, excavation and construction basement plant room and reservoir as well as construction of walls and openings, additional construction at ground and first floor level, and	Outline Permit Approved Currently being appealed by Third Parties

²⁴ The total area of the whole unit, including external walls and half of party walls, including all internal and usable external spaces (inc. terraces, balconies), in line with statutory sanitary requirements and excluding the net area of any service shafts contained within such development (Design Policy Guidance 2015, MEPA)

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	construction of additional levels as indicated.
<u>Planning Considerations</u>	<p>With due reference to the Local Plans, the property is located within the development zone, and outside of the UCA.</p> <p>The area is zoned for 5 floors plus Semi-Basement, which is equivalent to a maximum potential development height of 25m, as per Annex 2 of the 2015 Design Policy Guidance.</p> <p>This is equivalent to a façade height of 21.60m, equivalent to a potential of 7 floors.</p> <p>Despite the approval of the Outline Permit, under which no works may be undertaken and requires the approval of a Full Planning Permit, the appeal launched by third parties results in the consideration of the application as being moot.</p> <p>However, with due consideration of the DC15 policies, and the property's position within the Development Zone, it is not unreasonable to assume that the development of flatted dwellings would not be favourably accepted by the PA.</p>
<u>Illegalities Noted</u>	No illegalities were noted on the PA server, nor were any illegalities visible on site.
<u>Comments</u>	<p>The property is assumed legally established given that it appears on the pre-1967 ordinance survey sheets.</p> <p>Given the state of the property, it is envisaged that the entire property would be gutted out, while the façade would be retained. A new load bearing structure would need to be rebuilt.</p>
<u>Type of Construction</u>	<p>Currently in traditional load bearing masonry with suspended stone slabs between wooden and/or steel beams.</p> <p>Proposed to be rebuilt in typical load bearing masonry with reinforced concrete beams and slabs.</p>

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Defects Observed	Not applicable
State of Finish	<p>The property is currently in a disused state, and in need of significant and extensive renovation.</p> <p>It is assumed the development will be finished to a good standard, fully serviced with lifts, and bathrooms, albeit excluding internal doors for the respective apartments – main doors for each will however be provided.</p> <p>All fenestrations will be insulated and double glazed.</p> <p>While no allowance has been made for the inclusion of insulation on the facades, it is assumed the costs would be offset by a marginal increase in the asking price.</p>

10.5 Valuation Methodology

10.5.1 Bases of Value

- 10.5.1.1 Further to the considerations made earlier, this valuation is being based on the assumed and speculative development profile, assuming the height limitations and uses, in accordance with Annex 2 of the DC15. Given that the proposed development Use as a Hotel is being appealed, it is being deemed more cautious to base this valuation on the use as a residential development.
- 10.5.1.2 With due consideration of the property’s position, size, planning constraints, and the acceptable uses of the property as per the Local Plans, the development profile as indicated below are assumed as its Best Use Value.

Table 25 – Potential Development Profile for Property

Level	Type of Unit	GFA
Ground Floor	3 Bedroom Unit	127 sq.m
First Floor	3 Bedroom Unit	165 sq.m
Second Floor	3 Bedroom Unit	165sq.m
Third Floor	3 Bedroom Unit	165sq.m
Fourth Floor	3 Bedroom Unit	165sq.m
Fifth Floor	3 Bedroom Unit	165sq.m
Sixth Floor	3 Bedroom Unit	165sq.m
Seventh Floor	3 Bedroom Unit	139 sq.m
Penthouse Level	2 Bedroom Unit	80 sq.m + 75 exterior

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- 10.5.1.3 With the above in mind, it was deemed possible to use a **Cost Approach** towards estimating the development value of the property. The Residual Method form of analysis was adopted towards estimating this value of the Property in question, by;
1. Estimating the completed property value – estimated through application of the market approach for the individual units;
 2. Estimating the Costs for Development, including the costs for excavation and earth moving, inc. dumping charges, construction, finishing and road formation. A provision is also being made for development fees, despite the fact these have already been paid by the Client;
 3. The inclusion of Professional fees, estimated at 6% on the Costs of Construction for Architectural and Engineering Services, and 3% on the Sale Price of the developed properties for Notarial Fees;
 4. The inclusion of Marketing Costs or Realtor Fees estimated at 4% of the Sale Price of the developed properties, including for negotiations;
 5. Finance Costs, assuming a gearing ratio of 70% on a business loan of 5 years at 5.7%;
 6. Capital Gains Tax paid against 8% of the Sale Price of the developed properties. No consideration is being made for the payment of VAT, since the Client represents a going concern, in business, and therefore, the VAT is considered recoverable;
 7. Suitable Development Profit, estimated at 20% of the Sale Price;

10.5.2 Market Approach – Potential Residential Units

- 10.5.2.1 As part of the Residual Method approach, a market analysis for the property types identified in the development profile as per **Table 25** was carried out.
- 10.5.2.2 The analysis considered for research into the local market for properties of a similar nature in the given locality or nearby townships and comparing against similar use and non-use added values. A number of online resources were considered, and a sample was collected against which a comparable range for properties of a similar nature to the one under consideration was established.
- 10.5.2.3 A number of Apartment units and Penthouses within the Sliema area were identified during the market research, with due caution to exclude examples within the more speculative parts of Sliema, such as Tigne or For Cambridge. The sampled units were noted to be a combination of furnished or finished, with an average size of 126sq.m.

A R C 10.5.2.4 A reduction of 5% was imposed upon the sampled properties to account for realtor fees and negotiations.

H I T 10.5.2.5 After corrections, the following rate envelopes were deduced for the different property typologies;

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Table 26 – Rate Envelope; Comparative Market Analysis – Typical Apartment

Average Rate	2,954 €/sq.m
Standard Deviation	10%
Minimum Rate	2,663 €/sq.m
Maximum Rate	3,306 €/sq.m

Table 27 – Rate Envelope; Comparative Market Analysis - Penthouses

Average Rate	4,540 €/sq.m
Standard Deviation	5%
Minimum Rate	4,232 €/sq.m
Maximum Rate	4,722 €/sq.m

10.5.2.6 Considering such low degrees of uncertainty, the range of prices was deemed reasonable.

10.5.2.7 Further to the above, the estimated ranges for the sale prices of the different property typologies is as follows;

Table 28 – Estimated Sale Prices for ASSUMED Development profile for Townhouse Development, at Triq Milner, Sliema

Ground Floor	3 Bedroom Unit	127 sq.m	€ 414,000.00
First Floor	3 Bedroom Unit	165 sq.m	€ 465,000.00
Second Floor	3 Bedroom Unit	165 sq.m	€ 488,000.00
Third Floor	3 Bedroom Unit	165 sq.m	€ 513,000.00
Fourth Floor	3 Bedroom Unit	165 sq.m	€ 513,000.00
Fifth Floor	3 Bedroom Unit	165 sq.m	€ 537,000.00
Sixth Floor	3 Bedroom Unit	165 sq.m	€ 537,000.00
Seventh Floor	3 Bedroom Unit	165 sq.m	€ 562,000.00
Eith Floor	2 Bedroom Unit	80 + 75sq.m	€ 540,000.00
			€ 4,569,000.00

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10.5.3 Development Costs

10.5.3.1 The development costs are based on market prices at the time of the inspection. They do not account for inflation or increase in costs over time. Nor do they account for the Client's going concern as an active player in the construction industry or for any preferential rates that may be afforded. The costs and rates, are intended to represent what a knowledgeable, experienced yet typical developer would expect to pay on the open market.

10.5.3.2 The estimated quantities are based on estimates drawn from the drawings extracted from the PA/07902/20, albeit assuming the internal layouts would be modified for the creation of single unit dwellings per floor, and also accounting for one less floor than that approved. They are not intended to be a detailed Bill of Quantities or Budget Estimate and are intended solely for the high-level estimation exercise as part of this valuation.

10.5.3.3 In general, the estimated quantities assume;

- Surgical taking down of the existing building, to preserve the existing façade and as much of the original features as possible;
- 0.50m of loose material to be removed;
- Underlying adequate quality of rock, not requiring specialised geotechnical engineering solutions or specialised foundations;
- Nominal pore pressure, not requiring specialised engineering solutions for waterproofing;
- Site Technical Officer will be required for Excavation AND Demolition Works, which will have an estimated duration of 6months, since the property is surrounded by third parties;
- Health and Safety and Construction Management Costs shall be borne by the Contractor and are included in the rates;
- The structure will be designed for nominal seismic resistance, albeit no allocations for specialised M&E installations have been accounted for;
- No consideration has been made for exceptional insulation installations, albeit it is presumed that the costs for installation would be offset by a variation in the selling price;
- Finishing works will be up to a good standard throughout, including but not necessarily limited to;
 - Internal and External plastering and painting
 - Supply and Lay of Internal and External tiles
 - Supply and Installation of double glazed fenestrations

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- Supply and Installation of main doors for each unit
- Supply and Lay of external screeds, laid to falls, waterproofing and nominal insulation over external terraces
- Supply and Installation of nominal aluminium handrails, internally and externally
- Supply and Installation of Lift
- Nominal M&E Installations
- Excluded items;
 - Kitchens
 - Access for All Requirements
 - Air Conditioning Units
 - Face Plates for electrical sockets
 - Supply and Lay of bathroom tiles or sanitary ware
 - Internal doors for each unit

A R C 10.5.3.4 A summary of the estimated costs is included below;

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Table 29 – Estimated Development Costs for Townhouse Development, at Triq Milner, Sliema

Excavation Works & Demolition Works	
Demolition of Building inc. Carting Away	€32,300
Protection & Retention of Façade	€10,000
Site Clearances	€4,000
Excavations in Rock (Inc. Reservoirs)	€19,000
Foundation Works	
Insitu Concrete Works (inc. Waterproofing)	€51,500
Internal Walls and Infilling	€121,500
Reinforcement	€12,000
Super-Structure Works	
Masonry Works	€22,000
Insitu Concrete Works (inc. beams, assuming C30 concrete)	€110,000
Reinforcement	€83,000
Façade + Restoration	€17,000
Finishing Works	
Screeds, Waterproofing and Insulation	€7,500
Interior and Exterior Painting	€73,500
Internal and External Tiling	€59,000
Common Parts inc. Marble Works and Handrails	€44,500
Supply and Installation of Fenestrations + Wooden Louvres and Maltese Balcony Restoration	€108,000
Supply and Installation of Lifts	€44,000
M&E Installation	€99,000
Main Doors	€10,000
ESTIMATED TOTAL	€928,000

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10.5.4 Residual Value

10.5.4.1 Further to the information above, the estimated residual value of the Land parcel is being estimated as;

Table 30 – Summarised Residual Value of Townhouse Development, at Triq Milner, Sliema

Final Sales		<i>Ref. Table 28</i>
Total Revenue		€4,569,000
Realtor Fees	4%	(€176,330.00)
Planning Fees		(€87,000)
Construction		(€928,000.00)
Contingency	10%	(€92,800.00)
Professional Fees	7%	(€65,000.00)
Notarial Fees	3%	(€132,250.00)
		€3,076,410.00
Taxes	8%	(€365,520)
Profits	20%	(€615,282.00)
Interest @5.7% for 5Y		(€114,000)
<u>Residual Value</u>		<u>€1,981,608</u>

10.5.5 Fair Value – Townhouse, at Triq Milner, Sliema

10.5.5.1 Further to the abovementioned considerations and the current market value for similar properties in the same area and similar localities, the size of the given property, its age, and its current state, and all other factors as demanded by the profession, the conservative Fair Value for the Property at Triq Milner, Sliema is estimated at **One Million, Nine Hundred and Eighty Thousand Euros (€1,980,000)**.

11 APPENDIX

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11.1.1.1 Further to the information contained in the report above, the undersigned Architect and Civil Engineer, acting for and on behalf of Architecture 360, has been requested to carry out a series of separate valuation exercises for different properties held or assets being acquired by Bonnici Bros Properties Ltd., C 74286, or any other subsidiary company within the same Group, in order to estimate the Fair Value that the assets would fetch in a free market transaction, at the date of valuation, between a willing buyer and willing seller, in an arm's length transaction.

11.1.1.2 For the purpose of the exercise carried out on the properties included within this Appendix, all considerations made in the main report remain valid and applicable unless otherwise indicated.

11.1.1.3 Further to the considerations made within the report, below is a summary of the estimated Fair Values of the properties held by the Client;

Value Upon Completion of PARCEL OF LAND, k/a Ta' HABEL MIĊA, at Triq I-Papa Ġwannu Pawlu II, Burmarrad	€7,623,500	Seven Million, Six Hundred and Twenty-Three Thousand Five Hundred Euros
Value Upon Completion as a Hotel of TOWNHOUSE Nr. 22 & 23, at Triq Milner, Sliema	€4, 800,000	Four Million Eight Hundred Thousand Euros
Quarry at, "Tad-Dawl", sive "Tal-Isqof", I-Imqabba	€1,682,470	One Million, Six Hundred and Eighty-Two Thousand, Four Hundred and Seventy Euros
Quarry at, Sqaq Nru. 2, Triq il-Belt Valletta, I-Imqabba	€8,961,000	Eight Million, Nine Hundred and Sixty-One Thousand Euros
School at Nr. 23, Triq Vincenzo Dimech, c/w Triq I-Iljun, Floriana	€2,018,800	Two Million Eighteen Thousand Eight Hundred Euros
Flatted Dwelling Internally Nr. AG5, Barumbara Court, Triq Mons. Alfred Mifsud, Birkirkara (inc. unnumbered Garage)	€312,000	Three Hundred and Twelve Thousand Euros
Penthouse, Internally Nr. 33, Triq it-Torri Wejter and Triq Dun Gejtanu Mannarino, Birkirkara (inc. 2Nr. unnumbered car spaces)	€585,000	Five Hundred and Eighty-Five Thousand Euros
Residential Units 241, 341, and 441, at Block 2, Mercury Suites, Triq Elija Żammit, San Ġiljan	€1,555,400	One Million, Five Hundred and Fifty-Five Thousand Four Hundred Euros

11.1.1.4 This report was compiled in my capacity as Architect and Civil Engineer acting and on behalf of Architecture 360.

Prepared By;



Marc Vincent Spiteri

B. E. & A. (Hons.), MSc. ProjMgmt, A.& C. E.

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11.2 PARCEL OF LAND, k/a Ta' HABEL MIĊA – Value upon Completion

11.2.1.1 Further to a request from the Client, a valuation exercise was carried out to estimate the value of the property upon completion.

11.2.1.2 For the purposes of this valuation, it has been assumed that the property would be developed in accordance with the drawings as per PA/04935/21, which at the time of preparation of this exercise, namely the 03rd August, 2022, the application had been suspended and awaiting recommendation from the Planning Authority.

11.2.1.3 It is necessary to point out, that while certain stakeholders, including but not necessarily limited to the ERA and ENEMalta expressed their no objection to the proposed development, other stakeholders objected to the design from a matter of accessibility. Consequently, should the proposal be considered favourably by the Planning Authority, it cannot be excluded that minor changes to the internal layout would be necessary, albeit these would not impact significantly the size, internal layout or subsequent value of the individual units.

11.2.1.4 As noted in 9.9.5.2, and in Table 23, transposed below, the valuation of the property in its current state considered for sampled units that were predominantly lock-up garages, intended for storage of goods or vehicles, similar to the activity that is being approved by the permit. After corrections, the following rate envelope was deduced for completed properties;

Table 31 – Rate Envelope; Comparative Market Analysis – Warehouses and Garages

Average Rate	2,195 €/sq.m
Standard Deviation	14%
Minimum Rate	2,039 €/sq.m
Maximum Rate	2,352 €/sq.m

11.2.1.5 With reference to the latest drawings submitted as of the date of this exercise, the Net Effective Area of each individual unit was considered in its capacity as having value – namely the useful areas and not the Gross Floor Area of the site, since from a commercial point of view, as well as adopting a conservative approach, potential tenants would be more concerned with the Net Area they can utilise.

11.2.1.6 Given that the units are expected to be finished to a high quality, their unique positioning and accessibility, their unique feature, specifically the roof garden which enhances their desirability over and above the demand for such properties in the area, and their size, it was deemed possible to assume the Maximum rate per sq.m for the properties.

- A R C 11.2.1.7 The rate for the basement portion was corrected down, in lieu of it being underground.
- H I T 11.2.1.8 Further to the above, an estimate of the added value arising from the Roof Garden was considered, assuming solely the potential water recovery and the savings on cooling and temperature control that the installation could provide. The estimate assumes an annual recovery of 1,320cu.m of rain water over the roof area of 2,200sq.m, albeit with regards to Energy Saving, a conservative amount was assumed. These cost savings are subject to confirmation by an Engineer, given the limited information available regarding the financial benefits arising from such an installation albeit it is expected that the presence of the Green Roof would release far higher value than what has been estimated from this conservative approach to the Energy Savings. Capitalising the potential savings at 5%, the total estimated added value from the Roof Garden is approximately Eur 110,600.
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Table 32 – Breakdown of Value for Individual Warehouse Garages

Unit	Area (sq.m)	Estimated Value Eur
Basement	1790	2,189,900.00
GF Garage 01	257	604,500.00
GF Garage 02	228	536,300.00
GF Garage 03	274	644,500.00
GF Garage 04	370	870,300.00
GF Garage 05	370	870,300.00
GF Garage 06	210	494,000.00
GF Garage 07	184	432,800.00
GF Garage 08	170	399,900.00
GF Garage 09	200	470,400.00
Ramps & Access Spaces	830	-
Store And Ancillaires	65	-
Assumed Added Value for Green Roof		110,600.00
		7,623,500.00

- 11.2.1.9 Further to the abovementioned assumptions and the current market value for similar properties in the same area and similar localities, the size of the given property, its age, and assuming being constructed in accordance with an approved permit of the drawings currently submitted at PA/04935/21, and all other factors as demanded by the profession, the conservative Fair Value for the Property at Habel Mića upon completion is estimated at **Seven Million, Six Hundred and Twenty-Three Thousand Five Hundred Euros (€7,623,500).**

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11.3 22 & 23, TRIQ MILNER, SLIEMA – Value Upon Completion

- 11.3.1.1 Further to a request from the Client, a valuation exercise was carried out to estimate the value of the property should it be built as a Class 3B Hotel as per the approved Outline Permit PA/07902/20.
- 11.3.1.2 For the purposes of this valuation, it has been assumed that the property would be developed in accordance with the drawings as per PA/07902/20, which at the time of preparation of this exercise, namely the 03rd August, 2022, the decision is currently subject to a third party appeal as per PAB/00064/22. It is necessary to point out that the permit itself was an outline permit, and therefore subject to a more scrutinous design review by the Planning Authority and its relevant stakeholders
- 11.3.1.3 Consequently, there would exist the possibility that the final design be subject to changes and modification and it cannot be excluded that minor changes to the internal layout would be necessary, albeit these would not impact significantly the number of hotel rooms or floors, since these have already been considered favourably by an Outline Permit.
- 11.3.1.4 Further to the above, the potential value of the property upon completion as a hotel to the Owner of the Asset, was estimated assuming that they would lease out the property to a competent an knowledgeable operator.
- 11.3.1.5 The valuation considered for referencing this Office’s historical data for larger hotels in the area, albeit exhibiting similar characteristics, such as no sea views, and comparing this value to an estimated commercial interest that would arise from the property, applying a multiplication factor of 10%.
- 11.3.1.6 Historical data yielded that larger hotels, with over 70 rooms, but less than 150 rooms, fetched a rate equivalent to Eur225,000per room. Accounting for size and position, this value is corrected to Eur202,500 per room.
- 11.3.1.7 Considering the proposed development includes for 23 normal rooms, with one at penthouse level, including a large out door area which would fetch a higher rate, yet conservatively excluding for the potential revenues that may be generated by the Spa at proposed seventh floor, the potential Value is estimated at Eur4,850,000.
- 11.3.1.8 Further to the above, the commercial interest arising for properties in the Sliema area based on a sampled population of 9 units, and correcting for size and position, yields the following Rate Envelope;

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Table 33 – Rate Envelope; Comparative Market Analysis – Commercial Properties, Sliema

Average Rate	3,580 €/sq.m
Standard Deviation	8.5%
Minimum Rate	3,274 €/sq.m
Maximum Rate	3,885 €/sq.m

11.3.1.9 Applying The commercial rates to potential developable areas yields the following potential Value for the property.

Unit	Area (sq.m)	Estimated Value Eur
Ground Floor	127	272,796.00
First Floor	165	590,700.00
Second Floor	165	590,700.00
Third Floor	165	590,700.00
Fourth Floor	165	590,700.00
Fifth Floor	165	590,700.00
Sixth Floor	139	497,620.00
Seventh Floor	121	281,567.00
Eight Floor	60	233,100.00
External	67	104,118.00
		4,342,701.00
<i>MULTIPLICATION FACTOR</i>		1.1
		4,776,971.10

11.3.1.10 Therefore, further to the abovementioned assumptions and based on the estimated potential Values for the property type assuming being constructed in accordance with an approved permit of the drawings currently submitted at PA/047902/20, and all other factors as demanded by the profession, the conservative Fair Value for the Property at Triq Milner, Sliema upon completion as a Hotel is estimated at **Four Million, Eight Hundred Thousand Euros (€4,800,000).**

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11.4 Quarry at, “Tad-Dawl”, sive “Tal-Isqof”, l-Imqabba

<u>Address</u>	Quarry at, “Tad-Dawl”, sive “Tal-Isqof”, l-Imqabba
<u>Date of Inspection</u>	21 st June, 2022
<u>Title</u>	As advised by the Customer, the property is Freehold and is free and vacant and not subject to any servitudes or easements
<u>Sources of Information</u>	<ul style="list-style-type: none"> • Previous valuation report prepared by Perit Ronald Zammit Lucas, dated 15th January, 2021 • Drawings provided by the Client
<u>Property Use Class²⁵</u>	Currently a Disused Quarry <i>Assumed intended for backfilling and dumping of inert construction waste, not intended for recycling and/or re-use.</i>
<u>Property Description</u>	<ul style="list-style-type: none"> • The property comprises a disused quarry, with an indicated superficial area of 3,457sq.m, set on an irregular footprint. • As per previous valuation report, the site was acquired without a rightful access, however given its physical position immediately contiguous with a quarry belonging to one of the Customer’s related companies, it is assumed that the property’s best use arises from the ownership of the Customer, and its intended use as a quarry. • Given the limited information available regarding the quantity and quality of the minerals left to be extracted, it is being conservatively assumed that the quarry itself will be used solely for backfilling purposes in inert, construction related waste material • As indicated in the previous report, and based on surveys provided by the Customer, it appears the quarry in question has a potential capacity of c. 76,420cu.m +/- 112cu.m

²⁵ As per LN74/14 - Development Planning (Use Classes) Order
Page 127 of 160

A R C
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<u>Special Assumptions</u>	<ul style="list-style-type: none"> No information has been provided regarding the final depth of excavation that may be achieved for the existing quarry, nor the quality of the material that may be extracted, if any. Consequently, it is assumed that the property is best intended for backfilling in construction related, inert waste It is assumed that any and all future works will be carried out against an approved permit issued by the relevant authorities It is assumed the existing quarry will not be modified in such a way as to receive hazardous waste It is assumed that the existing quarry itself is free from any hazardous waste and/or similar substances which may result in, but not necessarily limited to, leachate percolates or ambient contaminants No consideration is being made for the possibility of archaeological discovery which may negatively impact the free and unencumbered use of the quarry This valuation assumes all information provided by the Customer and as included in the previous valuation is correct This valuation assumed the equivalent compacted density of inert construction waste, arising from a combination of spalls and similar debris, to be in the order of 1,900kg/cu.m. No consideration for bulking factor is being made, since the dumped material is assumed to be compacted²⁶
<u>Best Use Value</u>	Given the property is a land locked piece of land, immediately surrounded by third parties and not enjoying any form of defined right of access, albeit immediately contiguous with a similar quarry, owned by one of the Customer's related commercial activities, the Best Use of the property in question is assumed to arise from the Customer's ownership and intended use for backfilling in inert, construction waste material.
<u>Availability of Views</u>	N.A.
<u>Year of Construction</u>	No information available regarding when the mineral extraction activities began, nor when they ended

²⁶ This value is derived from sand replacement tests carried out on 95-98% compacted backfill material of a similar nature as the intended inert backfill material, with a maximum particle size of 75mm diameter. From a series of tests carried out the average Bulk Density is c. 1,900kg/cu.m, with a Dry Density of

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<u>Summary of Internal Accommodation</u>	Property is a quarry. No form of accommodation is available.	
<u>External Areas</u>	N.A.	
<u>On Site Parking</u>	N.A.	
<u>Areas</u>	Site Print	3,457sq.m
<u>Gross Floor Areas</u>	N.A.	
<u>Approved Permits</u>	For the purposes of this exercise, no previous permits were identified on the property	
<u>Planning Considerations</u>	<p>With due reference to the Local Plans, the property is located outside the development zone.</p> <p>Consequently, the property's current use as a quarry intended for backfilling purposes may be considered its best use, albeit once backfilled to its entirety, it is assumed the subsequent purpose will be related to agricultural activity, yet nevertheless related to a rehabilitation scheme to be approved by the relevant authorities.</p>	
<u>Illegalities Noted</u>	For the purposes of this exercise, no issues were noted	
<u>Comments</u>	No detailed investigation was carried out on the planning background of the site as part of this initial report	
<u>Type of Construction</u>	N.A.	
<u>Defects Observed</u>	No soil or geotechnical testing was carried out and therefore the quality of the existing bedrock or rock surround cannot be confirmed.	
<u>State of Finish</u>	The property is currently in disuse	

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Valuation
Methodology

The valuation of the quarry assumes the potential to backfill the quarry in inert, construction waste material, and subsequently returning it to an agricultural parcel, and the subsequent disposal of the property as such.

The valuation considers the current market rate is established at 12Eur/Tonne exc. VAT, which given the current market scenario and industry trajectory, is unlikely to decrease – rather, there is a conceivable reason to assume the rate will increase over time.

However, adopting a cautious approach, no consideration for increase over time is being made, in lieu of inflation and other market risks, especially since it is likely that complete backfilling may be achieved in under 3 years from commencement of operation²⁷.

The amount is subsequently being discounted at Y3 assuming an IRR of 6%. Given the capacity of the quarry is nominal.

Further to which, due consideration is made of the costs that may arise during the process of backfilling, comprised of the direct labour and operational costs and other costs for rehabilitation. The direct costs are estimated 8.5% of the discounted income representing labour and operations, while the rehabilitation costs are being estimated at 2.5% of the income, representing costs or acquisition of the agricultural soil.

Further to which, it is assumed the property will have been converted to an agricultural terrain, which may be disposed of at the going rate at the time of sale.

Adopting a cautious approach, the rate extracted at 9.10.3.10 may be applied, however it is recommended to apply a 10% discount to adjust for the position and appeal of the parcel itself. Further to which, the future incomes generated from the disposal of the land parcel at Y3 are discounted.

The residual amount, when accounting for the items below, will represent the Current Market Value of the Quarry in subject;

- a) The estimated turnover at Y3, generated from the backfilling and discounted to current price;
- b) Deducting for the direct costs from labour and operations, and the costs of the material to backfill, discounted to current price; and
- c) The estimated income generated from the disposal of the land parcel as agricultural land at Y3, discounted to current price

²⁷ This may be substantiated with past histories of excavated waste received by the operator.
Page 130 of 160

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It is necessary to highlight, however, that this residual amount, does not account for any potential revenue that may be generated from the quarry from the extraction of rock or minerals, which sums cannot be estimated without an adequate knowledge of the ground conditions, depth of available material for extraction, or the operator's *modus operandi*. Consequently, it should be pointed out that said potential revenue represents a latent potential in the asset, which is not being considered.

<u>Area of Quarry</u>		3,457.00	sq.m
<u>Assumed Capacity</u>		76,400.00	cu.m
<u>Specific Denisty</u>		1,900.00	kg/cu.m
<u>Equivalent Capacity</u>		145,160.00	Tonnes
<u>Assumed Rate (Dumping)</u>		12.00	Eur/Tonne
<u>Estimated Turnover</u>		1,741,920.00	Eur
<u>Assumed at Y3</u>			
<u>DF For Future Values (Y3)</u>	Y0	-	Eur
	Y1	821,660.00	Eur
	Y2	775,150.0	Eur
<u>Discounted Value</u>	(a)	1,596,820.00	
<u>Deducting for:</u>			
<i>Administration & Operational fees</i>		8.50%	
	(b.1)	-135,730.00	Eur
<i>Costs of Rehabilitation</i>		2.5%	
	(b.2)	-39,920.00	
<u>Assumed Rate (Agriculture)</u>		90.00	Eur/sq.m
<u>Estimated Value</u>		311,130.00	Eur
<u>DF For Future Value</u>			
<u>assuming Disposed at Y3</u>		0.84	
<u>Discounted Value</u>	(c)	261,300	Eur
<u>Estimated MV</u>	(a+b+c)	1,682,470.00	Eur

Further to the above, the estimated Market Value of the quarry in question is valued at **€1,682,470Eur (One Million, Six Hundred and Eighty-Two Thousand, Four Hundred and Seventy Euros)**

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11.5 Quarry at, Sqaq Nru. 2, Triq il-Belt Valletta, I-Imqabba

<u>Address</u>	Quarry at, Sqaq Nru. 2, Triq il-Belt Valletta, I-Imqabba
<u>Date of Inspection</u>	21 st June, 2022
<u>Title</u>	As advised by the Customer, the property is Freehold and is free and vacant and not subject to any servitudes or easements
<u>Sources of Information</u>	<ul style="list-style-type: none"> • Previous valuation report prepared by Perit Julian Mifsud, dated 23rd March, 2018 • Drawings provided by the Client
<u>Property Use Class²⁸</u>	Currently a Disused Quarry <i>Assumed intended for backfilling and dumping of inert construction waste, not intended for recycling and/or re-use.</i>
<u>Property Description</u>	<ul style="list-style-type: none"> • The property comprises a disused quarry, with an indicated superficial total area of 19,718sq.m, set on an irregular footprint. • However, of the abovementioned site area, it is indicated in the previous report that a portion of the site area lies within a 100m buffer zone as required by PA Policy SMMW01. Consequently only 5,290sq.m may be considered for mineral extraction and eventual backfilling. • With the above in mind, the remaining 14,428sq.m are retained as arable land • Given the limited information available regarding the quantity and quality of the minerals left to be extracted, it is being conservatively assumed that the quarry itself will be used solely for backfilling purposes in inert, construction related waste material • As indicated in the previous report, and based on surveys provided by the Customer, it appears the quarry in question has a potential capacity of c. 411,410cu.m

Planning Authority Policy SMMW01 refers to a buffer zone of 100m between quarries and any residential areas. Part of the quarry is located within such a buffer zone, and thus not all quarry can be excavated to produce hardstone spalls. Therefore, the area used for excavation is circa 5290m².

²⁸ As per LN74/14 - Development Planning (Use Classes) Order
Page 132 of 160

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<u>Special Assumptions</u>	<ul style="list-style-type: none"> • No information has been provided regarding the final depth of excavation that may be achieved for the existing quarry, nor the quality of the material that may be extracted, if any. Consequently, it is assumed that the property is best intended for backfilling in construction related, inert waste • It is assumed that any and all future works will be carried out against an approved permit issued by the relevant authorities • It is assumed the existing quarry will not be modified in such a way as to receive hazardous waste • It is assumed that the existing quarry itself is free from any hazardous waste and/or similar substances which may result in, but not necessarily limited to, leachate percolates or ambient contaminants • It is assumed that the portion of land within the buffer zone that cannot be excavated is of some arable quality. However, since this cannot be qualified or quantified, it is being valued at a lesser rate per sq.m than the portion which will eventually be backfilled • No consideration is being made for the possibility of archaeological discovery which may negatively impact the free and unencumbered use of the quarry • This valuation assumes all information provided by the Customer and as included in the previous valuation is correct • This valuation assumed the equivalent compacted density of inert construction waste, arising from a combination of spalls and similar debris, to be in the order of 1,900kg/cu.m. no consideration for bulking factor is being made, since the dumped material is assumed to be compacted²⁹
<u>Best Use Value</u>	Given the property's location and current use, the Best Use of the property in question is arises from its intended use for backfilling in inert, construction waste material.
<u>Availability of Views</u>	N.A.
<u>Year of Construction</u>	No information available regarding when the mineral extraction activities began, nor when they ended

²⁹ This value is derived from sand replacement tests carried out on 95-98% compacted backfill material of a similar nature as the intended inert backfill material, with a maximum particle size of 75mm diameter. From a series of tests carried out the average Bulk Density is c. 1,900kg/cu.m, with a Dry Density of 1,780kg/cu.m.

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<u>Summary of Internal Accommodation</u>	Property is a quarry. No form of accommodation is available.	
<u>External Areas</u>	N.A.	
<u>On Site Parking</u>	N.A.	
<u>Areas</u>	Site Print	5,290sq.m
<u>Gross Floor Areas</u>	N.A.	
<u>Approved Permits</u>	For the purposes of this exercise, no previous permits were identified on the property	
<u>Planning Considerations</u>	<p>With due reference to the Local Plans, the property is located outside the development zone.</p> <p>Consequently, the property's current use as a quarry intended for backfilling purposes may be considered its best use, albeit once backfilled to its entirety, it is assumed the subsequent purpose will be related to agricultural activity, yet nevertheless related to a rehabilitation scheme to be approved by the relevant authorities.</p>	
<u>Illegalities Noted</u>	For the purposes of this exercise, no issues were noted	
<u>Comments</u>	No detailed investigation was carried out on the planning background of the site as part of this initial report	
<u>Type of Construction</u>	N.A.	
<u>Defects Observed</u>	No soil or geotechnical testing was carried out and therefore the quality of the existing bedrock or rock surround cannot be confirmed.	
<u>State of Finish</u>	The property is currently in use albeit no actual activities are currently ongoing	

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Valuation
Methodology

The valuation of the quarry assumes the potential to backfill the quarry in inert, construction waste material, and subsequently returning it to an agricultural parcel, and the subsequent disposal of the property as such.

The valuation considers the current market rate is established at 12Eur/Tonne exc. VAT, which given the current market scenario and industry trajectory, is unlikely to decrease – rather, there is a conceivable reason to assume the rate will increase over time.

However, adopting a cautious approach, no consideration for increase over time is being made, in lieu of inflation and other market risks, especially since it is likely that complete backfilling may be achieved in under 3 years from commencement of operation³⁰.

The amount is subsequently being discounted at Y3 assuming an IRR of 6%. Given the capacity of the quarry is nominal.

Further to which, due consideration is made of the costs that may arise during the process of backfilling, comprised of the direct labour and operational costs and other costs for rehabilitation. The direct costs are estimated 8.5% of the discounted income representing labour and operations, while the rehabilitation costs are being estimated at 2.5% of the income, representing costs or acquisition of the agricultural soil.

Further to which, it is assumed the property will have been converted to an agricultural terrain, which may be disposed of at the going rate at the time of sale.

Adopting a cautious approach, the rate extracted at 9.10.3.10 may be applied, however it is recommended to apply a 10% discount to adjust for the position and appeal of the parcel itself. Further to which, the future incomes generated from the disposal of the land parcel at Y3 are discounted.

It is necessary to point out, that the above mentioned considerations are applicable solely to the portion of the land parcel that is currently a quarry.

The remaining 14,428sq.m of the land parcel with are still agricultural are being valued at the rate extracted at 9.10.3.11, since the state and quality of the land cannot be confirmed.

The residual amount, when accounting for the items below, will represent the Current Market Value of the Quarry in subject;

- a) The estimated turnover at Y3, generated from the backfilling and discounted to current price;

³⁰ This may be substantiated with past histories of excavated waste received by the operator.

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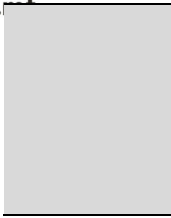
- b) Deducting for the direct costs from labour and operations, and the costs of the material to backfill, discounted to current price;
- c) The estimated income generated from the disposal of the recovered land parcel as agricultural land at Y3, discounted to current price; and
- d) The estimated income generated from the disposal of the rest of the agricultural land parcel at Y3, discounted to current price.

<u>Area of Quarry</u>	5,290.00	sq.m
<u>Assumed Capacity</u>	411,410.00	cu.m
<u>Specific Density</u>	1,900.00	kg/cu.m
<u>Equivalent Capacity</u>	781,670.00	Tonnes
<u>Assumed Rate (Dumping)</u>	12.00	Eur/Tonne
<u>Estimated Turnover</u>	9,380,000.00	Eur
<u>Assumed at Y3</u>		
<u>DF For Future Values (Y3)</u>		
<u>Discounted Value</u>	(a) 8,598,700.00	Eur
<u>Deducting for:</u>		
<i>Administration & Operational fees</i>	8.5%	
(b.1)	730,800.00	Eur
<i>Costs of Rehabilitation</i>	2.5%	
(b.2)	215,000.00	Eur
<u>Rate (Agriculture)</u>	90.00	Eur/sq.m
<u>Estimated Value</u>	476,100.00	Eur
<u>Assumed Rate (Agriculture)</u>	0.84	
<u>Discounted Value</u>	(c) 399,800.00	Eur
<u>Check on Agricultural Land Value</u>		
<u>Area of Quarry</u>	5,290.00	sq.m
<u>Area of Site</u>	19,718.00	sq.m
<u>Unknown Portion</u>	14,428.00	sq.m
<u>Rate (Agriculture)</u>	75.00	Eur/sq.m
<u>Estimated Value</u>	1,082,100.00	Eur
<u>DF For Future Values (Y3)</u>	0.84	
<u>Discounted Value</u>	(d) 908,600.00	Eur
(a+b+c+d)	8,961,000.00	Eur

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Further to the above, the estimated Market Value of the quarry in question is valued at **€8,961,000Eur (Eight Million, Nine Hundred and Sixty-One Thousand Euros)**

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11.6 **Nr. 23, Triq Vincenzo Dimech, c/w Triq I-Iljun, Floriana**

<u>Address</u>	Nr. 23, Triq Vincenzo Dimech, c/w Triq I-Iljun, Floriana
<u>Date of Inspection</u>	No Inspection – based on a desktop study of information provided. Valuation date as of 03 rd August, 2022
<u>Title</u>	As advised by the Customer, the property is Freehold and is free and vacant and not subject to any servitudes or easements
<u>Sources of Information</u>	<ul style="list-style-type: none"> Approved PA Permit and Drawings provided by the Client as per PA/03853/17
<u>Property Use Class³¹</u>	Property is an approved Class 2C Educational Building
<u>Property Description</u>	<ul style="list-style-type: none"> The property comprises an educational building currently being operated as a going concern. Information provided by Client, including the prospectus for sale, show a very high finish and that the property is being sold furnished with associated digital learning tools.
<u>Special Assumptions</u>	<ul style="list-style-type: none"> This valuation assumes that the property has been built in accordance with the approved permit and drawings as per PA/03853/17. Further to the above, this valuation is based on the information provided by the Client as per their email dated the 06th July, 2022, regarding their rental agreement with a new tenant, which includes a 5 year di fermo period followed by a 5 year di rispetto lease. No consideration for potential further development has been made as this was not indicated as being the scope of this exercise
<u>Best Use Value</u>	Given the instructions given to the undersigned and the fact the property is also subject to an rental agreement, the property is being valued as a Class 2C Educational Building
<u>Availability of Views</u>	N.A.
<u>Year of Construction</u>	No information available regarding the history of the property, albeit from available images it would appear to be pre-1967

³¹ As per LN74/14 - Development Planning (Use Classes) Order
Page 138 of 160

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<u>Summary of Internal Accommodation</u>	Property comprises meeting areas and offices at Ground Floor, training facilities at First Floor, along with ancillary offices and archives, and resource rooms and a training room at Second Floor level	
<u>External Areas</u>	Property includes a large terrace	
<u>On Site Parking</u>	N.A.	
<u>Areas</u>	Site Foot Print	329sq.m
<u>Gross Floor Areas</u>	530sq.m (135sq.m External)	
<u>Approved Permits</u>	<p>PA 3773/07 – Permit issued on 6th March 2010 for the re-development incorporating retention of existing elevation with minor alteration to create garage access.</p> <p>PA 3476/15 – Permit issued on 5th February 2016 for the Renewal of PA 3773/07 – Proposed re-development incorporating retention of existing elevation with minor alteration to create garage access.</p> <p>PA 3974/16 – Permit issued on 9th November 2016 to amend valid and approved PA3476/15 to Class 2C , to retain existing building with minor alterations to internal layout and elevation and addition of kitchenette and lounge at ground floor and of a toilet and store at first floor and of an office, toilets and store at second floor.</p> <p>PA/03853/17 - Minor internal and external alterations, addition of rooms at first floor and second floor and sanctioning of restoration works to façade - Approved</p>	
<u>Planning Considerations</u>	With due reference to the Local Plans, the property is located within the Urban Conservation Area for Floriana	
<u>Illegalities Noted</u>	For the purposes of this exercise, no issues were noted	
<u>Comments</u>	No detailed investigation was carried out on the planning background of the site as part of this initial report	
<u>Type of Construction</u>	Could not be confirmed	
<u>Defects Observed</u>	Could not be confirmed	
<u>State of Finish</u>	The property is currently well finished and furnished	

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<u>Valuation Methodology</u>	
	<p>The valuation of the school as a going concern is being based on a consideration of the existing Rental Agreement that the Client has in place with the current tenant and the potential revenue that may be generated beyond the rental agreement, should this be extended or a new one entered into.</p> <p>The valuation considers for the projection of the Future Amounts that may be generated by the property, allowing for reasonable periodic increases.</p> <p>These increases were based on the current agreement of an increase of 5% every three years, albeit it cannot be excluded that under more favourable circumstances, even a 10% increase every three years could be attained after the first 5 years of an operator's start-up period.</p> <p>The possible Future Values were subsequently Discounted to a Net Present Value, assuming a WACC of 6%.</p> <p>For the purposes of this exercise, the Estimated Present Value under the current terms and conditions was estimated at Eur1,862,000, while the potential Estimate Present Value under more favourable market terms after the first five years was estimated at Eur2,059,000. This translates to a fair value of Eur1,960,000.</p> <p>Similarly, the Client has requested an estimate of the added value that the inclusion of PV Panels on the roof of the building would bring. Given the proposed roof area and excluding for the presence of shafts and skylights, the net area to receive PV Panels was estimated at 90sq.m, with a potential to receive up to 40panels. After deducting for potential costs, the added value of the PV panels upon the property was estimated at Eur58,300.</p> <p>Therefore, further to the above, the estimated Present Market Value of the property at Triq Vincenzo Dimech, Floriana, is estimated at €2,018,800Eur (Two Million, Eighteen Thousand and Eight Hundred Euros)</p>

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11.7 Flatted Dwelling Internally Nr. AG5, Barumbara Court, Triq Mons. Alfred Mifsud, Birkirkara

<u>Address</u>	Flatted Dwelling Internally Nr. AG5, and unnumbered Garage at Basement Level, Barumbara Court, Triq Mons. Alfred Mifsud, Birkirkara
<u>Date of Inspection</u>	25 th July, 2022
<u>Title</u>	As advised by the Customer, the property is Freehold but subject to any servitudes or easements which arise with respect to its position within the development
<u>Sources of Information</u>	<ul style="list-style-type: none"> Approved PA Permit and Drawings as per PA/00660/16
<u>Property Use Class</u>³²	Class 1 Residential unit (3 Bedroom)
<u>Property Description</u>	<ul style="list-style-type: none"> The property comprises an elevated Ground Floor flatted dwelling forming part of a larger development. The property comprises three bedrooms, with one overlooking the main road, and accessed via a long internal corridor. The other bedrooms are serviced for natural light and ventilation by the internal shaft. The open plan area overlooks a large back yard. The property includes and 1 car garage forming part of the same complex, albeit this is not interconnected, and may be sold separately.
<u>Special Assumptions</u>	<ul style="list-style-type: none"> For the purpose of this valuation it is being assumed the properties will be finished to a good level of finishes and sold exc. bathrooms, internal doors and kitchen.
<u>Best Use Value</u>	Class 1 Residential Dwelling
<u>Availability of Views</u>	NA
<u>Year of Construction</u>	2023
<u>Summary of Internal Accommodation</u>	Back yard, Open plan, Bedroom, Bathroom, main bedroom with Ensuite, Entrance and Bedroom
<u>External Areas</u>	Properties include a large back yard and internal yard

³² As per LN74/14 - Development Planning (Use Classes) Order
Page 141 of 160

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<u>On Site Parking</u>	1 Nr. 1 Car Garage at Basement Level	
<u>Areas</u>	Site Print	868sq.m
<u>Gross Floor Areas</u>	176sq.m (46sq.m External) 15.4sq.m (Garage)	
<u>Approved Permits</u>	PA /00660/16 – Development of existing vacant site. To construct garages (21 in no.), overlying apartments (20 in no.) and penthouses (4 in no.)	
<u>Planning Considerations</u>	Given the property comprises a flatted dwelling, forming part of larger block, no planning considerations are being made.	
<u>Illegalities Noted</u>	For the purposes of this exercise, no issues were noted. No enforcement breaches relative to the ongoing development were found on the PA server	
<u>Comments</u>	No detailed investigation were carried out on the property	
<u>Type of Construction</u>	Typical load bearing masonry with reinforced concrete beams and slabs	
<u>Defects Observed</u>	Still under construction – nothing could be noted	
<u>State of Finish</u>	The properties were in shell form	
<u>Valuation Methodology</u>	<p>The valuation of these properties was based on the Comparative Approach by considering properties of a similar size and nature within the same locality, and adjusting accordingly for variations.</p> <p>The sample was first adjusted for a 5% reduction in the advertised prices to allow for merchant or realtor fees as well as other variations in price negotiations, as well as adjusting for the average size of a three bedroom flat in B’Kara, as well as the properties being sold in a semi-finished state and eliminating for outliers.</p> <p>The resulting corrected range of the properties considered was estimated to have a rate between Eur 1,786 and Eur 1,858 per sq.m, with a standard deviation of 4%, implying a good degree of certainty for the dwellings in the area.</p> <p>Considering the size and state of the dwelling and the layout, the value would tend towards the lower end of the average market rate for similar properties.</p>	

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Therefore, further to the abovementioned assumptions and all other factors as demanded by the profession, the estimated Market Value for the Property at Birkirkara is estimated at **Two Hundred and Seventy-Nine Thousand Euros (€279,000)**.

Further to which, adopting a similar methodology for the valuation of the one car garage, the estimated Market Value for the basement level Garage at Birkirkara is estimated at **Thirty-Three Thousand Euros (€33,000)**.

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11.8 Penthouse, Internally Nr. 33, Triq it-Torri Wejter and Triq Dun Gejtanu Mannarino, Birkirkara

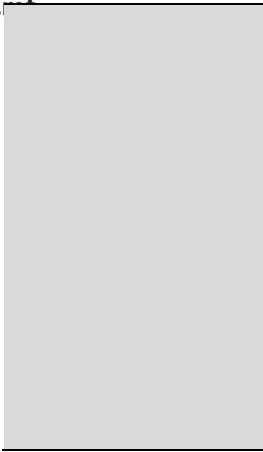
<u>Address</u>	Penthouse Internally Nr. 33, and unnumbered Cas Spaces at Basement Level, part of Nr. 33, with access off Triq it-Torri Wejter and Triq Dun Gejtanu Mannarino, Birkirkara
<u>Date of Inspection</u>	No Inspection carried out. Valuation based on desktop study as of date of valuation, being the 03 rd August, 2022
<u>Title</u>	As advised by the Customer, the property is Freehold but subject to any servitudes or easements which arise with respect to its position within the development
<u>Sources of Information</u>	<ul style="list-style-type: none"> Approved PA Permit and Drawings as per PA/01172/17
<u>Property Use Class</u> ³³	Class 1 Residential unit (3 Bedroom Penthouse)
<u>Property Description</u>	<ul style="list-style-type: none"> The property is a large penthouse overlying a development with principle access off Triq Wejter and partially overlooking Triq Mannarino. The proposed penthouse development has its primary façade overlooking Triq Wejter. The property includes 2 car spaces forming part of the same complex, albeit these are not interconnected, and may be sold separately.
<u>Special Assumptions</u>	<ul style="list-style-type: none"> For the purpose of this valuation it is being assumed the properties will be finished to a good level of finishes and sold exc. bathrooms, internal doors and kitchen.
<u>Best Use Value</u>	Class 1 Residential Dwelling
<u>Availability of Views</u>	NA
<u>Year of Construction</u>	2023
<u>Summary of Internal Accommodation</u>	Large open Plan Area overlooking two terraces, and three bedrooms, main with ensuite and walk-in.
<u>External Areas</u>	Properties include a large main terrace and smaller secondary terrace, and three small balconies servicing the bedrooms.

³³ As per LN74/14 - Development Planning (Use Classes) Order
Page 144 of 160

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<u>On Site Parking</u>	2 Nr. 1 Car Spaces at Basement Level	
<u>Areas</u>	Site Print	395sq.m
<u>Gross Floor Areas</u>	275sq.m (82sq.m External) 15.4sq.m	
<u>Approved Permits</u>	PA /01172/17 – To renew PA/01218/10 - To demolish existing building and construct basement parking, overlying maisonette, apartments, and penthouses	
<u>Planning Considerations</u>	<p>Given the property comprises a flatted dwelling, forming part of larger block, no planning considerations are being made.</p> <p>The client has intended their intention to apply for a subdivision of the property into two separate units, albeit without a valid permit, this option cannot be considered.</p>	
<u>Illegalities Noted</u>	For the purposes of this exercise, no issues were noted. No enforcement breaches relative to the ongoing development were found on the PA server	
<u>Comments</u>	No detailed investigation were carried out on the property	
<u>Type of Construction</u>	Typical load bearing masonry with reinforced concrete beams and slabs	
<u>Defects Observed</u>	Still under construction – nothing could be noted	
<u>State of Finish</u>	The properties were in shell form	
<u>Valuation Methodology</u>	<p>The valuation of these properties was based on the Comparative Approach by considering properties of a similar size and nature within the same locality, and adjusting accordingly for variations.</p> <p>The sample was first adjusted for a 5% reduction in the advertised prices to allow for merchant or realtor fees as well as other variations in price negotiations, as well as adjusting for the average size of a three bedroom penthouse in B’Kara, as well as the properties being sold in a semi-finished state and eliminating for outliers.</p> <p>The resulting corrected range of the properties considered was estimated to have a rate between Eur 2,369 and Eur 2,463 per sq.m, with a standard deviation of 4%, implying a good degree of certainty for the dwellings in the area.</p> <p>Considering the size and state of the dwelling and the layout, the value would tend towards the lower end of the average market rate for similar properties.</p>	

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Therefore, further to the abovementioned assumptions and all other factors as demanded by the profession, the estimated Market Value for the Property at Birkirkara is estimated at **Five Hundred and Thirty-Five Thousand Euros (€535,000)**.

Further to which, adopting a similar methodology for the valuation of the two car spaces, the estimated Market Value for the basement level car spaces at Birkirkara is estimated at **Fifty Thousand Euros (€50,000)**.

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**Residential Units, 241, 341 and 441, Block 2,
Mercury Suites, Triq Elija Żammit, San Ġiljan**

<u>Address</u>	Residential Units; Nr. 241 at Level 02 Nr. 341 at Level 03 Nr. 441 at Level 04 forming part of Block 2, Mercury Suites, Triq Elija Żammit, San Ġiljan
<u>Date of Inspection</u>	25 th May, 2022
<u>Title</u>	As advised by the Customer, the property is Freehold but subject to any servitudes or easements which arise with respect to its position within a large development
<u>Sources of Information</u>	<ul style="list-style-type: none">• Approved PA Permit and Drawings as per PA/06955/17 & PA/01892/19
<u>Property Use Class³⁴</u>	Class 1 Residential units – All three are 2 bedroom units
<u>Property Description</u>	<ul style="list-style-type: none">• 'The properties form part of one of the more polarising developments currently underway in Malta. The development, Mercury Towers project, was designed by Internationally renowned Architecture firm, Zaha Hadid, and comprises a 33storey tower, a 5-star hotel housed in the 5-storey podium, and a multi-use 19-storey building, as a well as the recently acquired areas intended to be developed in retail outlets on the lower floors and residential units at the upper floors.• The properties which were still under construction at the time of inspection form part of a block comprising 17 levels of mixed development; inc. 4 levels of committed parking (LVL B07 to B04), mixed parking and commercial (LVL B03), commercial (LVL B02 to LVL 01) and residential from LVL 02 to 07.• The properties themselves are located at second, third and fourth floor level respectively within the second residential block forming part of the larger development k/a Mercury Tower Project.• The units immediately overly each other, and share the same internal layout comprising of a two bedroom unit with open plan area, overlooking Triq Gort, and since

³⁴ As per LN74/14 - Development Planning (Use Classes) Order
Page 147 of 160

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	<ul style="list-style-type: none"> they are corner apartments they enjoy a direct line of sight towards Spinola Gardens. 	
<u>Special Assumptions</u>	<p>For the purpose of this valuation, the following assumptions were made;</p> <ul style="list-style-type: none"> The valuation was based on similar properties, some of which forming part of the Mercury Tower development itself, being advertised for sale on the open market, as well as other similar developments, including Tigne Point and Pender Gardens. The properties are being valued in an assumed finished state up to a high level including sound insulation and all fittings to high spec – however, no consideration is being made for any bespoke furniture or franchise related paraphernalia The property will be built in accordance with all approved permits 	
<u>Best Use Value</u>	The properties are being valued as Class 1 Residential Dwellings	
<u>Availability of Views</u>	Yes	
<u>Year of Construction</u>	Still under construction	
<u>Summary of Internal Accommodation</u>	The units share the same internal layout comprising of a two bedroom unit with open plan area	
<u>External Areas</u>	Properties include a large terrace	
<u>On Site Parking</u>	N.A.	
<u>Areas</u>	Site Print	1,910sq.m
<u>Gross Floor Areas</u>	102sq.m (15sq.m External)	
<u>Approved Permits</u>	<p>PA /06955/17 – Amendments to PA6042/08 (renewed by PA00660/17) comprising redesign of the iconic building concept to induce an elegant and contemporary architectural statement. The proposed amendments consist of reorganisation of already approved land uses within the new concept and introduce residential and tourist accommodation. Amendments to the building footprint and height to achieve a coherent and unified urban design combined with a balanced layout of the building and increased public open space at ground floor level. Proposal also includes the alterations to the underground parking layout. Restoration of Mercury House. Introduce a new access to the underground ‘cold war vaults’.</p>	

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	PA/01892/19 – To demolish the Go-Exchange building and excavate site to accommodate an entertainment arena, an extension to the existing car park and back of house facilities approved in PA 6955/17, and to construct a 9 storey (29m) residential block with retail (Class 4B) facilities on the lower floors and a swimming pool at roof level. The redesign of the podium to include a 19- storey hotel (Class 3B), as an extension to the approved hotel. To restore and refurbish the underground vaults housing the Hotel Spa. To reorganise the uses in the approved main residential tower to incorporate the addition of a residential floor at level 31, an amenity floor at level 32 and receded roof structure capping the building. The resulting overall height is 121.66m above street level.
<u>Planning Considerations</u>	Given the size and nature of the development, no exercise to identify any variations was carried out, since the obligation rests with the certifying engineer's to ensure the development is built according to spec, legislation and permit
<u>Illegalities Noted</u>	For the purposes of this exercise, no issues were noted. No enforcement breaches relative to the ongoing development were found on the PA server
<u>Comments</u>	No detailed investigation were carried out on the properties
<u>Type of Construction</u>	Frame structure with internal non loadbearing walls
<u>Defects Observed</u>	Still under construction – nothing could be noted
<u>State of Finish</u>	The properties were in shell form
<u>Valuation Methodology</u>	<p>The valuation of these properties was based on the Comparative Approach by considering properties within similar developments, including but not necessarily limited to Pender Gardens and Tigne, while properties forming part of the Mercury development itself, being advertised for re-sale were also considered</p> <p>The analysis considered for a sample of over 15units, with a standard deviation of 7.5% implying a high degree of certainty and consistency in the pricing.</p> <p>From the analysis it yielded that a fair market rate for the standard finished property fetch c. Eur4,350/sq.m.</p> <p>Considering the properties were located at the corner of the development, with unobstructed views and their position within the block in terms of height, the appropriate corrections were made.</p>

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Further to the abovementioned considerations, and assumptions and based on the estimated potential Values for the property types assuming being constructed in accordance with the approved permit and all other factors as demanded by the profession, the Market Value for the Properties at Block 2, Mercury Suites, Triq Elija Zammit, San Giljan estimated at;

Unit 241	Eur 494,900
Unit 341	Eur 518,500
Unit 441	Eur 542,000
Total	Eur 1,555,400
	One Million, Five Hundred and Fifty-Five Thousand Four Hundred Euors

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ANNEXES

ANNEX 1

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Local plans – Burmarrad area

Map Ref.	Description	Date of Publishing
NWLP – Map 45	Burmarrad Policy Map	July 2006
NWLP – Map 45A	Burmarrad Area of Mixed Uses	June 2006
NWLP – Map 46	Burmarrad Building Heights	July 2006

ANNEX 2

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Local plans – Sliema area

Map Ref.	Description	Date of Publishing
NHLP – Map SJ1	Sliema & Tigne Point Policy Map	July 2006
NHLP – Map SJ3	Sliema Building Heights	July 2006

ANNEX 3

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Approved Drawings for Bonnici House, at Triq is-Sardin, c/w Triq
Burmarrad, Burmarrad

Drawing Ref.	Title
PA/00940/08 – 1c	Site Plan
PA/00940/08 – 1d	Existing Lower Basement Plan
PA/00940/08 – 1e	Existing Upper Basement Plan
PA/00940/08 – 1h	Existing First Floor Plan
PA/00940/08 – 1i	Proposed Second Floor Plan
PA/00940/08 – 1j	Proposed Penthouse Level
PA/00940/08 – 1k	Proposed Roof Level
PA/00940/08 – 1l	Proposed Section A-A
PA/00940/08 – 1m	Proposed Side Elevation
PA/00940/08 – 1n	Proposed Front Elevation
PA/00940/08 – 13a	Existing Elevated Ground Floor Plan
PA/00940/08 – 13b	Existing Intermediate Floor Level

ANNEX 4

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Approved Drawings for Bonnici Garage, at Triq is-Sardin, Burmarrad

Drawing Ref.	Title
PA/02276/00 – 0bi	Full Development Permit
PA/02276/00 – 0k	Existing & Proposed Ground Floor Plan
PA/02276/00 – 0bd	Office Planning Area - Landscaping
PA/02276/00 – 0l	Roof Plan
PA/02276/00 – 0m	Elevations and Section
PA/02276/00 – 0be	Elevations and Section

ANNEX 5

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Approved Drawings for Parking Area, at Triq is-Sardin, Burmarrad

Drawing Ref.	Title
PA/04427/02 – 0bd	Full Development Permit
PA/04427/02 – 0h	Site Plan
PA/04427/02 – 0ay	Drawings Plan and Sections
PAB/00181/04	Appeal Decision

ANNEX 6

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Approved Drawings for Parcel of Land at Ta' Demen, at Triq is-Sardin,
Burmarrad

Drawing Ref.	Title
PA/03740/09 – 1b	Site Plan
PA/03740/09 – 111g	Roof Level Plan
PA/03740/09 – 118a	Lower Basement Plan
PA/03740/09 – 118b	Upper Basement Plan
PA/03740/09 – 118c	Ground Floor Plan
PA/03740/09 – 118d	First Floor Plan
PA/03740/09 – 118e	Second Floor Plan
PA/03740/09 – 118f	Penthouse Floor Plan
PA/03740/09 – 136e	Elevations
PA/03740/09 – 136g	Engineer's Report
PA/00241/18 – 78a	Full Development Permit

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ANNEX 7

Approved Drawings for development at Ta' Habel Miċa, at Triq San Ġwanni Pawlu II, Burmarrad

Drawing Ref.	Title
PA/05374/08 – 1b	Site Plan
PA/05374/08 – 236ab	Ground Floor Plan
PA/05374/08 – 236b	Ground Floor Plan (Traffic Flow)
PA/05374/08 – 236c	Roof Plan
PA/05374/08 – 236d	Elevations
PA/05374/08 – 267a	Non-Executable - Full Development Permit

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ANNEX 8

Approved Drawings for development at Ta' Brajtel, at Triq Burmarrad,
Burmarrad

Drawing Ref.	Title
PB/00377/90 - 0l	Building Permit
PB/00377/90 – 0g	Approved Drawings

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ANNEX 9

Tables for Opportunity Cost revision in value of;

1. **Bonnici House**
2. **Bonnici Garage**