

**The Directors**  
**The Ona p.l.c. (C 101370)**  
**GAP Holdings Head Office,**  
**Triq Censu Scerri,**  
**Sliema SLM 3060**  
**Malta**  
**(the “Company”)**

**Date:20.05.2022**

**Subject: Valuation Report**

**Location: No.10 and No.12 Lourdes Lane, Swieqi, Malta (the “Property”)**

The undersigned, a warranted architect and civil engineer, holding warrant number 471 (four hundred seventy-one) has been commissioned by The Ona p.l.c. (C 101370) (the “**Issuer**”) to issue a property valuation report in respect of the vacant site with official address No.10, and No.12, Lourdes Lane, Swieqi, Malta

**General:**

The following valuation has been prepared in accordance with Chapter 7, of the Capital Markets Rules published by the Malta Financial Services Authority.

**Requirement for a Valuation Report:**

The purpose of this valuation report is for the inclusion thereof within the Prospectus to be published in connection with the proposed bond issue by the Issuer of €16,000,000 4.50% secured bonds having a nominal value of €100 each and issued at par having ISIN no. MT0002661206.

**Reporting Standards:**

The undersigned valuer is an independent valuer, in terms of the UK Royal Institute of Chartered Surveyors Appraisal and Valuation Manual.

**Independence of Valuer:**

The undersigned confirms that there is no conflict of interest related to the compilation of this valuation report since the undersigned and, or his associates will not benefit from the valuation instruction, other than the professional fees related to this valuation report.

**Valuation Report**

**1. Location:**

The official address of the Property is No.10, and No.12, Lourdes Lane, Swieqi, Malta. A site plan is being attached hereto as Annex TM1.

architect, civil & structural consultant



## **2. Nature of Valuer's inspection:**

The undersigned declares that he has inspected the Property and declares that a detailed analysis of the Property has been carried out, including a site history related to Planning permissions on site. The undersigned has also reviewed all planning applications submitted by The Ona Real Estate Ltd (C 83842) to the Planning Authority which are pending approval as well as the planning permissions which were duly approved the Planning Authority. The valuation below is based on an open market value for existing or permitted use.

## **3. Description of Property**

The Property consists of a construction site within a development zone. As at the date of this valuation report, the Property has been fully excavated up to level -4 (four (4) floors below road level). Levels -4, -3, -2, -1 and level 0 are fully constructed whilst level 1 is under construction. The Property has a frontage of 23.63 meters and an average depth of 24.80 meters, with a total site area of 586 square meters.

### **Permits**

The Property shall be constructed into a four-star hotel (Class 3B) as detailed in the permits set out below:

#### **(i) Permit with reference number PA/3654/20**

The Property is subject to a development permit with reference number PA/3654/20, which permit proposal reads as follows:

*To combine hotel and guesthouse as approved in PA/03692/18 and PA/04201/18 respectively into one four star hotel (Class 3B) with related amenities and signage, having a uniform height as approved in PA/03692/18 and part providing an infill between two blank third party walls. Proposed development is to have two (2) basement floors comprising of hotel amenity spaces, three (3) levels of underground parking, a double height ground floor lobby with a mezzanine, seven (7) floors with rooms (96 bedrooms in total), and a recessed floor with breakfast/bar/lounge and pool amenities with overlying services at roof level."*

The Planning Authority approved the proposal as set out in planning proposal with reference number PA/3654/20, however, eighty-eight (88) rooms and not ninety-six (96) rooms were approved. Eighteen (18) of the eighty-eight (88) rooms shall be twin interconnected rooms in order to provide family room requests, resulting in a total amount of one hundred and six (106) independent rooms if the interconnected rooms are used separately.

The permit with reference number PA/3654/20 was approved on 15 October 2020. The permit with reference number PA/3654/20 and the related approved plans are available for inspection at the registered office of the Company

#### **(ii) Amendments to permit with reference number PA/3654/20**

An application to make minor amendments to permit application with reference number PA/3654/20 was submitted to the Planning Authority on 11 January 2022 and approved on 15 March 2022.

The minor amendments relate to the reorganization of the internal layout of the hotel rooms, hotel back office and hotel amenities, following consultation with the Italian architecture firm, Fabrizio

architect, civil & structural consultant

Fabris and Partners, which specializes in hotel design. The resultant minor amendments will improve the layout of the rooms, improve the amenities that will be provided and increase the standard (services) offered by the hotel operator.

(iii) Planning application with reference number PA/2278/22

A further application with reference number PA/2278/22 has also been submitted to the Planning Authority for the purposes of increasing the number of rooms from eighty-eight (88) to ninety-seven (97) rooms at levels 0 to 8 as well as the relocation of the swimming pool from level 9 to level 10. If approved, nine (9) of the rooms out of the ninety-seven (97) rooms shall be twin interconnected rooms, resulting in a total number of one hundred and six (106) rooms if the interconnected rooms are used separately. Accordingly, pursuant to the pending application with reference number PA/2278/22, the number of twin interconnected rooms shall be reduced from eighteen (18) to nine (9), if so approved.

The pending application with reference number PA/2278/22 will retain the same approved building structure of the approved layout covered by the permit with reference number PA/3654/20, however if so approved, it will amend the interconnection of rooms to increase the number of hotel rooms and change the configuration of the pool and restaurant area at levels 9 and 10, as explained further above.

The layout of the proposed development to be constructed on the Property comprises four (4) levels below road level consisting of two (2) levels of parking spaces and two (2) levels of hotel amenities and administration area.

From road level upwards, one finds approved nine (9) levels of hotel rooms and hotel amenities -at upper most level with a pool and deck area at roof level (roof over recessed floor level).

The pending application with reference number PA/2278/22 together with the plans related thereto are available for inspection at the registered office of the Company.

**Detailed breakdown of the Property**

A detailed breakdown of the proposed development covered by the permit with reference number PA/3654/20 (as amended by the minor amendments approved by the Planning Authority on 15 March 2022), is given in the table below:

Level	Net Floor area (sq.mts)	Proposed use	Proposed Description
-4	586	Pool/ spa / wellness area	Hotel amenities
-3	586	Back office/ administration/ conference hall	Hotel amenities
-2	586	Parking area	Parking
-1	586	Parking area	Parking
Ground floor	586	Reception area / part parking /lounge area	Hotel rooms
Levels 1- 8	586	Hotel rooms	Hotel rooms

Level 9	586	Dining/ pool/ deck area	Hotel related uses
---------	-----	-------------------------	--------------------

In the event that the pending application with reference number PA/2278/22 is approved, the number of bedrooms at levels 0 – 8 shall be increased from eighty-eight (88) rooms to ninety-seven (97) rooms, nine (9) of which shall be twin interconnected rooms. The pending application also caters for the relocation of the swimming pool from level 9 to level 10.

### **Expected Date of Completion**

It is expected that the project will be completed in Q2 2023.

Excavation and the construction and development of the Property commenced in Q1 2022 with all construction works to be finalized by Q4 2022. The finishing and furnishing of the hotel shall commence immediately after the finalization of all construction works.

Following the acquisition of the Property by The Ona Real Estate Ltd (C 83842), it is expected that the Property will be leased to The Ona Hospitality Ltd (C 101371), which forms part of the same group as The Ona Real Estate Ltd, by 30 June 2022. The Property is expected to be operational as a Class 3B hotel by Q2 2023.

#### **4. Existing use**

The Property is currently a construction site. Once completed, the Property shall be used as a four-star hotel (Class 3B).

#### **5. Relevant Planning Applications**

The proposed development is subject to a permit with reference number PA/3654/20. This permit was amended by virtue of the minor amendments approved by the Planning Authority on 15 March 2022.

The abovementioned permit is fully executable. This means that the time allowed by law for persons to bring a claim contesting the said application has, at the date of this valuation report, lapsed and no appeals have been filed. There are no material or onerous conditions attached to the issue of the abovementioned permit.

Previous permits relating to the Property are PA/3692/18 and PA/4201/18.

The Property is also subject to a pending application with reference number PA/2278/22, which was submitted to the Planning Authority on 15 March 2022.

#### **6. Material Contravention of statutory requirements**

As at the date of this report, there have not been any contraventions of statutory requirements.

#### **7. Tenure**

The Property is freehold.

architect, civil & structural consultant



## **8. Main terms of tenant's lease or sublease obligations**

As at the date of this report, there are no lease agreements in effect relating to the Property. However, management of the Issuer has expressed that a lease agreement between The Ona Real Estate Ltd (C 83842) and The Ona Hospitality Ltd (C 101371) will be entered into by 30 June 2022.

## **9. Approximate age of building**

The Property is currently a construction site. Accordingly, Capital Markets Rule 7.4.1.9 is not applicable to this valuation report.

## **10. Present capital value in existing state**

The estimated present capital value of the Property in its existing state is calculated using a capitalization rate of 7.6% worked out on gross operating profit per available room (GOPAR) and worked out on one hundred and six (106) rooms. In the event that the pending application with reference number PA/2278/22 is approved, there shall be no variation in the estimated capital value since such an assessment is based on the number of rooms, which shall remain one hundred and six (106) rooms.

This capital value is based on the full potential value of the Property (once the full development is constructed, finished and operational) of €23,000,000.00, and deducting the cost of stamp duty, commissions, notary fees, civil and finishing / furnishings the development and including a conservative risk factor of execution of 4% added to the global cost of execution. The present capital value takes also into consideration cost of civil / construction works carried out to date.

**Thus, the present capital value of the Property in its current state is estimated to be €11,500,000.00 (eleven million and five hundred thousand Euro).**

The estimated market value of the Property once all construction works are complete is €13,600,000.00 (thirteen million and six hundred thousand Euro).

The above estimates exclude borrowing costs.

**The estimated capital value of the Property was calculated using a GOPAR of €16,500.00 per room p.a. with a total of one hundred and six (106) rooms resulting in a global annual GOPAR of €1,749,000.00 and a capitalization rate of 7.6%.**

Assumptions included in the above GOPAR include a daily rate of €105.00, an occupancy rate of 40.3 % for year 2023, an occupancy rate of 80% for years 2024-2034, and deducting operating costs, administrative costs, and franchise fees.

## **11. Estimated Total Cost of the Development**

The estimated total cost of the development is divided as per below:

<b>Excavation</b>	no cost as the Property shall be purchased fully excavated
<b>Construction</b>	€1.80 million
<b>Finishes</b>	€6.40 million
<b>Financial/ commissions/ ancillary costs</b>	€0.80 million

The costs of development referred to above apply both in the case where: (a) the development of the Property is carried out in accordance with the approved development permit as amended having planning application with reference number PA/3654/20; and (b) the development of the Property is carried out in accordance with the pending application with reference number PA/2278/22. The proposed changes as submitted to the Planning Authority pursuant to pending application with reference number PA/2278/22 will not affect estimated cost of construction / finishes, since the respective proposal does not vary the structure and finishes.

## **12. Terms of any intra-group lease on Property occupied by the Group (identifying the Properties) to the extent that such leases are taken into account in the valuation:**

As at the date of this report, there are no lease agreements in effect relating to the Property. However, management of the Issuer has expressed that a lease agreement between The Ona Real Estate Ltd (C 83842) and The Ona Hospitality Ltd (C 101371) will be entered into by June 2022 on an arm's length basis.

The said lease will not affect the value of the Property.

## **13. Any other matters which materially affect the value (including any assumptions and information on contamination, if any)**

CMR 7.4.1.12: Not applicable

## **14. Source of information and verification**

Information related to planning permits and building information was sourced or otherwise compiled by the undersigned and his associates, including full survey of the existing condition of the Property and site measurements.

Information related to details of land have been obtained from the directors of the Issuer.

## **15. Details of registered mortgages and privileges and other charges, real rights thereon including details of emphyteutical concessions, easements, and other burdens**

None.

architect, civil & structural consultant

**Details of Valuer**

Perit Tancred Mifsud  
B.E.&A. (Hons) A.&C.E.  
Ralmant, Flat 1,  
B.Bontadini Street,  
Balzan BZN 1730  
Email: [tmperit@outlook.com](mailto:tmperit@outlook.com)  
Warrant number 471

**Date of valuation**

20.05.2022

**Benefits/ detriments of contractual agreement**

Not applicable

**Acquisition/ Disposal Interests**

Not applicable

**Other relevant matters**

No responsibility is being assumed to the third parties to whom this report may be disclosed and no liability is accepted in contract, negligence, restitution with regards to any loss including profits, goodwill or opportunity. While the above is deemed to provide a reasonable valuation of the Property, such estimates may also vary between one valuer and another. This valuation is also subject to changes over relatively short periods due to current economic / future conditions.

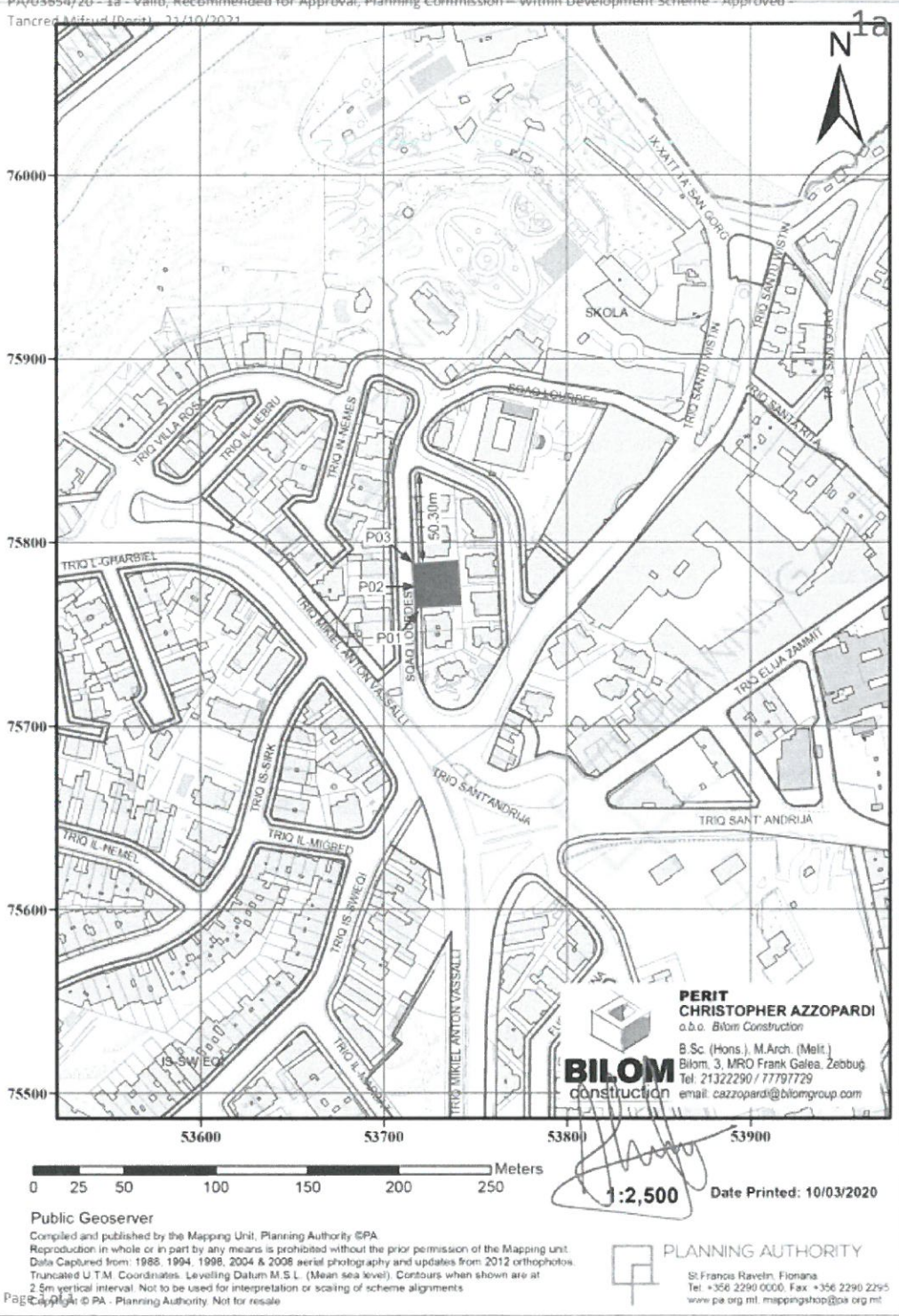
**Standards and guidelines**

This valuation has been carried out in accordance with standards and guidelines issued by the Royal Institute of Chartered Surveyors (RICS).

**Perit Tancred Mifsud**  
**B.E.&A. (Hons), A.&C.E.**

**Att: Site Plan: TM1**  
**Encl Permit docs PA 3654/20**  
**Encl Application drawings PA 2278/22**

**TANCRED MIFSUD**  
**B.E. & A. (Hons) A. & CE**  
**PERIT**  
**M: 79444293**  
**E: [tancredm@maltanet.net](mailto:tancredm@maltanet.net)**



**Site plan TM1**

**TANCREDMIFSUD**  
 B.E. & A. (Hons) A. & CE  
**PERIT**  
 M: 79444293  
 tancredm@maltanet.net

architect, civil & structural consultant