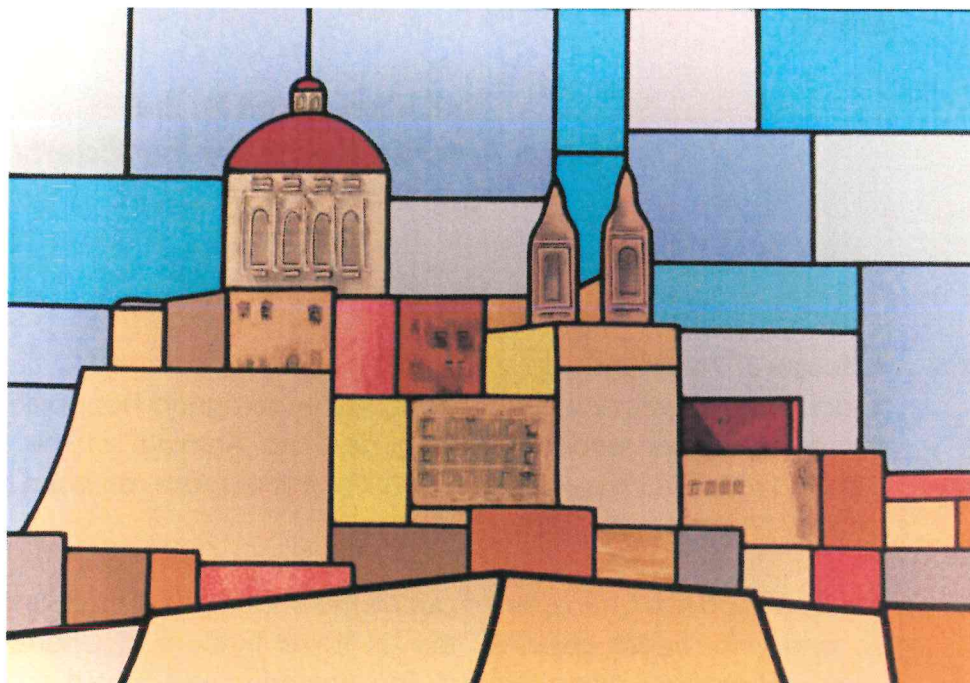


Casa Antonia Home for the Elderly Balzan

Valuation Report
16th November 2021

Report prepared for
Goldvest Company Ltd



Report Prepared by



MED

DESIGN ASSOCIATES
LTD.

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16th November 2021**The Directors**

Goldvest Company Ltd

Sliema

**Valuation Report for the
Casa Antonia Home for the Elderly
Pope Alexander VII Street
Balzan**

1. Scope of Valuation

In accordance with your instructions, the undersigned has carried out a Valuation of the old people's residence known as Casa Antonia, at the said address, which detailed report is herewith submitted. For this purpose, an inspection was carried out on the 12th November 2021.

The Valuation has been carried out by the undersigned, as an external valuer in terms of, and with regard given to, the UK Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual. The Valuation was based on direct knowledge of the site, and its potential, as well as on such inspections and investigations as are, in the professional judgment of the undersigned, appropriate and possible in the current circumstances. The valuation relies on information provided by the Directors, and their professional advisors, as far as concerns tenure, privileges, charges and other related matters. The Valuation is nevertheless based on the assumption that no harmful or hazardous materials have been used in the construction of the existing property, or have since been incorporated, and that there is no contamination in or from the ground.

2. Location and History of the Property

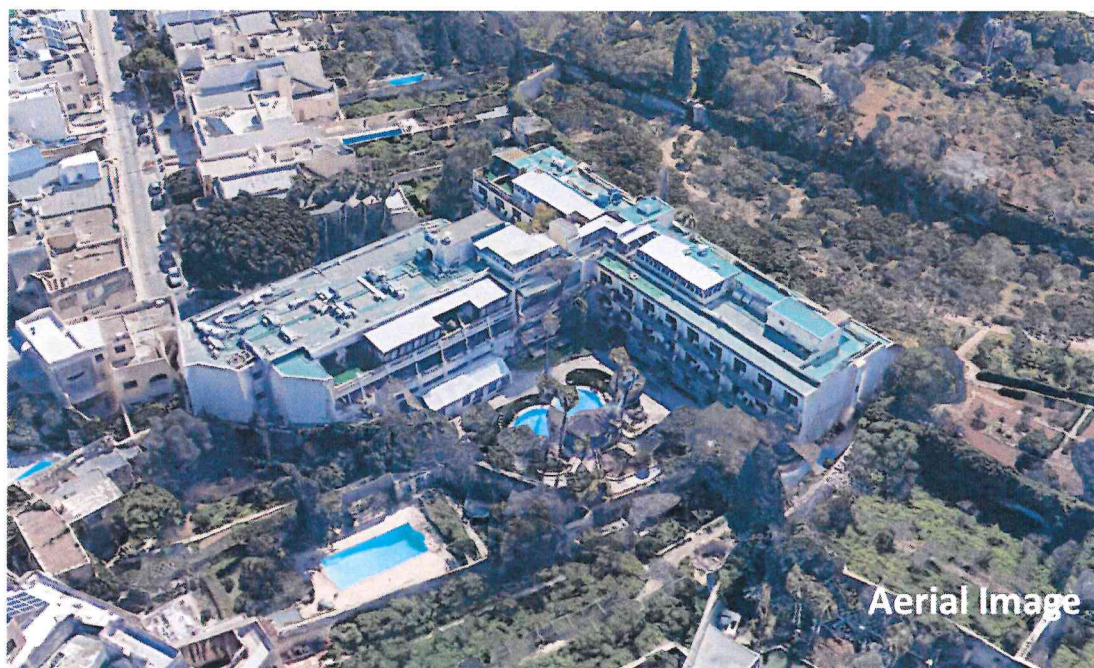
The property for the purposes of this valuation is located in the centre of Balzan with a single access via Pope Alexander VII Street from the east side. The property is bounded on the west, north and east by residential property, and on the south by San Anton Gardens, on to which the property enjoys the views of the said gardens

The site covers approximately 4,600 square meters of land, with a built-up footprint of 1,800 square meters. The property was originally built as a hotel, formerly known as the

Grosvenor Hotel. The original building dates back to over 50 years ago. In 2003, the property started operations as a care home for the elderly under the present owners.



The area surrounding the property is is designated as an Urban Conservation Area and is fully developed as can be noted in the forgoing aerial image



Practically all the surrounding developments are two storeys height, being the designated height limitation of the area (AnnexC). On the south side, the property enjoys stunning views of the magnificent San Anton Palace gardens including a view of the Presidential Palace.

In general, the location is totally residential and the environmental mood is of a very quite area, ideal for its current use, being in the centre of a village, close to all amenities both social as well as commercial, at the same time relatively cut off from any noisy activities.

3. Access Roads to the Site

Transport access to the property is through Pope Alexander VII Street, which is a relatively wide two-way road which leads the new Central Link arterial road which is less than a kilometre away.

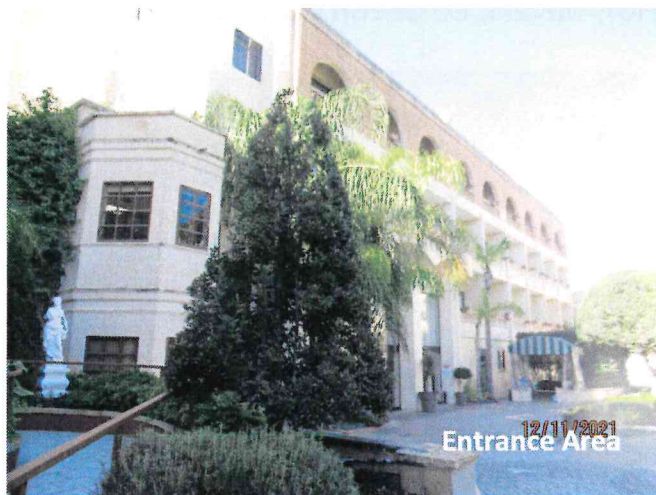
4. Development of the Property

The configuration of the property is in an L shaped layout, that is two wings at ninety degrees to each other. The centre between the two wings is taken up by a swimming pool set in a mature and well-kept garden.

Each wing is three storeys high with the north wing incorporating an additional floor underneath due to the difference in the land levels. This lower level incorporates the main entrance lobby to the property.

The said main entrance is set back from the access road by a parking area, which besides providing the required visitors car parking facilities, acts as a vehicle arrivals area for both visitors as well as for vehicles providing services to the operations.

Whilst the lower floor provides the necessary communal and back of house facilities the upper floors house the residents' rooms



4.1 Development Profile: Back of House and Operational Amenities

In the above-mentioned development, the following facilities have been provided. Whilst the lower floors have been dedicated to back of house and operational amenities and facilities, the upper floors have been dedicated to residents' rooms.

The following table (Table 1) give a profile of the development as has been carried out. It gives a general overview of the public and back of

TABLE 1: FACILITIES		Area
GROUND FLOOR		
Foyer		115
Staff Room		120
Kitchen		85
Stores		125
Dining Room		250
Mortuary		34.00
FIRST FLOOR		376
Lounge		205
Chapel		63
Kitchen & Staff Area		55
Offices		18
Doctor's Room		35.00
EXTERNAL FACILITIES		
Parking		655
Garden (Ground Floor)		140
Garden & Swimming Pool (First Floor)		1100

Entrance into the residential home is through a double height foyer, which welcomes both resident and visitors into a very welcoming environment elegantly finished to reflect the general decor of the rest of the development.



In the development of the respective areas, the developers have made use of high-level finishes in both the building as well as the fittings and fixtures.

Externally, the main feature is the swimming pool, which is set in fully mature and



landscaped garden. This is overlooked by a number of the rooms and provides a serene ambience and a natural environment.

4.2 Development Profile: The residents' rooms

The upper floors house the respective residents' rooms. As can be noted in the forgoing table 2, the development provides a total of 108 rooms, covering a total gross area of approx 9,000 square meters. The said 108 rooms are made up of a mix of 4, 2 and 1 bedded rooms as detailed in the said Table 2. The said rooms make the provision a total number of 168 beds available.

TABLE 2: ROOM PROFILE					
FLOOR	ROOMS		BEDS		
			4	2	1
GROUND FLOOR		ROOMS			
FIRST FLOOR	28	ROOMS		9	19
SECOND FLOOR	41	ROOMS		16	25
THIRD FLOOR	35	ROOMS	7	12	16
ROOF	4	ROOMS		2	2
TOTALS	108		28	78	62



The respective rooms have all been carefully finished to attain a functional room complete with all amenities and finished to a very high level of finishes in terms of operations as per approved care home standards and decor

4.3 Development Profile – Public Areas

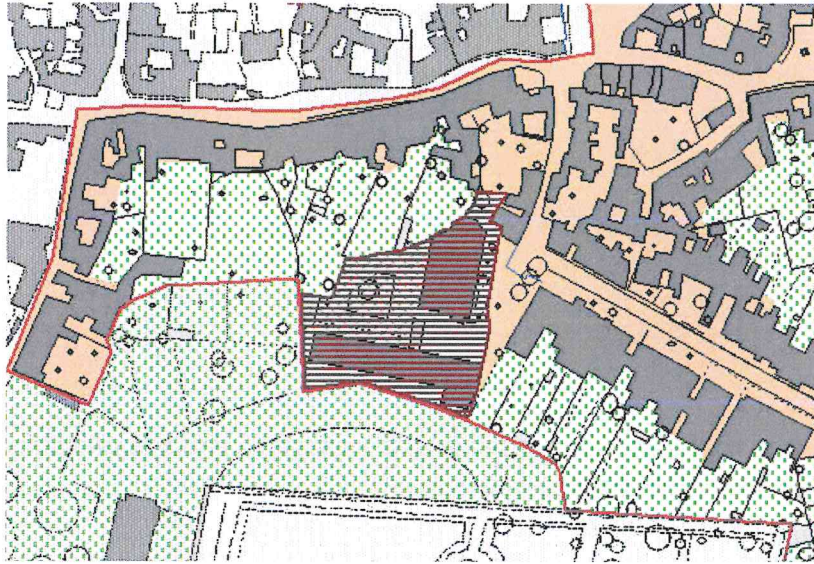
In line with the general policy of the Directors to provide an ambience of a stately home, the public areas have been finished to very high standards, in terms of both the decor and materials used. Careful choice of furniture and layout impart a sense of luxury at the same time a touch of a typical home environment. This is further accentuated by the choice of soft furnishings that give the whole ambience of casa Antonia the final touch.

A cursory look at some of the main public areas confirm the above. Refer to Annex G, Photo Gallery.

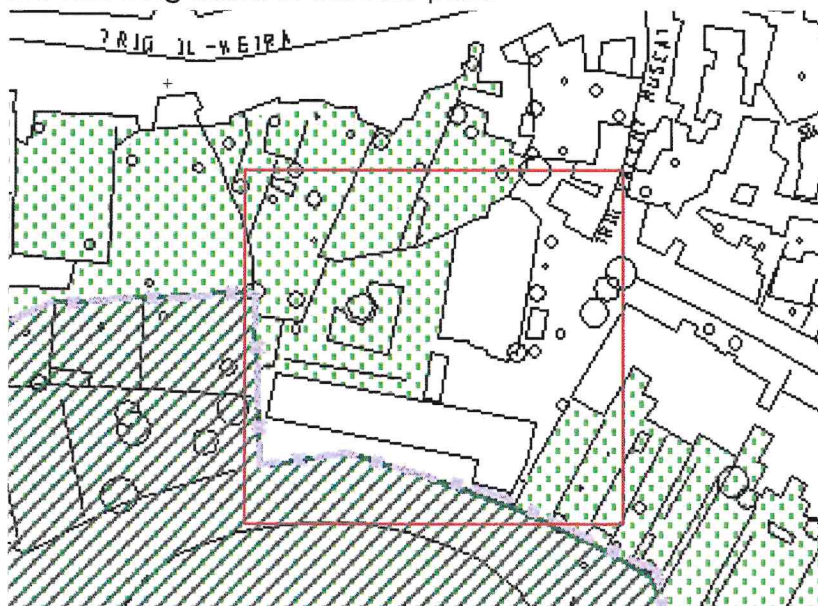


5. Permitting

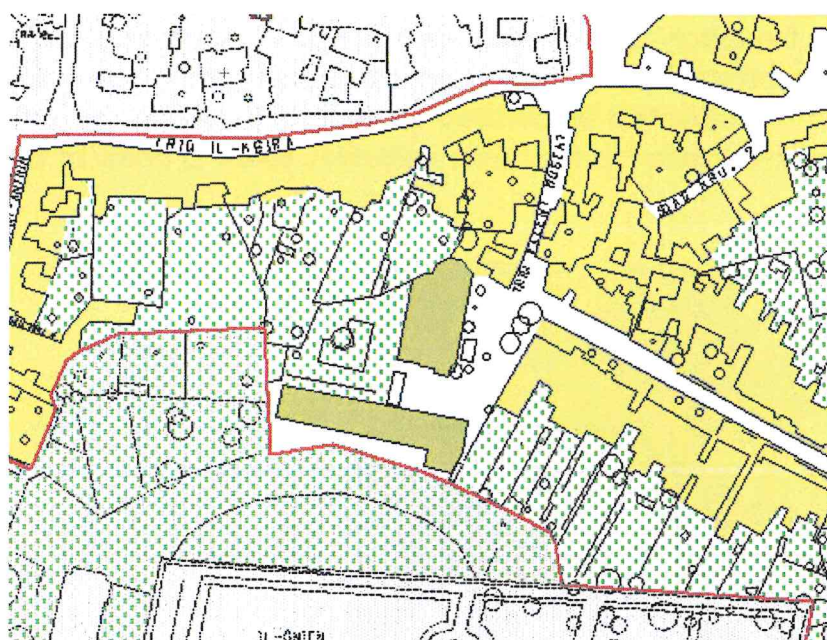
The site is located within the Urban Conservation Area of Balzan. According to the Malta Central Local Plan issued by the planning Authority and referring to Balzan Policy Map (Annex A) the area is designated as an area to retain the existing use with possible consideration for an extension to the home institution. Below a detail of the said plan.



This signifies that the site cannot be developed other than within its existing use. According to the Balzan Environmental Constraints Map (Annex B) part of the area is designated as a green area so no buildings can be constructed in that area. Refer to the following detail of the said plan.



Regarding height limitation, the area is designated for three storeys as Building Height Limitation Map BZM3 (Annex C). The following is an extract of the said policy map



It can therefore be concluded that the current uses and development of the property is in line with the local plan policy of the area.

The following permits were traced on the property site. Refer to Annex D.

- **PA 5286/98:** Full development permission for *Alterations and additions to Grosvenor Hotel. Additions at second floor level to entrance block.* This application was approved on the 25th August 1999. (Annex D.1)
- **PA 5913/98:** Full development permission for *Construction of boundary wall and gates.* This application was approved on the 23rd June 1999. (Annex D.2)
- **PA 91/01:** Full development permission for *Change of use from hotel to an old peoples home including alterations and additions.* This application was approved on the 11th July 2001. This permit covers the current uses of the property. (Annex D.3)
- **EC/269/03:** Full development permission for *Part of building out of alignment.* Enforcement Action closed – Permission was granted to sanction the illegal development. (Annex D.4)
- **PA 1595/11:** Full development permission for *Sanctioning of gas tank.* This application was approved on the 31st March 2012. (Annex D.5)

There are no active enforcement notices on the property site.

6. Valuation Analysis

This Valuation is based on the open market value for its existing use. An open market value represents an opinion of the best price for which the sale of an interest in a property would have been completed unconditionally for a cash consideration on the date of the valuation. An open market valuation assumes

- (i) that there is a willing seller;
- (ii) that the interest being valued would have been, prior to the transaction, properly marketed;
- (iii) that the state of the market, level of values and other circumstances are consistent over the period of the valuation;
- (iv) that no account is taken of any additional bid by a prospective purchaser with a special interest;
- (v) and that both parties to the transaction act knowledgeably, prudently and without compulsion.

An existing use value follows on the definition of the open market value, with the added assumptions that

- (a) the property can be used, for the foreseeable future, only for the existing use, and
- (b) that vacant possession is provided on completion of the sale of all parts occupied by the business as has been specifically approved in accordance with the Development Permits issued by Planning Authority.

Based on the location of the site and the permitted development, a valuation of the property in its present state has been carried out based on the following. Refer to Annex E, Valuation Analysis.

- a) Land Value – The land covers an area of 4,600 square meters. The footprint of the buildings on site cover an area of 1,800 square meters. When assessing the value of the site due consideration has to be made of the potential of the said land in terms permitted uses in line with the Central Local Plan. As highlighted earlier in Section 6, the site has a number of constraints which limit such potential development, namely;
 - i. Any development can only be carried out on the existing footprint. No extension is permissible. Refer to Area Policy Map BZM. Annex A
 - ii. The site has 30% of the area as an Open Space Enclave. So, no buildings can be erected in that area. Refer to Policy Map BZM4. Annex B.
 - iii. Height limitation is set at three floor only. Refer to Policy Map BZM3. Annex C

It can therefore be concluded that only the 1,800 square meter footprint can be considered to have a value for development purposes, and subject to the constraints listed above. To this effect the whole property land is being valued at a total value of €4,470,000. This has been computed as follows

- Actual Building footprint with an area of 1,800 square meters at a fair and reasonable rate given its location of €2,250 per square meters yielding a value of €4,040,000.
- Remaining area not fit for any building development with an area of 2,800 square meters valued at a nominal rate of €150 per square meters, yielding a value of €420,000.

This results in a total land value of **€4,470,000**.

- b) The present-day capitalization of revenue derived from income streams over a ten-year period. These values are derived from the financial forecasts prepared by Deloitte, for the years 2022, 2023, which form part of this prospectus. In this valuation analysis attached at Annex E the following have been taken into consideration:
- Revenue generated by the rent of the guestrooms over a ten-year period. A 2% general inflation assumption has applied to derive revenues for the years 2024 to 2031.
 - Other income generated by lease of commercial outlets to third party operators.
 - Direct Costs:
 - Nursing Management
 - F&B costs
 - Kitchen Costs
 - Maintenance costs
 - Cleaning Costs
 - Other direct costs
 - Operating Costs:
 - Utilities
 - Cleanliness/Sanitary Costs
 - Gas/Diesel Costs
 - Laundry & linen Costs
 - Sanitaries Costs
 - Home management
 - Uniform costs
 - Other operating expenses
 - Administrative Expenses
 - Directors Remuneration
 - Finance & HR costs
 - Professional Fees costs
 - Advertising Costs
 - IT & Telecom Costs
 - Other Administrative expenses
 - Building depreciation – This has been based on 2.5% to cover depreciation in plant and equipment and fixtures & fittings. The building proper in our opinion does not depreciate, in as much as buildings have

a life expectancy of over 100 years, and even than only finishes would have to be refurbished, as the building structure will still stand.

- vii. Income Tax – This has been set at a nominal average rate of 15% on the profits.
- c) The said analysis then calculates the cumulative net present value over a ten-year period.
- d) Capital Investment Costs – An estimate has been carried out of the capital costs incurred from construction, services installation, finishes and fittings and fixtures. Refer to Annex F.

7. Certification

In view of all the above assumptions, the existing commercial use of the property, and taking into consideration current land prices, I consider the open market value of the site at Casa Antonia, Pope Alexander VII, Street, Balzan, which is currently held on a freehold basis, comprising of the development as per Section 4 (Development of the Property), to be equivalent to **twenty million, three hundred and eighty nine thousand one hundred and fifty eight euro** (€20,389,158).

This valuation has been carried out according to the condition and state of the property and the Area Planning Policies as at 15th November 2021. This value has been derived assuming that there are no onerous or unusual outgoings or encumbrances of which we have no knowledge and that the premises are covered with all the valid necessary permits and licences for its operation.

8. Other Considerations

- The open market value of the property may vary according to future changes in the trading potential or the actual level of trade as compared with the information and assumptions considered in this valuation.
- No allowance has been made for outstanding loans, and other charges and interests or intra-group leases that may exist in respect of the property.
- It has been assumed that freehold and leasehold properties can be transferred to third party purchasers.
- No allowance has been made for any existing or proposed local legislation relating to the taxation of the property asset.
- It has been assumed that any existing financing and contractual arrangements can continue uninterrupted.
- The flexibility of the building fabric.

9. Hypothecary Charges

The following are the Special Hypothecs of the Casa Antonia property in favour of Bank of Valletta.

- Special Hypothec (Euro 9,625,550)
- Special Hypothec (Euro 8,050,000)
- Special Hypothec (Euro 50,000)

- Special Hypothec (Euro 4,000,000)
- Special Hypothec (Euro 4,849,500)

10. Intra Group Lease Agreement

As Goldvest is the legal owner of Casa Antonia, Opco and Goldvest entered into a lease agreement on the 01 September 2020 as subsequently amended , for the lease of the said, by Goldvest, to Opco, extending till the 31st December 2031. The main terms of the Intra Group Lease are as follows:

Parties:	Goldvest Company Limited and St. George's Care Limited .
Commencement:	1 September 2020.
Expiration:	31 December 2031.
Casa Antonia Property Rent:	1 September 2020 - 31 December 2020: €255,000 1 January 2021 - 31 December 2021: €685,000 1 January 2022 - 31 December 2022: €726,000 1 January 2023 - 31 December 2031: €765,000 per annum
Use:	Care home for the elderly.
Assignment:	Consent of Lessor required."

11. Final Note

Finally, I would like to note that having taken all reasonable care to ensure that such is the case, the information contained herein is to the best of my knowledge in accordance with the facts and contains no omission likely to affect its value.

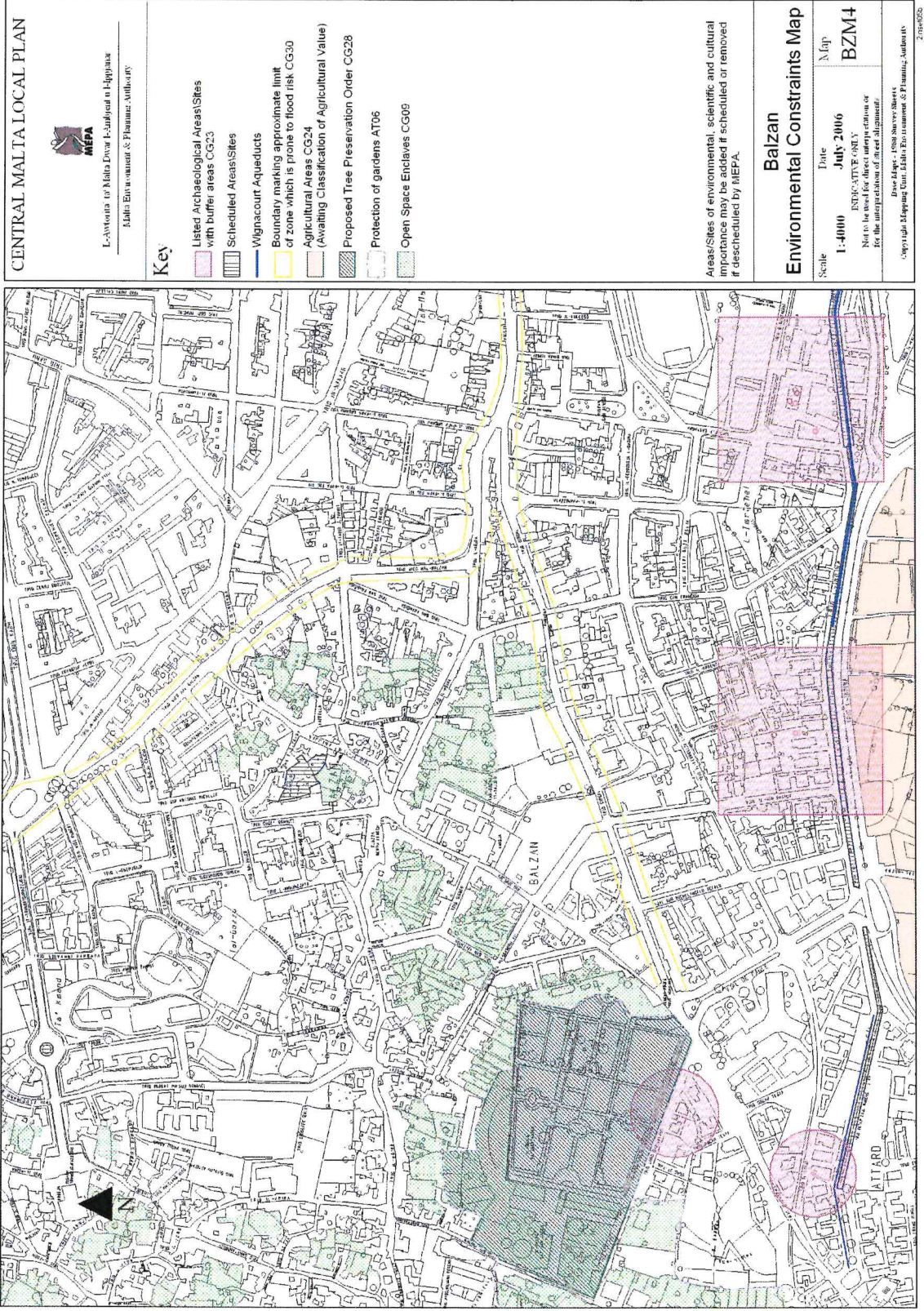
Yours Sincerely


 MED DESIGN ASSOCIATES LTD.
 HERCULES HOUSE, St. Mark Street,
 Valletta - Malta
 Perit Charles Buhagiar
 Warranted Architect & Civil Engineer
 Obo Medesign Associates Ltd

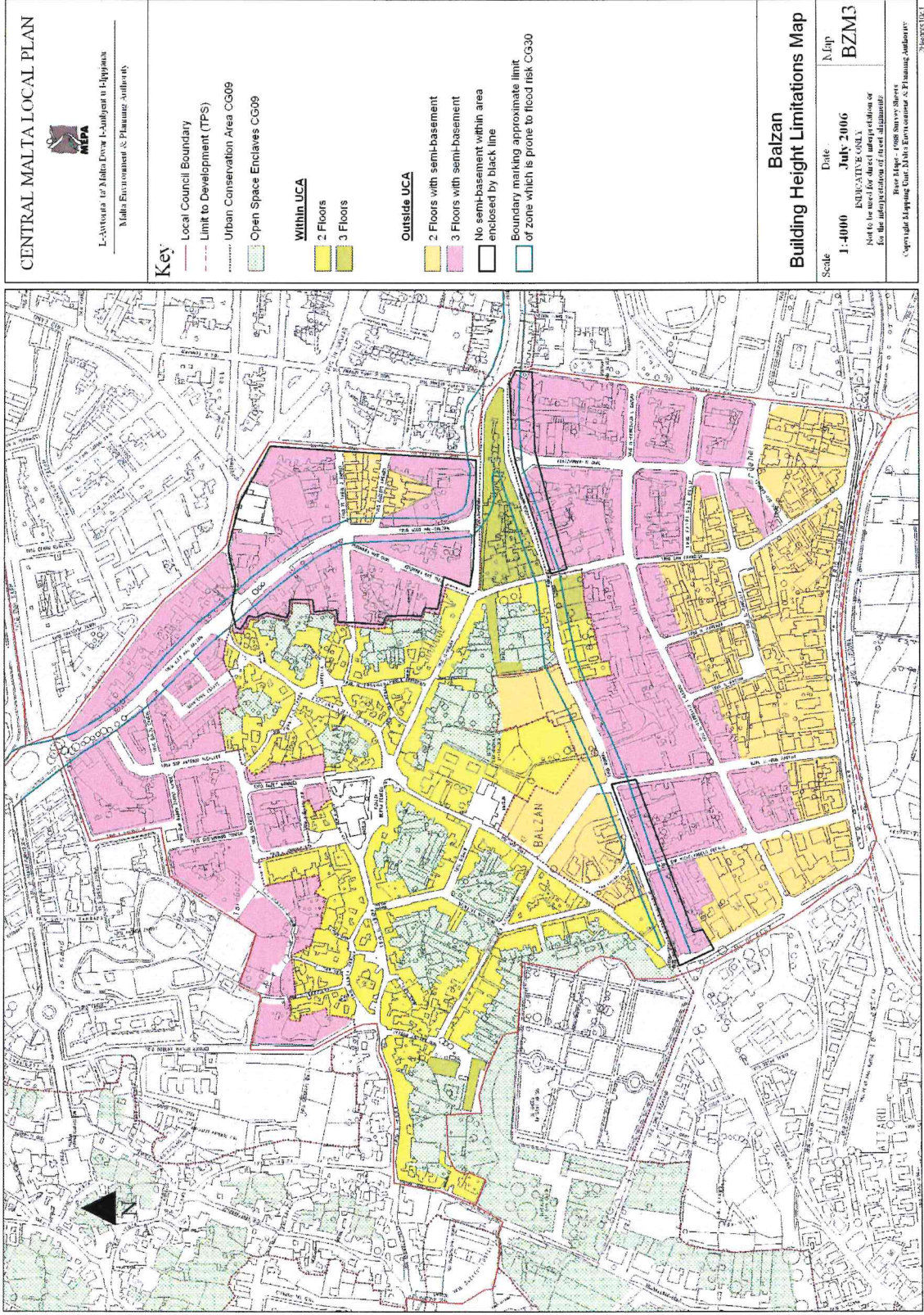
ANNEX A – Central Malta Local Plan

Balzan Policy Map BZM1



ANNEX B – Central Malta Local Plan
Balzan Environmental
Constraints Map BZM4





ANNEX C – Central Malta Local Plan
Balzan Building Height
Limitations Map BZM3



ANNEX D – Planning Permit Details

Application Details	
Case Number:	PA/05286/98
Location of development:	Grosvenor Hotel, Trejqa Tal-Papa Alessandru Vii, Balzan
Description of works:	Alterations and additions to Grosvenor Hotel. Addition of hall at second floor level to entrance block.
Applicant:	Mr Dennis Burke
Architect:	Perit Mark Azzopardi
Reception date:	31 August 1998
Initial Processing	
Validation Date:	10 September 1998
Target Date:	03 August 1999
Application Type:	Full development permission
Case Category:	Within Development Zone
Recommendation	
Recommended Decision:	Grant Permission
Case Officer Report:	 Purchase Case Officer Report
Report Last Updated:	13 August 1999
Decision	
Decision:	Grant Permission
Decision Date:	13 August 1999
Decision posted date:	25 August 1999
Decision Notice:	 Purchase Decision Notice


Application Details	
Case Number:	PA/05913/98
Location of development:	Grosvenor Hotel, Trejqa Tal-Papa Alessandru VII, Balzan
Description of works:	Construction of boundary wall and gates
Applicant:	Mr Dennis Burke
Architect:	Perit Mark Azzopardi
Reception date:	09 October 1998
Initial Processing	
Validation Date:	09 October 1998
Target Date:	01 January 1999
Application Type:	Full development permission
Case Category:	Within Development Zone
Recommendation	
Recommended Decision:	Grant Permission
Case Officer Report:	Purchase Case Officer Report
Report Last Updated:	28 April 1999
Decision	
Decision:	Grant Permission
Decision Date:	28 April 1999
Decision Press date:	24 June 1999
Decision posted date:	23 June 1999
Decision Notice:	Purchase Decision Notice


Application Details	
Case Number:	PA/00091/01
Location of development:	Casa Antonia [ex- Grosvenor Hotel], Trejqa Tal-Papa Alessandru VII, Balzan
Description of works:	Change of use from a hotel to an old people's home including alterations and additions.
Applicant:	Mr Edward Vella
Architect:	Perit Sapienza & Valentino
Reception date:	09 January 2001
Initial Processing	
Validation Date:	23 February 2001
Target Date:	21 June 2002
Application Type:	Full development permission
Case Category:	Within Development Zone
Recommendation	
Recommended Decision:	Grant Permission
Case Officer Report:	 Purchase Case Officer Report
Report Last Updated:	29 April 2002
Decision	
Decision:	Grant Permission
Decision Date:	07 May 2002
Decision posted date:	11 July 2002
Decision Notice:	 Purchase Decision Notice

Enforcement Status	
Case Status:	Case closed, permission to sanction illegality
Enforcement Details	
Case Number:	EC/00269/03
Location of infringement:	Casa Antonia, Trejqa Tal-Papa Alessandru VII, Balzan
Summary Of Infringement (In English):	Part of building out of alignment
Infringement (In Maltese):	Ghandek zvilupp li jikkonsisti minn bini barra mill-linja ta' l-iskema ufficjali skond kif approvat fl-applikazzjoni PC 69/01
Overview	
Enforcement Type:	Not According to Approved Plans
Case Category:	Alignment Case

Application Details	
Case Number:	PA/01595/11
Location of development:	Casa Antonia, Trejja Tal-Papa Alessandru VII, Balzan, Malta
Description of works:	Sanctioning of gas tanks
Applicant:	Ms Sarah Vella
Architect:	Sapienza & Valentino
Reception date:	22 September 2011

Initial Processing	
Validation Date:	10 November 2011
Target Date:	20 May 2012
Application Type:	Full development permission
Case Category:	Within Development Zone

Publication	
Site Notice Image:	
Publication Date:	19 November 2011
Representation Expiry Date:	09 December 2011

Recommendation	
Recommended Decision:	Grant Permission
Case Officer Report:	 Purchase Case Officer Report
Report Last Updated:	11 January 2012

Decision	
Decision:	Grant Permission
Decision Date:	28 February 2012
Decision Press date:	31 March 2012
Decision posted date:	27 March 2012
Permit Expiry Date:	22 March 2017

ANNEX E – Valuation Analysis

ANNEX E

VALUATION ANALYSIS

TEN YEAR PERIOD VALUATION ANALYSIS

	Year	1	2	3	4	5	6	7	8	9	10
(i) Total Revenue		4,013,000	4,329,000	4,656,000	4,749,120	4,844,102	4,940,984	5,039,804	5,140,600	5,243,412	5,348,280
(ii) Other Revenue		80,000	82,000	84,000	85,680	87,394	89,141	90,924	92,743	94,598	96,490
(iii) Direct Costs		(2,350,000)	(2,229,000)	(2,389,000)	(2,554,000)	(2,605,080)	(2,657,182)	(2,710,325)	(2,764,532)	(2,819,822)	(2,876,219)
(vi) Operating costs		(496,000)	(503,000)	(523,000)	(533,460)	(544,129)	(555,012)	(566,112)	(577,434)	(588,983)	(600,763)
(v) Administrative Expenses		(368,860)	(376,237)	(383,762)	(391,437)	(399,266)	(407,251)	(415,396)	(423,704)	(432,178)	(440,822)
(vii) Building Depreciation	2.5%	(211,959)	(206,660)	(201,494)	(196,457)	(191,545)	(186,757)	(182,088)	(177,535)	(173,097)	(168,770)
(viii) Les Income Tax	1.5%	(131,721)	(195,414)	(216,636)	(203,385)	(207,453)	(211,602)	(215,834)	(220,151)	(224,554)	(229,045)
Net Yearly Return		534,460	900,688	1,026,108	956,061	984,023	1,012,323	1,040,973	1,069,986	1,445,569	1,129,152
PV of €1 at	6.00%	0.943	0.890	0.840	0.792	0.747	0.705	0.665	0.627	0.592	0.558
NPV		504,207	801,609	861,540	757,290	735,319	713,647	692,307	671,323	855,630	630,513
Cumulative NPV	€	504,207	1,305,816	2,167,357	2,924,646	3,659,965	4,373,613	5,065,919	5,737,242	6,592,872	7,223,385

Summary

Value of Land	€	4,470,000
Capital Investment Costs		8,695,773
Total Discounted Income Revenue Streams		7,223,385
Value of Property Investment		20,389,158

Current Net Value of Property Investment €20,389,158

Med Design Associates
15/11/2021

ANNEX F – Capital Investments Cost Estimate

**ANNEX F****CAPITAL INVESTMENT COSTS****A Demolishing & Excavation**

Demolishing	1	550,000	
Excavation	5,000	90,000	
			€ 640,000

B Construction

Foundations	4,600	345,000	
Reservoirs		250,000	
Ground Floor	1,028	256,964	
First Floor	2,056	513,929	
Second Floor	2,056	513,929	
Third Floor	2,056	513,929	
Roof	2,056	102,786	
			€ 2,496,536

C Services (Electrical, Mechanical, ELV & Air-conditioning)

Ground Floor	1,028	205,571	
First Floor	2,056	411,143	
Second Floor	2,056	411,143	
Third Floor	2,056	411,143	
Roof	2,056	205,571	
			€ 1,644,571

E Finishes

Ground Floor	1,028	102,786	
First Floor	2,056	205,571	
Second Floor	2,056	205,571	
Third Floor	2,056	205,571	
Roof	2,267	45,340	
			€ 764,840

F Fittings & Fixtures

Ground Floor	1,028	102,786	
First Floor	2,056	205,571	
Second Floor	2,056	205,571	
Third Floor	2,056	205,571	
Roof	2,267	22,670	
			€ 742,170

Annex

G External Works			
Building Fabric		350,000	
External Facilities		250,000	
Landscaping		150,000	
			€ 750,000

H Other Works			
Lifts	6	250,000	
			€ 250,000

I Other Costs			
Management Fees	8.00%	250,923	
Planning Authority Fees		93,535	
			€ 344,458

J Operational Fixtures, Fittings & Equipment			
Furniture & Fittings		851,253	
IT Equipment		49,848	
Medical Equipment		33,297	
Kitchen Equipment		96,700	
Soft Furnishings		32,100	
			€ 1,063,198

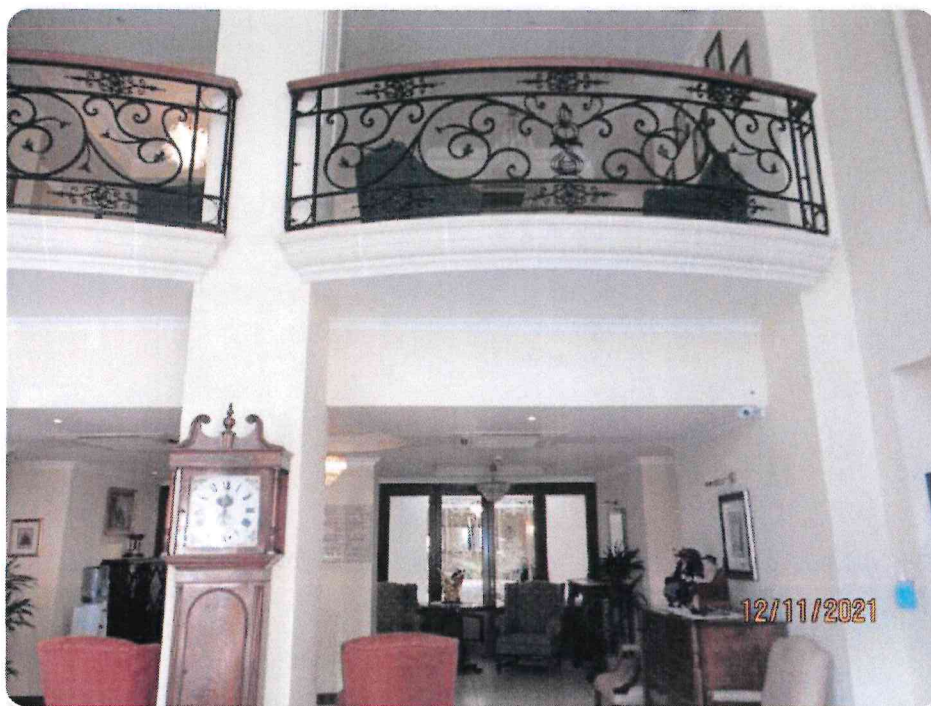
Grand Total			€8,695,773
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ANNEX G – Photo Album

Photo Record



Reception



Reception Lobby

Photo Record



Lobby Lounge

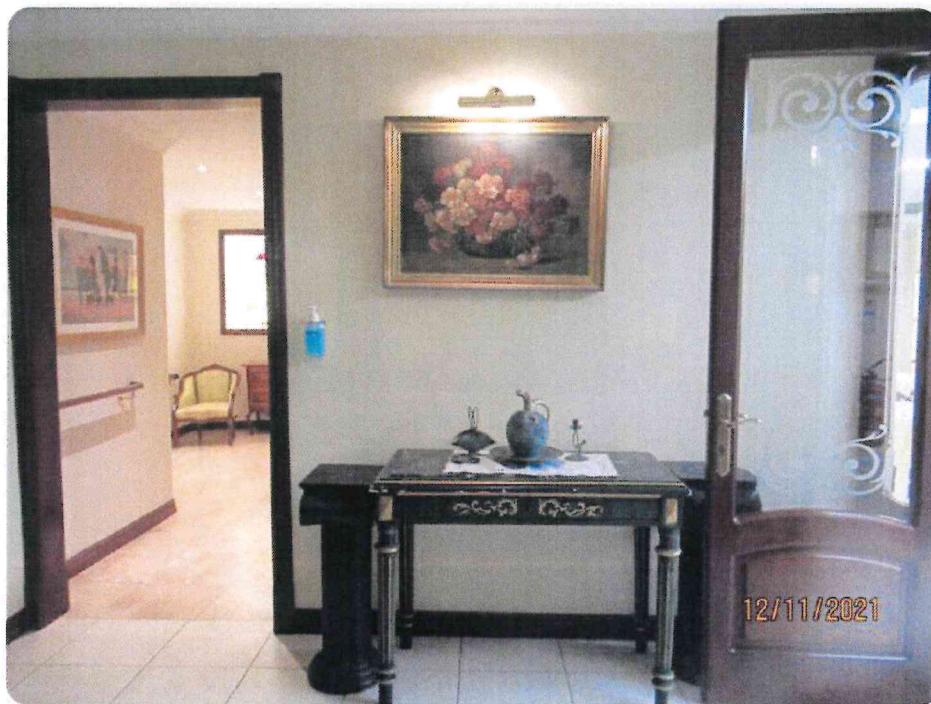


Lobby Lounge

Photo Record



Lobby Lounge

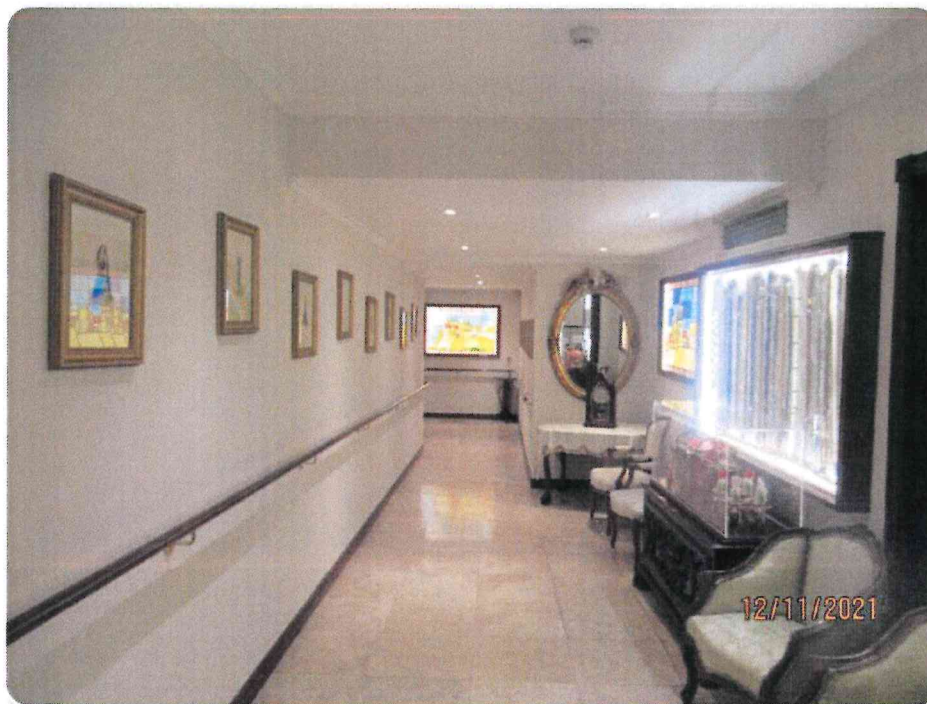


Corridor

Photo Record



Dining Room



Day Lounge

Photo Record

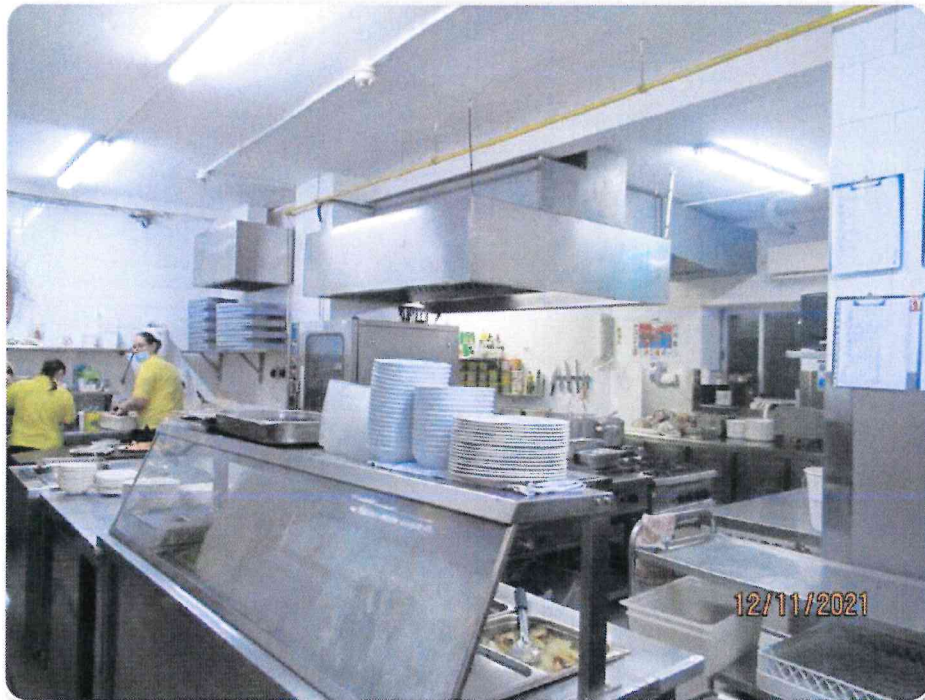


Corridor



Supplementary Dining Room

Photo Record



Kitchen

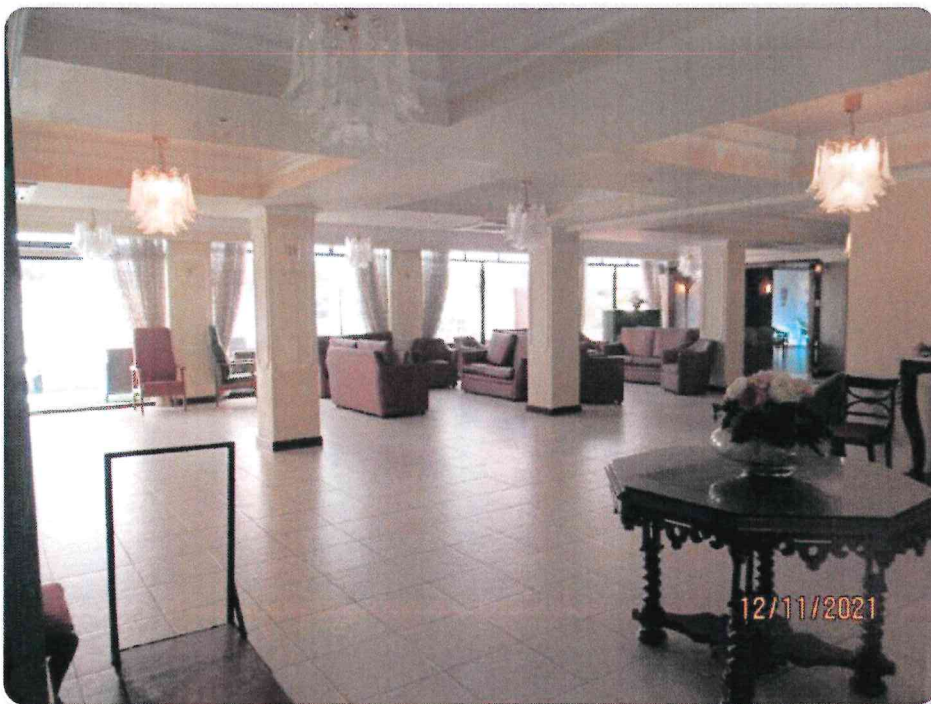


Main Entrance

Photo Record

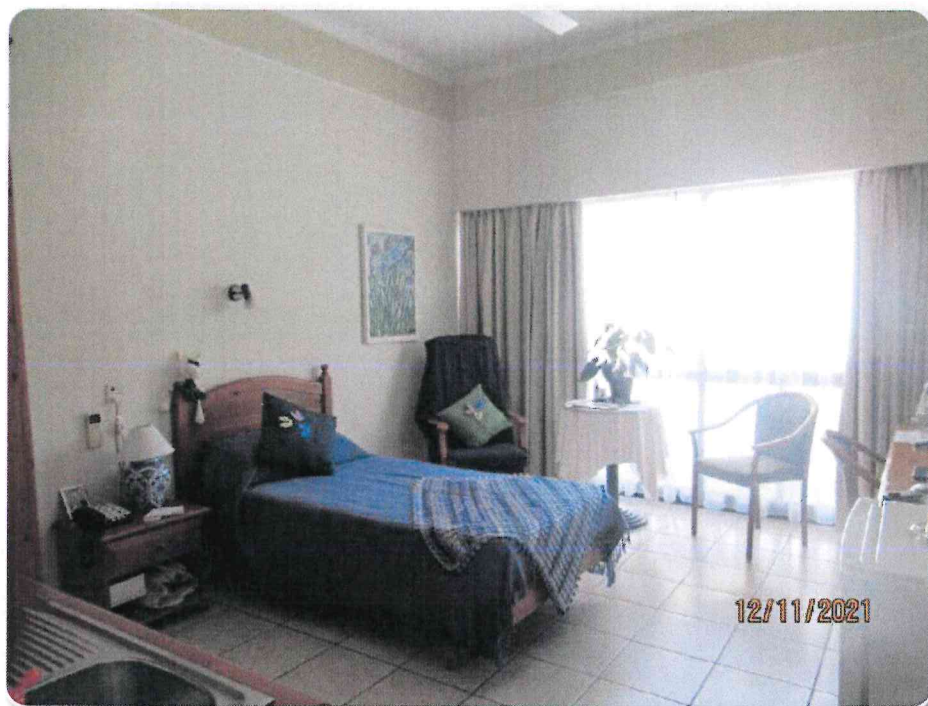


Day Lounge

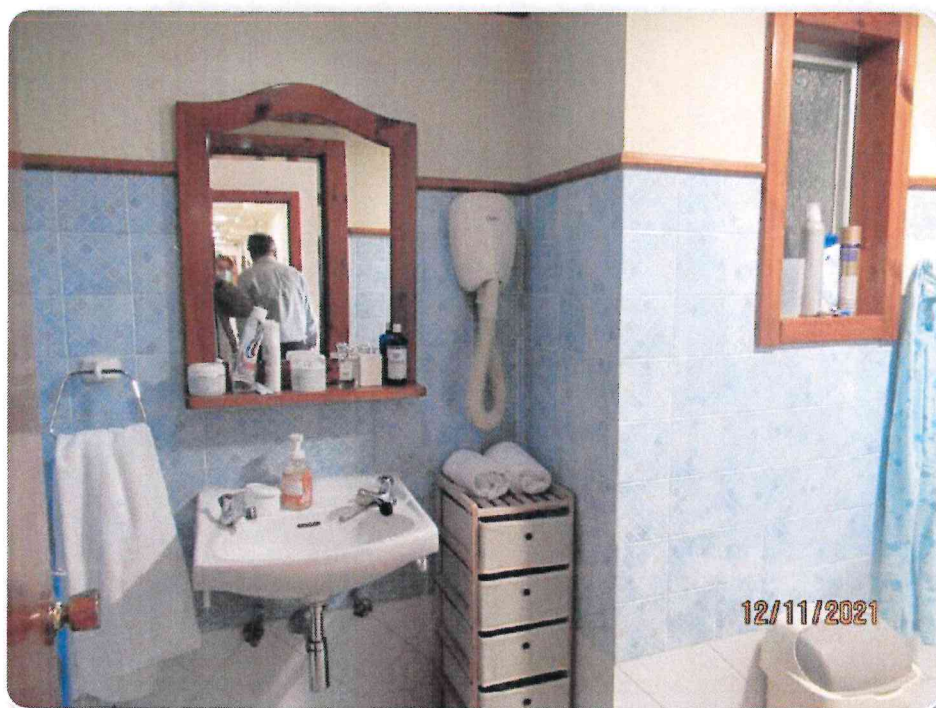


Main Lounge

Photo Record



Typical Room

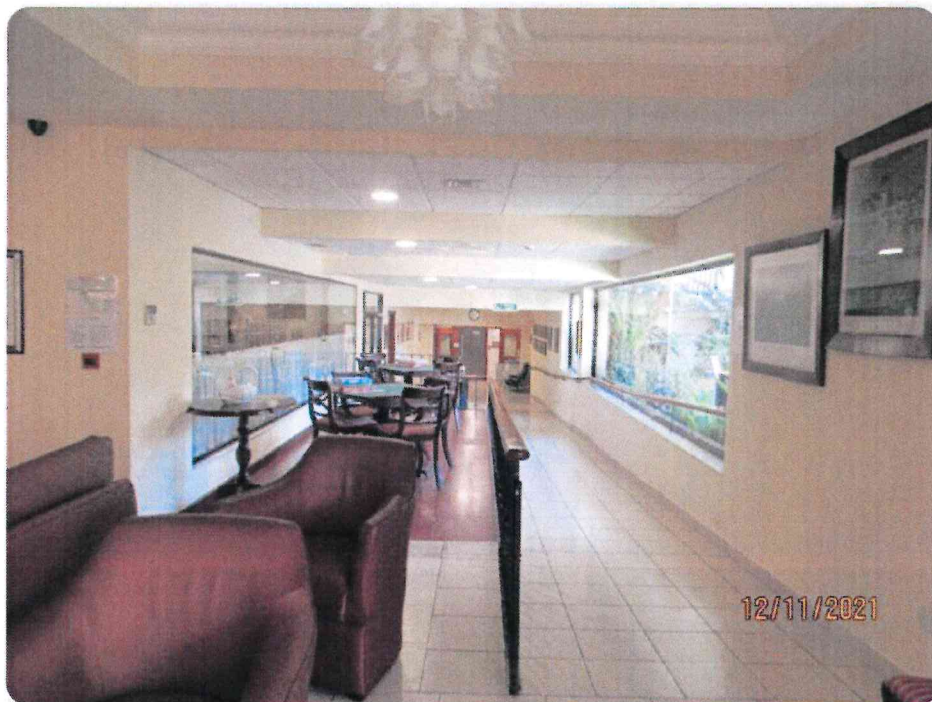


Bathroom

Photo Record



Chapel

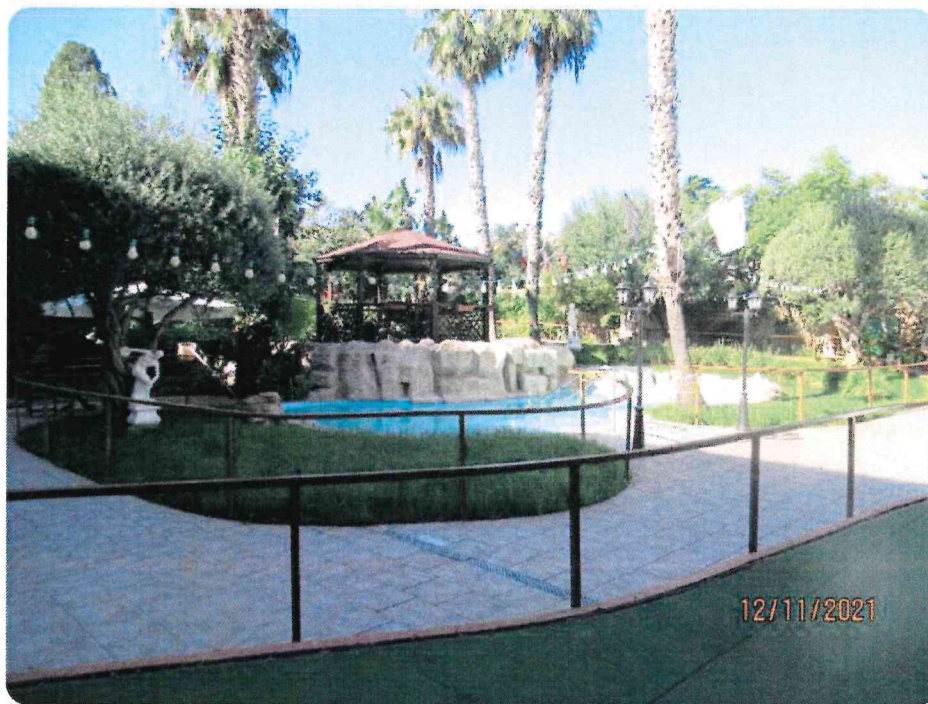


Day Lounge

Photo Record



Central Garden



Central Garden

Photo Record



Central Garden

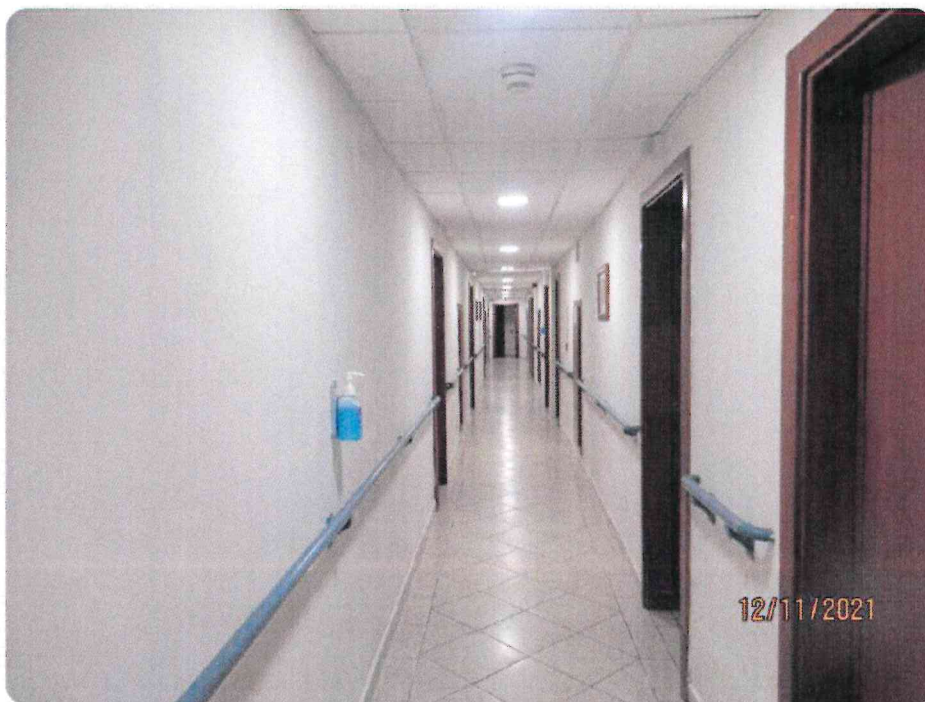


Swimming Pool

Photo Record



Central Garden



Typical Corridor

Photo Record



Typical Twin Room



Central Garden

Photo Record

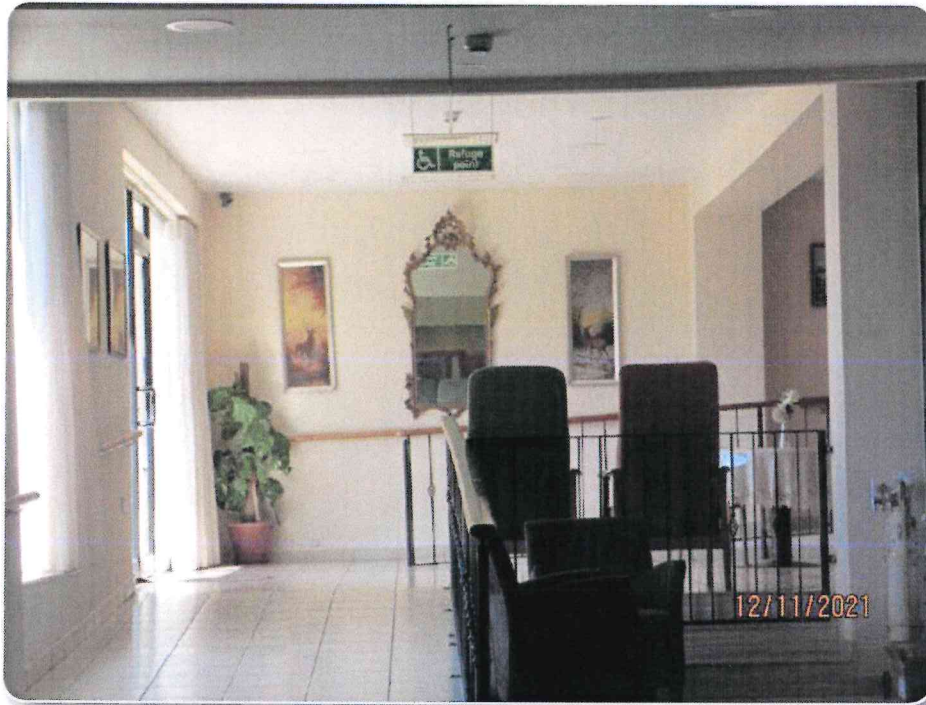


Typical Bathroom



Typical Bathroom

Photo Record



Day Lounge

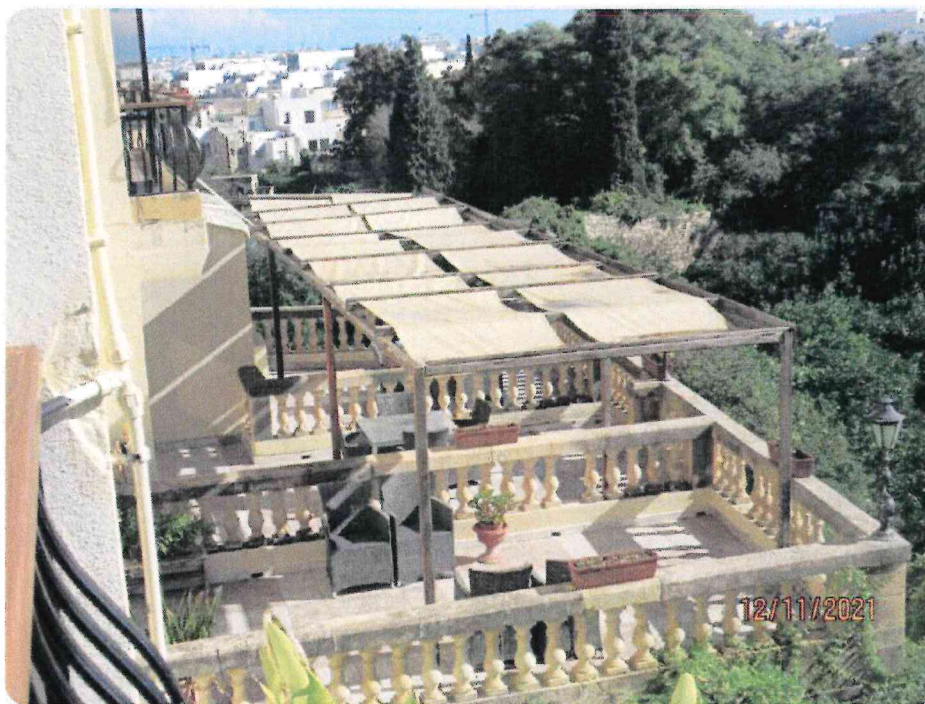


Views of San Anton Gardens

Photo Record



Views of San Anton Gardens



Room Terraces

Photo Record



Views of Presidential palace



Room Terraces

Photo Record



Terraces

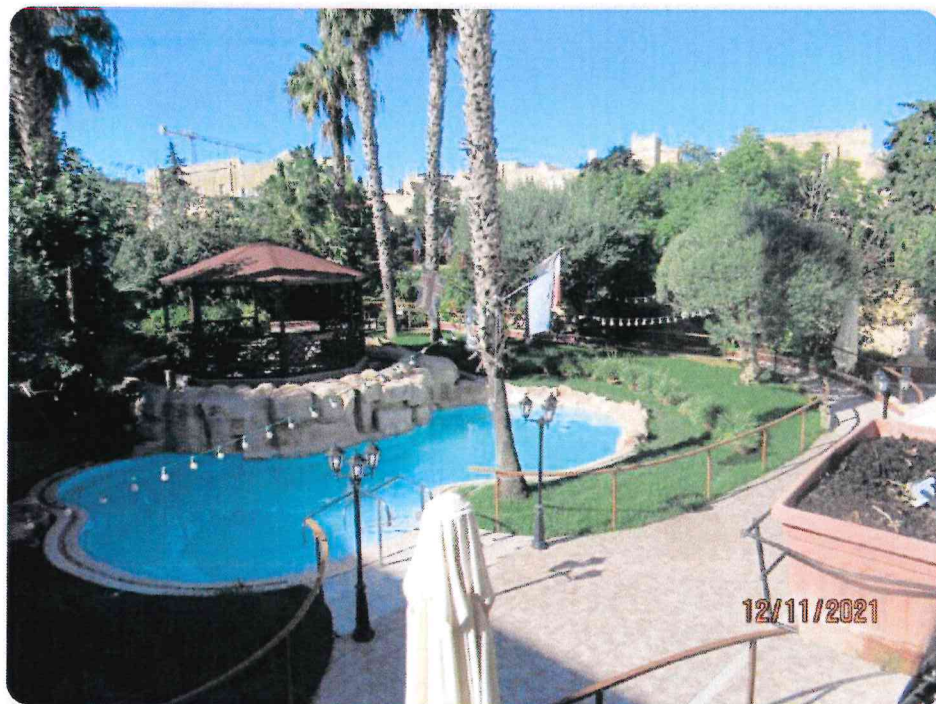


Terraces

Photo Record



Swimming Pool

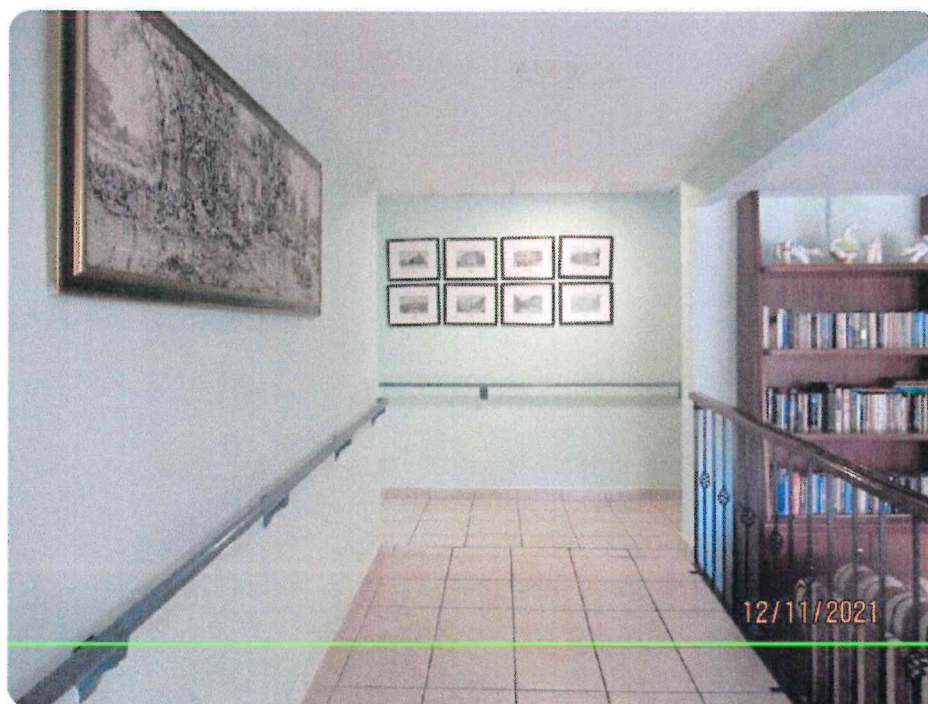


Swimming Pool

Photo Record



Day Lounge

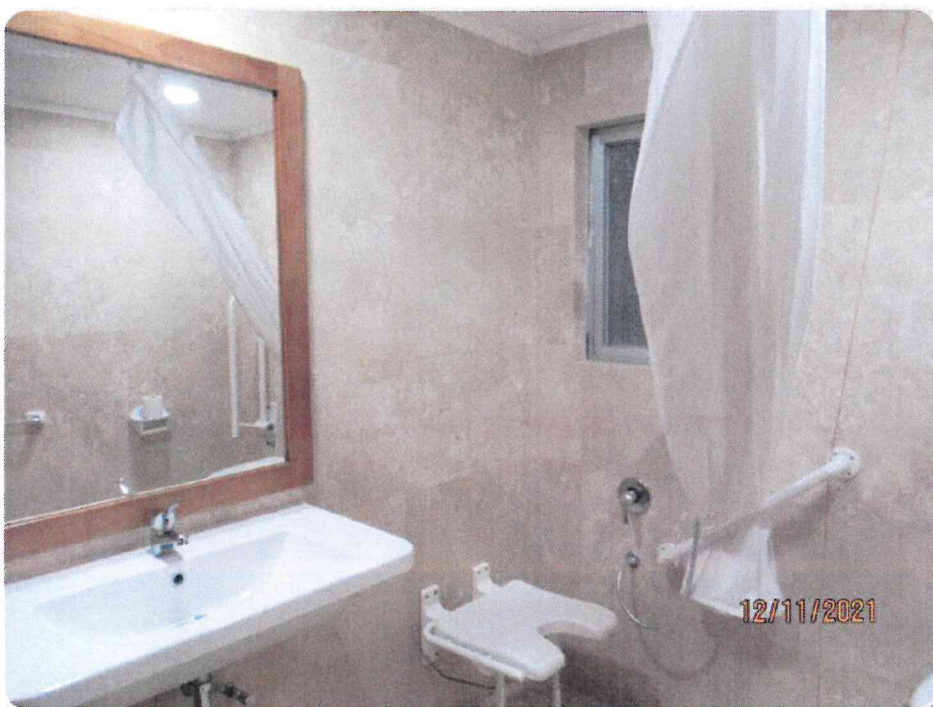


Corridor

Photo Record



Typical Bathroom

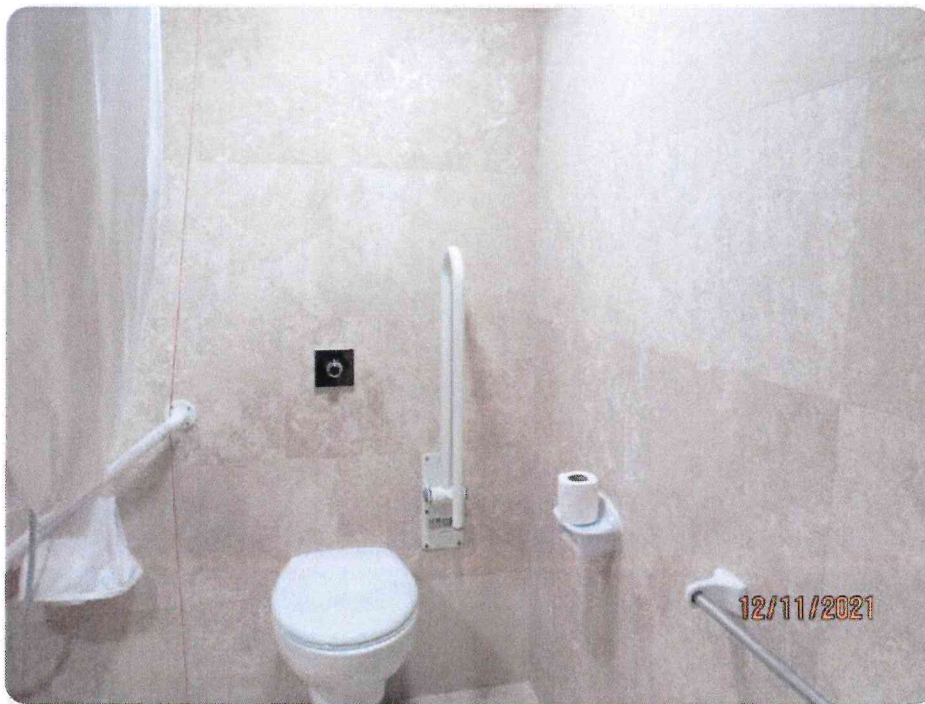


Typical Bathroom

Photo Record



Typical Bathroom

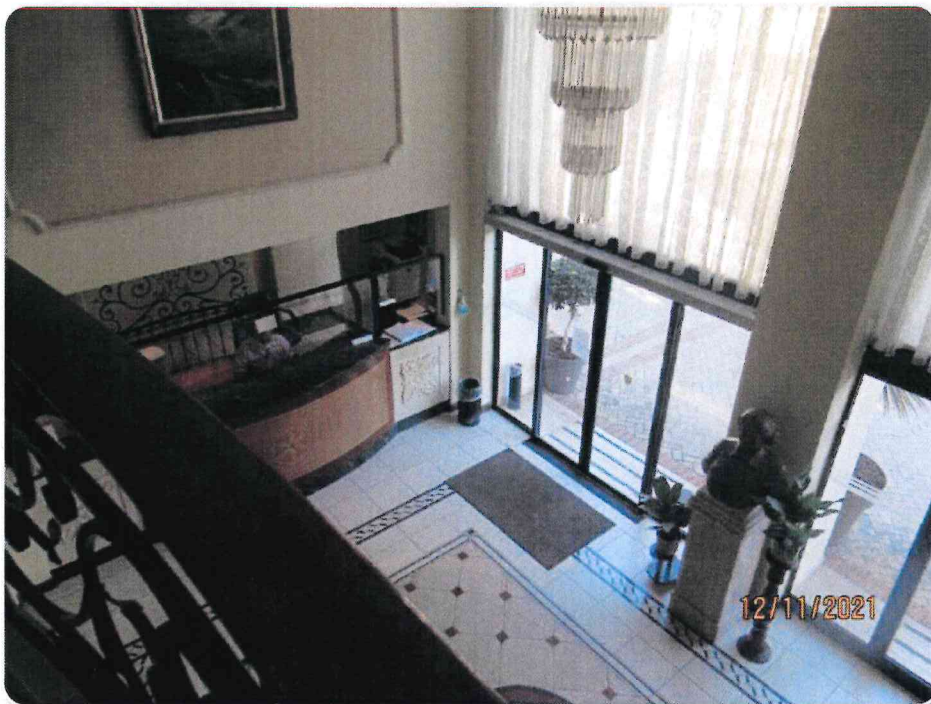


Typical Bathroom

Photo Record



Day Lounge



Foyer

Photo Record



Foyer



Balconies

Photo Record

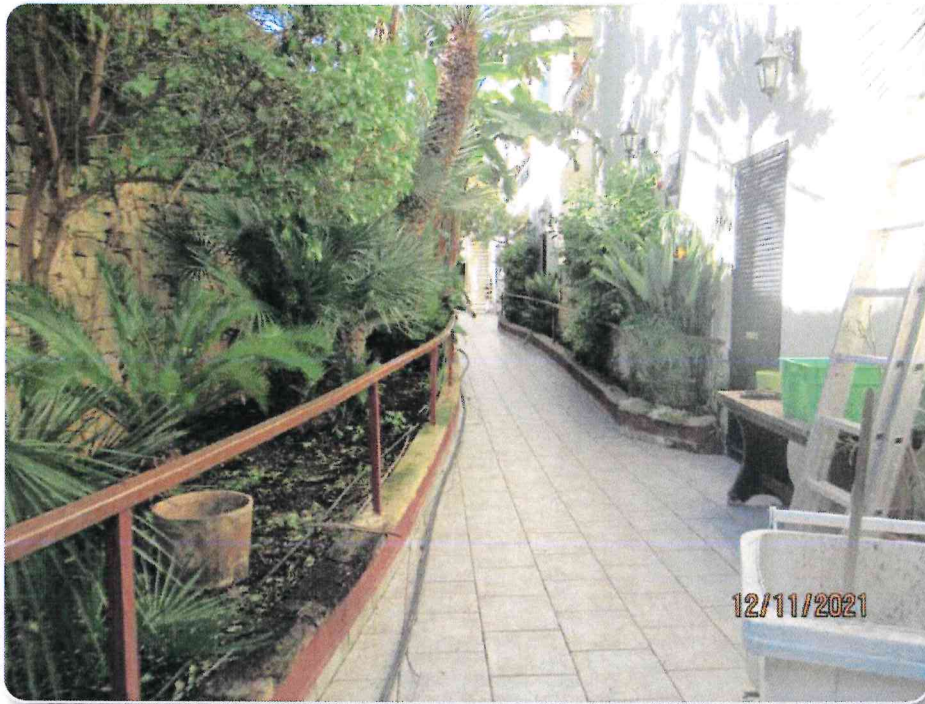


Balconies



Garden Passage

Photo Record



Garden Passage



Plant Room

Photo Record



Plant room



Facade

Photo Record



Facade



Facade

ANNEX H – Sources of Information

Sources of Information

The following information sources backing up this document

1. FDDR prepared by Deloitte Services Limited
2. Transfer of Business Agreement dated 1/9/20
3. Malta Central Local Plan – Planning Authority

