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V.A.T. Registration number 1108-0503

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**Client:** Mercury Tower Ltd - C77402, Mercury Projects Finance p.l.c C89117

**Valuation of Property:** Mercury House, Triq San Gorg c/w Triq Sant Andrija c/w Triq Gdida fi Triq Sant'Andrija, Triq Elija Zammit, San Giljan, Malta

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## 1. INTRODUCTION

- 1.1 In compliance with your instructions, the undersigned, acting in the capacity of a warranted architect and civil engineer has carried out a valuation of an immovable property, located at Mercury House, Triq San Gorg c/w Triq Sant Andrija c/w Triq Gdida fi Triq Sant'Andrija, Triq Elija Zammit, San Giljan, Malta, and further delineated in section 6.1 below (referred to as the "Property"). The comprehensive valuation report, encompassing the assessed value of the Property, is hereby submitted. The valuation is effective as of July 15, 2024.

## 2. PURPOSE OF VALUATION

- 2.1 The valuation is intended for inclusion in the Prospectus, pertaining to a proposed Public Bond issue by Mercury Projects Finance p.l.c - C89117, as per the Capital Markets Rules outlined by the Malta Financial Services Authority. It has been conducted in compliance with Chapter 7 Section 7.5 'Valuations of Property in course of Development' of the said Capital Markets Rules, and with the disclosure requirements related to property Companies seeking listings on the Malta Stock Exchange. The following Capital Markets Rules found in Chapter 7 Section 7.6, 7.7 7.8, 7.9 and 7.10 are not applicable.

I acknowledge that my explicit written consent will be required for this report, or any sections thereof, to be incorporated into the Prospectus of the MPFL public offer.

- 2.2 The valuation has been conducted by the undersigned as an external and independent valuer, adhering to the RICS Valuation and Professional Standards Manual (2021) as well as the Kamra Tal-Periti Valuation Standards issued in 2012 for valuation premises, which relies extensively on TEGOVA's European Valuation Standards (EVS) 2009. When utilized, these standards are regarded as suitable replacements for the RICS standards mentioned in Chapter 7 of the Capital Market Rules published by the Malta Financial Services Authority.

As a non-RICS regulated member of a firm not under the control of RICS, I declare that in preparing this valuation and when using the RICS Valuation and Professional Standards Manual (2021), I have adhered to the standards and guidelines outlined.

- 2.3 The undersigned affirms that a site visit to Mercury House has been conducted, recognizing that the property is partially finished. This visit aimed to gain a deeper understanding of the Property and its surroundings, assess the ongoing works, identify factors that could impact the Property's value, and verify its current uses.

- 2.4 The Property was inspected by the undersigned on the 13<sup>th</sup> June 2024.
- 2.5 This valuation has been exclusively prepared for the aforementioned purpose and is not intended for any other use. In adherence to standard practice, neither the entirety nor any portion of this valuation, nor any reference to it, may be included in any publication without the prior written consent of the undersigned, specifying the context in which it may be utilized.

### 3. LIMITATION OF LIABILITY

- 3.1 The undersigned has conducted his work in accordance with applicable professional standards and accepted practices for this type of engagement. His obligations related to this work are solely owed to Mercury Projects Finance p.l.c - C89117 (hereinafter referred to as 'MPFL'), Mercury Towers Ltd. - C77402 (hereinafter referred to as 'MTL'), Mercury Hotel Ltd (hereinafter referred to as 'MHL'), Mercury Commercial Mall Ltd. (hereinafter referred to as 'MCML'), and Mercury Car Park II Ltd. (hereinafter referred to as 'MCPL'). Therefore, he does not assume any responsibility for any loss incurred by any third party, whether through action or inaction, resulting from the present report.

### 4. DECLARATION OF INDEPENDENCE

- 4.1 The undersigned declares that he has not been involved in any project related to the Mercury House Site.
- 4.2 The undersigned confirms his status as an external independent valuer, without any financial interest in MPFL, MTL, MHL, MCML and MCPL.

### 5. BASIS OF VALUATION

- 5.1 The valuation relies on the Open Market Value, which aligns with the concept of Market Value in the RICS Valuation Standards. Market Value is described as *"the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion."*
- 5.2 This valuation basis depicts a transaction between independent parties operating freely in the market, without any influence from special or synergistic value, thus disregarding any price distortions.

- 5.3 The valuation of the Property is determined by its open market value for both current and planned usage, as outlined in section 7.5 of the Capital Markets Rules for properties undergoing development, issued by the Malta Financial Services Authority.
- 5.4 The valuation of the Property is established through assessments of recent sales and rental transactions of similar properties in Malta, rental agreements, EBITA, Discounted Cash Flow analysis, and the expertise of the undersigned in such valuations. This process also involves analyzing available data on property markets.

## 6. SUBJECT OF VALUATION

- 6.1 The Property included in this valuation comprises of various properties forming part of the Mercury Towers Project as described in Section 11.0
- 6.2 Title documents and leases were provided for the properties being valued in this valuation report. These properties are freehold. The undersigned acknowledges this and unless stated otherwise, there are no significant restrictions, easements, covenants, or other encumbrances that could negatively impact the property's value.
- 6.3 The lease agreements for tenure of specific areas of the properties vary between ten to fifteen years, with a yearly growth rate of 2% or 3%. Apart from the base rents, turnover rents are being considered in every lease agreement. For the purpose of this valuation report only the base rents are being considered.
- 6.4 The property is under a Contractors All Risks insurance policy with policy reference P72P006211 that covers the project principal, funders and/or lenders, the contractors and/or respective shareholders and/or respective subsidiary companies and/or respective parent companies, sub-contractors, consultants, MCPL and any other party with an insurance interest or to the extent required by contract, each for their respective rights and interest.

### ASSUMPTIONS

- 6.5 An assumption can be defined as a supposition taken to be true. Assumptions encompass facts, conditions, or situations relevant to the subject or approach of a valuation that, by mutual agreement, do not require verification by the valuer during the valuation process. In conducting my valuation, certain assumptions were made and specific sources of information were relied upon. I believe these assumptions to be reasonable, considering my personal knowledge of the Property and the contents

of reports and other available information. However, should any of the information or assumptions underlying the valuation be found to be inaccurate afterward, it could render my valuation conclusion incorrect or invalid.

In preparing this valuation report, the undersigned has made the following assumptions:

- The property is free from contamination, and there have been no contaminative or potentially contaminative activities conducted on it in the past. Additionally, there are no abnormal ground conditions or archaeological remains present, apart from those mentioned in the report, which could adversely affect the property's current or future use, development, or value.
- The valuation is based solely on visible observations made during inspections and does not take into account any hidden defects in the ground.
- The valuation does not include any liabilities for taxes, stamp duty, or other transaction costs associated with the disposal or acquisition of the Property.

The properties are partially completed or are in the finishing stage of the project. Construction works commenced in December 2016. It is envisaged that the properties will be completed by the second half of 2024.

A measured site survey was not conducted; however, areas were determined by referencing the plans provided by MTL. All measurements are derived from ACAD drawings and are performed in accordance with the Code of Measuring Practice outlined in the Kamra Tal-Periti Valuation Standards 2012.

## 7. SOURCES OF INFORMATION

7.1 I have based my valuation on the information provided to me by Mercury Towers Ltd, their management, or their advisors, as well as information available in the public domain. This includes:

- The purchase agreement related to the property under evaluation.
- Technical plans for the property.
- Existing development permits in full.
- Rental agreements and projected income.

## 8. MERCURY HOUSE SITE

### SITE DESCRIPTION

8.1 The site encompasses a total area of 9,344 square meters situated within the development zone of Paceville in St. Julian's, characterized by a dynamic and constantly evolving urban landscape. The 'Mercury Tower' hybrid complex occupies the entirety of the site, with frontages on four streets: Triq Elija Zammit to the north, Triq Sant' Andrija to the south, Triq San Gorg to the west, and Triq Gdida fi Triq Sant' Andrija to the east (Figure 1).

Within the northeastern section of the site stands Mercury House, a two-story Grade 2 scheduled building of significant architectural and historical value dating back to 1903. Adjacent to the villa on the western side of the site are Grade 2 scheduled underground vaults, bombproof 'Cold War' service tunnels, and chambers. These facilities were utilized to house communications equipment during sensitive periods in the mid-20th century, including the Cold War era.

### DESCRIPTION OF SURROUNDINGS

8.2 The coastal areas of Paceville are predominantly occupied by large-scale hotels and private residential complexes. Behind these establishments, the once quiet residential zone dating from the early to mid-20th century is gradually being replaced by an entertainment hub. This new core consists mainly of bars, restaurants, clubs, short-term accommodations, and shops. Moreover, there has been a notable increase in office usage in recent years, particularly in prime locations.



Figure 1: Site location map

To the southwest of Paceville, the Pendergardens residential development, which includes the iconic Mercury Tower, represents a shift toward larger residential properties extending into the main area of St. Julian's.

The proposed development and its surroundings boast several noteworthy landmarks and historically significant sites. These coexist with modern and contemporary buildings, creating intriguing and sometimes striking contrasts.

## 9. PLANNING HISTORY

The Mercury House site was initially part of the Pender Place project but was later sold separately to third parties. The site is currently under several permits, with the most recent approved permit being permit PA/05530/22, which pertains to the development discussed in this report. All the approved drawings and documents can be found in Appendix D. Permit PA/05530/22 replaces any previous permits issued for the same site. Table 1 provides an overview of all development permits approved for the Mercury House site thus far.

Table 1: Approved Development Permits

Application Number	Type of Application	Project Description	Issue Date
<b>PA/05804/05</b>	Outline Development	Development at Pender Place & Mercury House Sites as per development brief included in the CFO issued by the Malta Government Investments Limited.	06/03/07
<b>PA/02036/06</b>	Full Development	To demolish building at Mercury House site except for Mercury House and to level the surface to accommodate a temporary car park until the completion of the public car park at Pender site.	06/03/07
<b>PA/06325/07</b>	Full Development	To excavate Mercury House site as approved in the outline permit PA 5804/05.	01/03/09
<b>PA/06042/08</b>	Full Development	It is proposed to construct underground parking and commercial areas at level -1 and below, and commercial areas and office space at level 0 and above at the Mercury House site. This includes the transfer of floor space from Pender Place comprising of 3,501 square metres of commercial floor space from level -1 at Pender Place site to level -1 at Mercury House site, and the transfer of 6,458	23/03/12

		square metres from Pender Place site from level 0 upwards, to Mercury House site above level 0. Restoration and alteration works to Mercury House and Cold War rooms shall also be carried out.	
<b>PA/00660/17</b>	Full Development	To renew PA/06042/08 - It is proposed to construct underground parking and commercial areas at level -1 and below, and commercial areas and office space at level 0 and above at the Mercury House site. This includes the transfer of floor space from Pender Place comprising of 3,501 square metres of commercial floor space from level -1 at Pender Place Site to level -1 at Mercury House site, and the transfer of 6,458 square metres from Pender Place site from level 0 upwards, to Mercury House site above level 0. Restoration and alteration works to Mercury House and Cold War rooms shall also be carried out.	28/02/17
<b>PA/05932/17</b>	Full Development	To amend approved basement layouts and to carry out minor extensions to same.	23/09/17
<b>PA/06955/17</b>	Full Development	Amendments to PA/6042/08 (renewed by PA660/17) 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.	02/02/18
<b>PA/01892/19</b>	Full Development	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	07/03/21

		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	
<b>PA/05530/22</b>	Full Development	Design variations to the previously approved mixed development in PA6955/17 and PA1892/19. The proposal comprises of: the addition in height of a floor to the hotel (Class 3B) tower, increasing the number of hotel keys from 130 to 140. The increase in height of the Mercury Suites (Class 1) residential blocks by 900mm and the reduction in number of the (Class 1) residential units in the project from 428 to 419. The addition of a swimming pool at roof level. The introduction of an access point and a glass balustrade at the roof level of the Mercury Residential Tower. The addition of a waste collection station at basement level. The reorganization of the various uses and internal layouts which include; the transfer of additional floor space, previously forming part of the back of house, to the underground entertainment arena (go-kart track & amenities) and the change of use from Class 4B to Class 4C/4D. The relocation of the gym and changing rooms forming part of the hotel to the basement. The application also seeks to sanction the modifications of the hotel lift core for an additional lift shaft, the addition of a lift core in the carpark and retail floors, modifications to the approved lift cores in the Mercury suites block, and the increase in height of the retail floors.	13/09/2023

## THE PLANNING POLICES AND VISION OF PACEVILLE.

The planning parameters outlined in PA/05530/22 adhere to current planning policies and reflect the government's vision for Paceville.

The 'Strategic Plan for Environment and Development 2015' (SPED) [1] is geared towards enhancing prosperity throughout Malta. A pivotal objective entails establishing a network of economically vibrant and high-quality livable urban hubs (SPED).

[1] 'Strategic Plan for Environment and Development 2015' (SPED) - <https://sustainabledevelopment.gov.mt/wp-content/uploads/2021/10/Strategic-Plan-for-the-Environment-and-Development-SPED.pdf>

Paceville is singled out as one of these pivotal hubs, with a new vision aimed at:

- *Transforming Paceville into a high quality, accessible, managed business hub where top-end business uses would seek to locate and the discerning visitor, both local and foreign, both for short visits or longer stays, would enjoy;*
- *Encouraging and facilitating, large scale, compatible urban regeneration projects oriented towards the generation of employment with particular focus on tourism;*
- *A new urban skyline will be created through the development of a cluster of tall buildings with iconic architecture, announcing the emergence of this business hub as a symbol of the improved image of Paceville and the leap in quality Malta is aiming to achieve;*
- *Public and Private sector initiatives that will commit significant investment in improved and upgraded infrastructure, especially transport infrastructure, and in the public realm coordinated by a management agency specifically set up for this purpose; and*
- *Protection of environment assets of unique cultural and natural importance.*
- *To support this vision, Paceville and its immediate surroundings are designated as the Paceville Business Hub Urban Regeneration Priority Area.*

(Paceville Development Framework Sept 2016) [2]

## THE NORTH HARBOURS LOCAL PLAN (2006)

The North Harbours Local Plan (2006) [3], specifically Map PV1, designates the site as part of the Pender Place and Mercury House Development Brief. The southern section of the site, along Triq Sant Andrija, is categorized as part of the Town Centre, where high-impact uses are discouraged (as per amendment by PC 56/07). Map PV2 identifies the Mercury House Site as part of the Opportunity Site, governed by policies NHPV08 (Height Envelopes) and NHPV 13. Triq Elija Zammit falls under Environmental Improvement policy NHPV09, along with the western boundary road of the site, forming a pedestrian priority link subject to policies NHRL03 (Coastal area with Leisure Uses) and NHPV11 (Promoting Pedestrian Access to the Coast). MAP PV3 designates Triq Sant Andrija and Triq San Gorg as Nighttime Pedestrian Streets, subject to NHPV01 (Traffic Management and Restraint). The site's main roads and pedestrian-car park links are delineated within the site plan.

## THE PENDER PLACE AND MERCURY HOUSE DEVELOPMENT BRIEF

The Pender Place and Mercury House Development Brief [4] mentioned above aims to outline site constraints, offer pertinent background information, specify policy guidance for development, and detail

[2] Paceville Development Framework Sept 2016 - <https://parlament.mt/media/90577/dok-19.pdf>

[3] North Harbour Local Plan - Paceville - <https://www.pa.org.mt/en/local-plan-details/north-harbour-local-plan>

[4] Pender Place & Mercury House Development Brief - <https://www.pa.org.mt/en/development-brief-details/pender-place-mercury-house-development-brief>

requirements, particularly regarding the development of these sites. This Brief also aims to establish a framework for achieving a commercially viable scheme within existing constraints and opportunities

It includes specifications for off-site improvements, primarily transport-related, necessary for the development. In the Development Brief, the area north of St Andrew's street is designated as Pender Place, while the area south is referred to as the Mercury House Site. The Mercury House Site includes Mercury House and the Maltacom Exchange Building. For zoning purposes, the block is divided into two main development areas, connected by a piazza and public spaces. The Brief outlines the framework for restoring Mercury House and the 'Cold War' chambers, proposed land uses, building height, pedestrian realm, and other planning parameters.

## 10. THE PROJECT

The project consists of several components, including a 33-storey residential tower, a 20-storey hotel tower that incorporates a two-storey podium for administrative and commercial purposes and commercial outlet underlying the residential block. Additionally, there is a new pavilion situated to the north of Mercury House, along with food and retail spaces strategically positioned around the public areas.

The proposed plan incorporates expansive public spaces surrounding Mercury House, ensuring visual and pedestrian connectivity to all adjacent streets. A central plaza serves as a focal point, creating a diagonal link between Triq San Gorg and Triq Sant Andrija (opposite Pender Gardens). The plaza is designed to be shielded from the main vehicular traffic surrounding the site. It features a level change, which is accommodated by a spacious external staircase beneath the podium. Additionally, accessibility is enhanced with lifts situated around the complex, providing an inclusive route for all individuals.

The design of the residential tower comprises two stacked volumes, with the upper portion rotated in plan relative to the lower part. This architectural concept creates a twist effect, transitioning between floor levels 10 and 12. Both the lower and upper blocks house apartments, while the twisted section accommodates a restaurant (Class 4D), a bar lounge, and amenities such as a pool overlooking the piazza adjacent to Mercury House.

The hotel is set to be a luxurious 5-star establishment featuring a range of room sizes, totaling 140 rooms. Drawing inspiration from the Melia hotel chain's innovative approach, the room designs aim to provide a distinctive experience, mirroring the upscale ambiance of ME Hotels. Emphasizing suites and top-tier comfort, this hotel promises a lavish stay for discerning guests.

Commercial mall is spread over three levels and houses 25 outlets with an underlying entertainment complex and an overlying seven levels of residential suites.

Below street level, the development features multiple floors of parking in the lower basement levels. Additionally, the basement area incorporates utility and back-of-house facilities to support the functionality of the project.

The northeast corner of the site adjoins a side facade of Mercury House. Within the development, there's a pavilion designed with soft curves, enhancing the visual juxtaposition with Mercury House. Positioned at the main Piazza level, the Pavilion offers pedestrian access to the primary urban axis of Paceville.

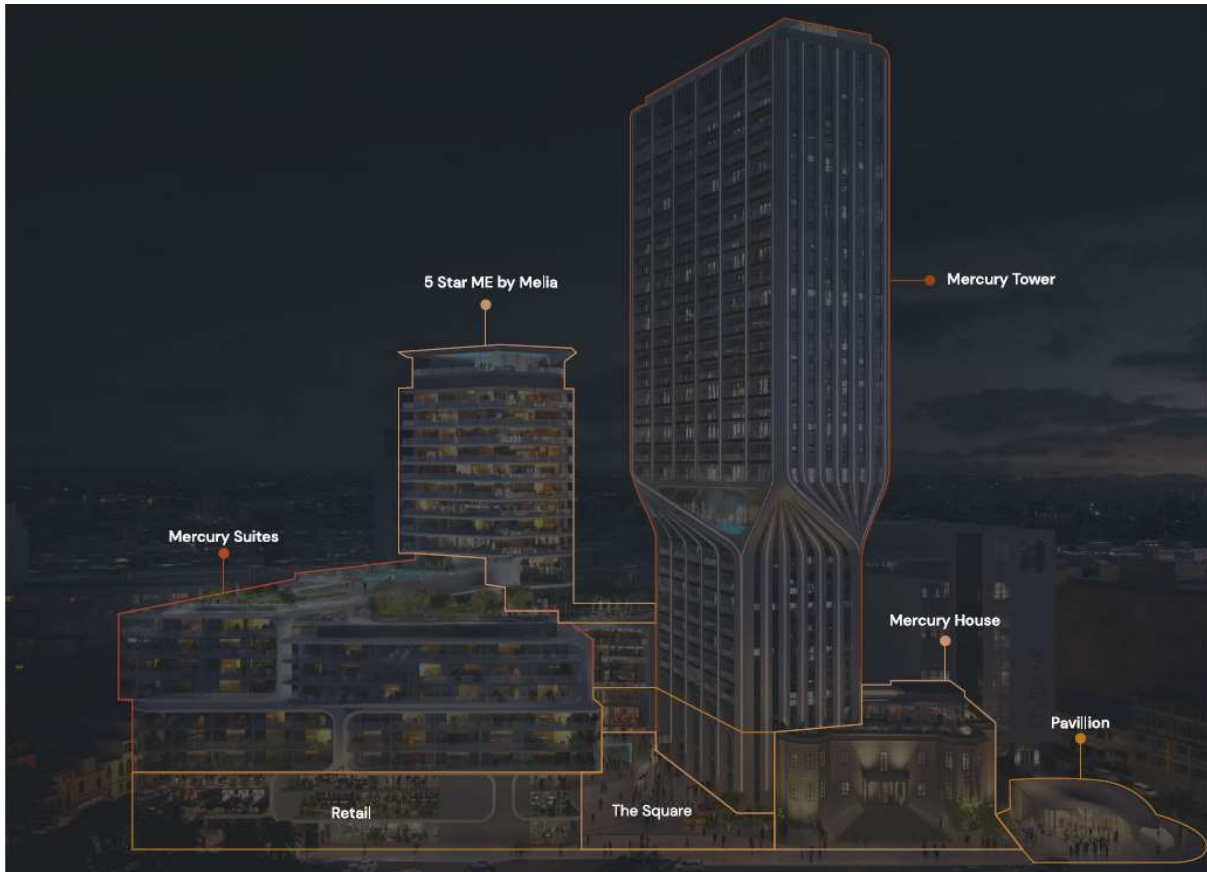


Figure 2: Overview of the Mercury House Project



Figure 3: Rendered image from Triq Sant' Andrija



Figure 4: Rendered image from Triq Sant Gorg



Figure 5: Day render of the Piazza



Figure 6: Night render of the Piazza

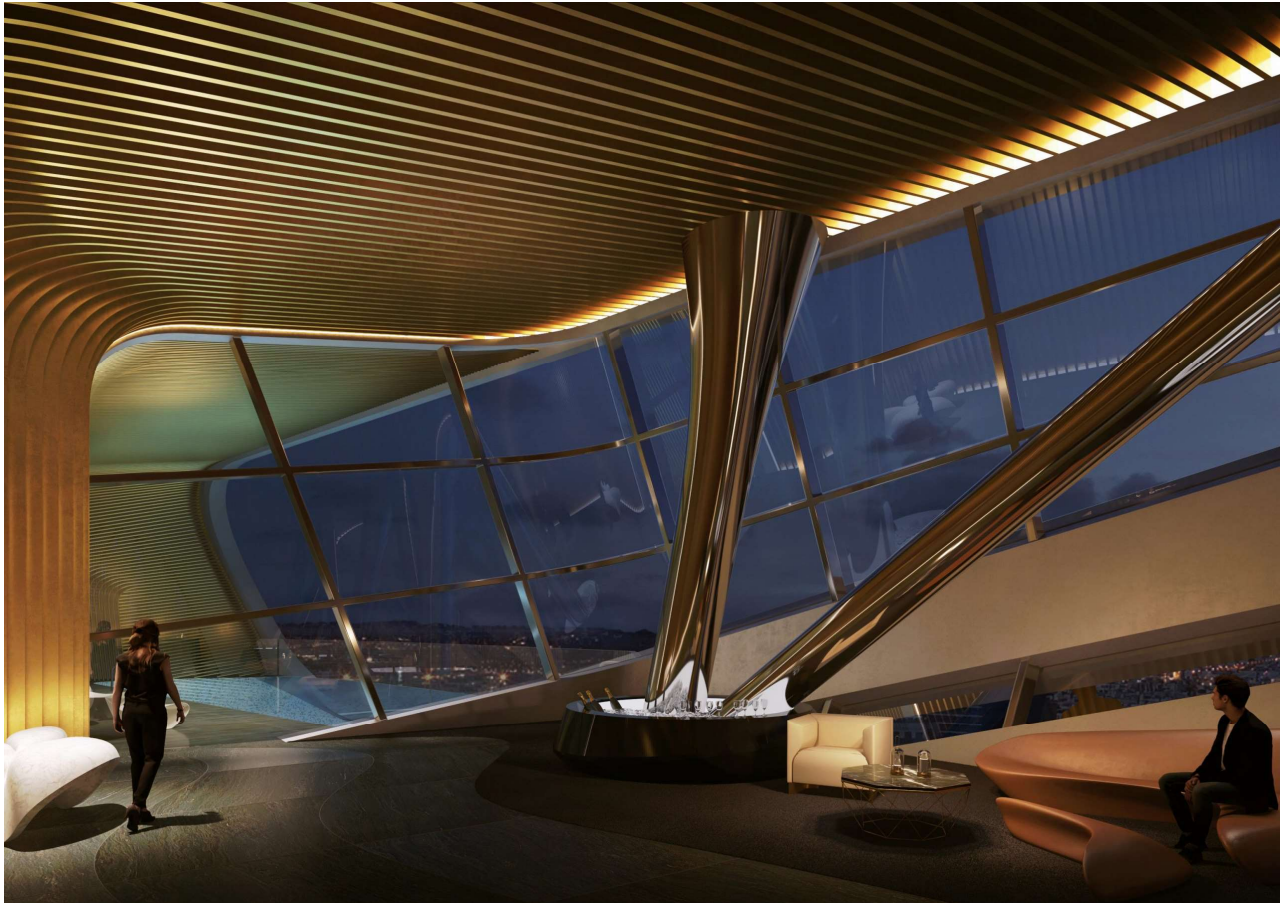


Figure 7: Rendered image of Level 11 – The Twist



Figure 8: Rendered image of Radio Bar – Level 33

## USES AND SCHEDULE AREAS

The schedule of areas for this development is presented in the below illustration, categorized by use and location. Areas are divided into levels: ground level and above on St. Andres Street (L0), the piazza level (B01), and the basement, which is completely underground.

The development comprises the following components:

- Residential units (not included in this valuation)
- Hotel amenities and guest rooms
- Retail outlets
- Car park
- Pavilion
- Back-of-house facilities and plant rooms



## 11. PROPERTY VALUATION

The valuations of properties considered are those outlined in section 7.5.3, 7.5.4 and 7.5.5 of the Capital Markets Rules. This valuation report is limited to the following specific properties pertaining to specific companies as outlined below:

### 11.1 Mercury Towers Ltd.

- Units at Level 31 within Mercury Tower
- All Day Dining at Level 02
- Radio Bar at Level 33 within Mercury Tower
- Commercial Levels at B01, L00 and L01 within Mercury Tower
- Commercial Level 11 – Twist within Mercury Tower
- Commercial Levels at B03, B02 and B01 – The Pavilion
- Commercial Levels at B02 to L02 within Mercury House.
- Back of House and Common Space at Level B02
- Hotel Entrance at Level B01
- Hotel Spa at Level B04
- Waste Management areas, Storage space, Pump and Plant rooms and cores across all levels
- The Piazza

### 11.2 Mercury Hotel Ltd.

- Hotel Podium at Levels 00 and L01
- Hotel Podium and Tower at Levels L02 to L20 inclusive of the peripheral rooms at Level L08.

### 11.3 Mercury Commercial Mall Ltd.

- Commercial Levels at B01, L00 and L01 –The Commercial Mall
- Entertainment complex at Levels B03 and B02.

### 11.4 Mercury Car Park II Ltd.

- Car Park at Levels B07 to B03

## MERCURY TOWERS LTD.

### **Units at Level 31**

The property under consideration is situated at the uppermost level of Mercury Tower, precisely on Level 31. The internal floor space spans approximately 830sq.m, including external balconies measuring around 120sq.m. This area is fully covered by a development permit for the creation of four apartments. Notably, these apartments boast panoramic views of the sea and countryside.

The comparative valuation methodology is used. This is a relative valuation method in which one compared the current value of a property to another with similar characteristics. This method involves comparing the subject property with similar characteristics that has been recently sold and those that are currently being offered for sale in the vicinity or other comparable localities. The characteristics, merits and demerits of these properties are noted and appropriate adjustments thereof are then made to arrive at the value of the subject property.

The Open Market Value is hereunder stated to outline a fair price, at the time of valuation, for the properties/areas if sold in their current state and in normal circumstances, that is if the client is not in a distressed situation and the market is operating under normal conditions.

#### *Capital Value*

Present capital value of properties in existing state for the proposed use on the Open Market:

Apartment 3101 - **€5,925,000** (Five Million, Nine Hundred and Twenty-Five Thousand Euro)

Apartment 3102 - **€2,980,000** (Two Million, Nine Hundred and Eighty Thousand Euro)

Apartment 3103 - **€6,615,000** (Six Million, Six Hundred and Fifteen Thousand Euro)

Apartment 3104 - **€2,785,000** (Two Million, Seven Hundred and Eighty-Five Thousand Euro)

#### **Office at Level 02**

The property is located at Level 02 in the tower overlooking the main piazza. It is accessible through the main cores. The area in the latest approved permit has been converted into an office space and is currently being used as such. The area is approximately 485sq.m.

The investment valuation methodology is used. The open market value is derived by capitalising at an appropriate yield (5.75% in this case) the annual income produced, should the property be leased out to third parties. The income is determined by analyzing a number of estate agent listings for properties with similar characteristics. The characteristics, merit and demerits of these properties are noted and appropriate adjustments thereof are then made to arrive at the value of the subject property once completed. Where lease agreements for specific areas are provided, the capitalised value is included.

The Open Market Value is hereunder stated to outline a fair price, at the time of valuation, for the properties/areas if sold in their current state and in normal circumstances, that is if the client is not in a distressed situation and the market is operating under normal conditions.

#### *Capital Value*

Present capital value of properties in existing state (completed) and in operation for the proposed use on the Open Market: **€4,337,800** (Four Million, Three Hundred, Thirty-Seven Thousand and Eight Hundred Euro)

### **Radio Bar at Level 33 within Mercury Tower**

The property at Level 33 within Mercury Tower is the upper most level and consists of a roof bar (Class 4D) and its external area including swimming pool. The area is currently being finished. The total area is approximately 730sq.m inclusive of the external area and pool measuring approximately 490sq.m. A registered mortgage pertains to this property.

The investment valuation methodology is used to achieve the market value of the property once completed, by capitalising at an appropriate yield (5.75%) the annual income produced, should the property be leased out to third parties. A lease agreement is provided for this area and the capitalised value is included.

The residual valuation methodology is then used employed to determine the value of the open market value.

The Open Market Value is hereunder stated to outline a fair price, at the time of valuation, for the properties/areas if sold in their current state and in normal circumstances, that is if the client is not in a distressed situation and the market is operating under normal conditions.

#### *Cost of completion*

The areas subject to this valuation are in semi-finished state. The cost of finishing this area is estimated at **€252,848** (Two Hundred, Fifty-Two Thousand, Eight Hundred and Forty-Eight Euro).

#### *Capital Value*

Present capital value of properties in existing state for the proposed use on the Open Market: **€13,088,172** (Thirteen Million, Eighty-Eight Thousand, One Hundred and Seventy-Two Euro).

#### *Market Value*

The market value of this property on completion and leased is estimated at **€13,341,020** (Thirteen Million, Three Hundred, Forty-One Thousand, and Twenty Euro).

### **Commercial Levels at B01, L00 and L01 within Mercury Tower**

The commercial property is spread over three levels and houses 3 outlets, exhibition space with its respective cafeteria and a permit for Class 4D at L00. The approximate area is of approximately 1,130sq.m.

The investment valuation methodology is used, capitalising at an appropriate yield (5.75%) the annual income produced, should the property be leased out to third parties. The capitalised value is included where lease agreements for specific areas are provided.

The Open Market Value is hereunder stated to outline a fair price, at the time of valuation, for the properties/areas if sold in their current state and in normal circumstances, that is if the client is not in a distressed situation and the market is operating under normal conditions.

#### *Capital Value*

Present capital value of properties in existing state (completed) and leased for the proposed use on the Open Market:

Level B01 - **€2,380,430** (Two Million, Three Hundred, Eighty Thousand, Four Hundred and Thirty Euro)

Level L00 - **€5,612,000** (Five Million, Six Hundred and Twelve Thousand Euro)

Level L01 - **€4,747,200** (Four Million, Seven Hundred, Forty-Seven Thousand and Two Hundred Euro)

#### **Commercial Level 11 – Twist within Mercury Tower**

The property is the twisted section within Mercury Tower and accommodates a restaurant (Class 4D), a bar lounge, and amenities such as a pool overlooking the piazza adjacent to Mercury House. The property is approximately 880sq.m.

The comparative and residual valuation methodologies are used to arrive to both the open market value and the market value once completed.

The Open Market Value is hereunder stated to outline a fair price, at the time of valuation, for the properties/areas if sold in their current state and in normal circumstances, that is if the client is not in a distressed situation and the market is operating under normal conditions.

#### *Cost of completion*

The areas subject to this valuation are currently being finished. The cost of finishing this area is estimated at **€190,000** (One Hundred and Ninety Thousand Euro).

#### *Capital Value*

Present capital value of properties in existing state for the proposed use on the Open Market: **€10,650,000** (Ten Million, Six Hundred and Fifty Thousand Euro).

#### *Market Value*

The market value of property on completion and leased is estimated at **€10,840,000** (Ten Million, Eight Hundred and Forty Thousand Euro).

### **Commercial Levels at B03, B02 and B01 – The Pavilion**

The pavilion is located on the north corner of the Mercury House site, between Triq Elija Zammit and Triq San Gorg. It is located in the main entertainment hub of Paceville. The Pavillion is organised on three levels. The Pavilion structure is located at street level just off the main piazza in Paceville. The structure is one floor high and includes a café with indoor and outdoor seating space and an entrance to the underground multi-purpose entertainment space.

The multi-purpose space is organised on three floors, one of which is a mezzanine and includes the back of house which is serviced through the public car park. The total area is approximately 1,270sq.m.

The investment valuation methodology is used to establish the market value of the property once completed, by capitalising at an appropriate yield (5.75%) the annual income produced, should the property be leased out to third parties.

The Open Market Value is hereunder stated to outline a fair price, at the time of valuation, for the properties/areas if sold in their current state and in normal circumstances, that is if the client is not in a distressed situation and the market is operating under normal conditions.

#### *Capital Value*

Present capital value of properties in existing state (completed) and leased for the proposed use on the Open Market: **€7,380,000** (Seven Million, Three Hundred and Eighty Thousand Euro).

### **Commercial Levels at B02 to L02 within Mercury House.**

The property consists of a restaurant with its respective kitchen and assembly leisure rooms with their respective ancillary facilities. The property is approximately 2,845sq.m.

The investment valuation methodology is used to establish the market value of the property once completed, by capitalising at an appropriate yield (5.75%) the annual income produced, should the property be leased out to third parties. The residual valuation methodology is then utilised to arrive to the open market value.

The Open Market Value is hereunder stated to outline a fair price, at the time of valuation, for the properties/areas if sold in their current state and in normal circumstances, that is if the client is not in a distressed situation and the market is operating under normal conditions.

#### *Cost of completion*

The areas subject to this valuation are in semi-finished state. The cost of finishing this area is estimated at **€1,192,355** (One Million, One Hundred, Ninety-Two Thousand, Three Hundred and Fifty-Five Euro).

#### *Capital Value*

Present capital value of properties in existing state for the proposed use on the Open Market: **€21,407,645** (Twenty-One Million, Four Hundred, Seven Thousand, Six Hundred and Forty-Five Euro).

#### *Market Value*

The market value of this property on completion and leased is estimated at **€22,600,000** (Twenty-Two Million and Six Hundred Thousand Euro).

#### **Back of House and Common Space at Level B02**

The areas utilised are at Level B02 and are utilised as back of house facilities and common space. The area is approximately 3,692sq.m. A registered mortgage pertains to this property.

The comparative valuation methodology is used to arrive to the open market value.

The Open Market Value is hereunder stated to outline a fair price, at the time of valuation, for the properties/areas if sold in their current state and in normal circumstances, that is if the client is not in a distressed situation and the market is operating under normal conditions.

#### *Capital Value*

Present capital value of properties in existing state and in operation for the proposed use on the Open Market: **€5,730,000** (Five Million, Seven Hundred and Thirty Thousand Euro).

#### **Hotel Entrance at Level L00**

The area has a frontage at Triq Sant'Andrija and is utilised as a welcoming areas for the hotel guests. The total area is of approximately 270sq.m.

The comparative valuation methodology is used to arrive to the open market value.

The Open Market Value is hereunder stated to outline a fair price, at the time of valuation, for the properties/areas if sold in their current state and in normal circumstances, that is if the client is not in a distressed situation and the market is operating under normal conditions.

#### *Capital Value*

Present capital value of properties in existing state (completed) and leased for the proposed use on the Open Market: **€3,395,000** (Three Million, Three Hundred and Ninety-Five Thousand Euro).

#### **Hotel Spa at Level B04**

The facility is located at Level B04 within the Vaults. The area consist of different spa facilities including a pool and ancillary facilities. The area of the property is approximately 400sq.m.

The investment valuation methodology is used, capitalising at an appropriate yield (5.75%) the annual income produced, should the property be leased out to third parties. The capitalised value is included where lease agreements for specific areas are provided.

The Open Market Value is hereunder stated to outline a fair price, at the time of valuation, for the properties/areas if sold in their current state and in normal circumstances, that is if the client is not in a distressed situation and the market is operating under normal conditions.

#### *Capital Value*

Present capital value of properties in existing state (completed) and leased for the proposed use on the Open Market: **€2,222,160** (Two Million, Two Hundred, Twenty-Two Thousand, One Hundred and Sixty Thousand Euro).

#### **Waste Management areas, Storage space, Pump and Plant rooms and cores across all levels**

The areas consist of ancillary facilities mainly waste management areas, storage spaces, pump and plant rooms and cores across all levels. The total areas is approximately 7,870sq.m. A registered mortgage pertains to these areas.

The comparative valuation methodology is used to arrive to the open market value.

The Open Market Value is hereunder stated to outline a fair price, at the time of valuation, for the properties/areas if sold in their current state and in normal circumstances, that is if the client is not in a distressed situation and the market is operating under normal conditions.

#### *Capital Value*

Present capital value of properties in existing state and in operation for the proposed use on the Open Market: **€6,820,000** (Six Million, Eight Hundred and Twenty Thousand Euro).

#### **The Piazza**

The central plaza is strategically isolated from the surrounding vehicular traffic, ensuring a serene environment. It incorporates a distinctive level change, facilitated by a generously sized external staircase located beneath the podium. Furthermore, accessibility is prioritized through the installation of lifts positioned throughout the complex, ensuring inclusivity for all individuals. The area is approximately 3,760sq.m.

The investment valuation methodology is used, capitalising at an appropriate yield (5.75%) the annual income produced, should the property be leased out to third parties.

The Open Market Value is hereunder stated to outline a fair price, at the time of valuation, for the properties/areas if sold in their current state and in normal circumstances, that is if the client is not in a distressed situation and the market is operating under normal conditions.

#### *Capital Value*

Present capital value of properties in existing state and in operation for the proposed use on the Open Market: **€5,270,000** (Five Million, Two Hundred and Seventy Thousand Euro).

MERCURY HOTEL LTD.

#### **Hotel Podium at Levels 00 and L01**

The commercial property consists of four outlets currently being finished. The property has an approximate area of 1,665sq.m. A registered mortgage pertains to this property.

The investment valuation methodology is used to establish the market value of the property once completed, by capitalising at an appropriate yield (5.75%) the annual income produced, should the property be leased out to third parties. A lease agreement is provided for this area and the capitalised value is included.

The residual valuation methodology is then utilised to arrive to the open market value.

The Open Market Value is hereunder stated to outline a fair price, at the time of valuation, for the properties/areas if sold in their current state and in normal circumstances, that is if the client is not in a distressed situation and the market is operating under normal conditions.

#### *Cost of completion*

The areas subject to this valuation are currently being finished. The cost of finishing this area is estimated at **€750,000** (Seven Hundred and Fifty Thousand Euro).

#### *Capital Value*

Present capital value of properties in existing state for the proposed use on the Open Market: **€17,500,000** (Seventeen Million and Five Hundred Thousand Euro).

#### *Market Value*

The market value of this property on completion and leased is estimated at **€18,250,000** (Eighteen Million, Two Hundred and Fifty Thousand Euro).

#### **Hotel Podium and Tower at Levels L02 to L20 inclusive of the peripheral rooms at Level L08**

The new 5-star hotel boasts 140 rooms of different sizes, drawing inspiration from the innovative style of the Melia hotel chain. With a focus on luxurious suites and top-tier comfort, it promises an opulent experience akin to the upscale ambiance of ME Hotels for discerning guests. The property is inclusive of the administrative offices at Level 02, the peripheral areas at Level 08 and the Vaults at Level B04.

The EBIDTA and the Discounted Cash Flow valuation methodologies are used to achieve the market value of the property once completed. The residual valuation methodology is then utilised to arrive to the open market value.

The Open Market Value is hereunder stated to outline a fair price, at the time of valuation, for the properties/areas if sold in their current state and in normal circumstances, that is if the client is not in a distressed situation and the market is operating under normal conditions.

#### *Cost of completion*

The areas subject to this valuation are currently being finished. The cost of finishing this property is estimated at **€5,570,000** (Five Million, Five Hundred and Seventy Thousand Euro).

#### *Capital Value*

Present capital value of properties in existing state for the proposed use on the Open Market: **€57,065,000** (Fifty-Seven Million and Sixty-Five Thousand Euro).

#### *Market Value*

The market value of this property on completion is estimated at **€62,635,000** (Sixty-Two Million, Six Hundred and Thirty-Five Thousand Euro).

The market value of this property when the market is stabilised (as at 2027) is estimated to be **€71,245,000** (Seventy-One Million, Two Hundred and Forty-Five Thousand Euro).

## MERCURY COMMERCIAL MALL LTD

### **Commercial Levels at B01, L00 and L01 –The Commercial Mall**

The commercial property is spread over three levels and houses 25 outlets. The property is in a finished state and operationally. The approximate area is of approximately 7,600sq.m. A registered mortgage pertains to these areas.

The investment valuation methodology is used to establish the market value of the property once completed, by capitalising at an appropriate yield (5.75%) the annual income produced, should the property be leased out to third parties. A lease agreement is provided for this area and the capitalised value is included.

The Open Market Value is hereunder stated to outline a fair price, at the time of valuation, for the properties/areas if sold in their current state and in normal circumstances, that is if the client is not in a distressed situation and the market is operating under normal conditions.

*Capital Value*

Present capital value of properties in existing state (completed) and leased for the proposed use on the Open Market: **€62,130,000** (Sixty-Two Million, One Hundred and Thirty Thousand Euro).

**Entertainment complex at Levels B03 and B02**

The entertainment complex and its amenities at Levels B03 and B02 is in a finished state and operational. The approximate area is 2,990sq.m. A registered mortgage pertains to this property.

The investment valuation methodology is used to achieve the market value of the property once completed, by capitalising at an appropriate yield (5.75%) the annual income produced, should the property be leased out to third parties. A lease agreement is provided for this area and the capitalised value is included.

The Open Market Value is hereunder stated to outline a fair price, at the time of valuation, for the properties/areas if sold in their current state and in normal circumstances, that is if the client is not in a distressed situation and the market is operating under normal conditions.

*Capital Value*

Present capital value of properties in existing state (completed) and leased for the proposed use on the Open Market: **€14,057,665** (Fourteen Million, Fifty-Seven Thousand, Six Hundred and Sixty-Five Euro).

MERCURY PARK II LTD.

**Car Park at Levels B07 to B03**

The property is a parking area spread over five floors (Levels B07 to B03) inclusive of the car wash and beauty and health clinic. The parking areas holds 610 car spaces and excludes lock up garages and car spaces to third-party. The areas are finished with a total area of approximately 21,855sq.m. A registered mortgage pertains to this property.

The comparative valuation methodology is used to arrive to the open market value.

The Open Market Value is hereunder stated to outline a fair price, at the time of valuation, for the properties/areas if sold in their current state and in normal circumstances, that is if the client is not in a distressed situation and the market is operating under normal conditions.

*Capital Value*

Present capital value of properties in existing state (completed) and in operation for the proposed use on the Open Market: **€17,160,000** (Seventeen Million, One Hundred and Sixty Thousand Euro).

## 12. GENERAL HYPOTHEC OF PROPERTIES WITH LOCAL BANK

The below is a list of properties forming part of this valuation report that are a security with Bank of Valletta plc. (BOV p.l.c)

### 12.1 Mercury Towers Ltd.

- Radio Bar at Level 33 within Mercury Tower
- Areas within Car Park but property of MTL
  - Back of House and Common Space at Level B02
  - Waste Management areas, Storage space, Pump and Plant rooms and cores across all levels

### 12.2 Mercury Hotel Ltd.

- Hotel Podium at Levels 00 and L01

### 12.3 Mercury Commercial Mall Ltd.

- Commercial Levels at B01, L00 and L01 –The Commercial Mall
- Entertainment complex at Levels B03 and B02.

### 12.4 Mercury Car Park II Ltd.

- Car Park at Levels B07 to B03 excluding the above areas retained by MTL.

## 13. SECURITY PROPERTY FOR PROPOSED BOND

### **Commercial Levels at B02 to L02 within Mercury House.**

The property consists of a restaurant with its respective kitchen and assembly leisure rooms with their respective ancillary facilities. The property is approximately 2,845sq.m.

The investment valuation methodology is used to establish the market value of the property once completed, by capitalising at an appropriate yield (5.75%) the annual income produced, should the property be leased out to third parties. The residual valuation methodology is then utilised to arrive to the open market value.

The Open Market Value is hereunder stated to outline a fair price, at the time of valuation, for the properties/areas if sold in their current state and in normal circumstances, that is if the client is not in a distressed situation and the market is operating under normal conditions.

#### *Cost of completion*

The areas subject to this valuation are in semi-finished state. The cost of finishing this area is estimated at **€1,192,355** (One Million, One Hundred, Ninety-Two Thousand, Three Hundred and Fifty-Five Euro).

#### *Capital Value*

Present capital value of properties in existing state for the proposed use on the Open Market: **€21,407,645** (Twenty-One Million, Four Hundred, Seven Thousand, Six Hundred and Forty-Five Euro).

#### *Market Value*

The market value of this property on completion and leased is estimated at **€22,600,000** (Twenty-Two Million and Six Hundred Thousand Euro).

## 14. GENERAL

The undersigned recognises dependence on third-party information, assumed to be accurate without verification. Use of this information does not imply endorsement unless explicitly stated. The undersigned disclaims responsibility for inaccuracies in the information affecting analysis and conclusions.

Valuation entails subjective judgments and consideration of multiple factors. Therefore, valuations do not predict prices or ensure values. While the valuation of the undersigned is considered reasonable and defensible, others may draw different conclusions. This analysis reflects information available up to the preparation date, making it current as of the report date.

Regards,



Dr Edwin Mintoff  
Warrant No.: 0163